

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

July 13, 2015

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 71 (the "District") met in regular session, open to the public, on the 13<sup>th</sup> day of July, 2015, at the District Administration Building, 21437 Clay Road, Katy, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Katrina Thornhill	President
Pam Kerr	Vice President
Mary DuBois	Secretary
Garth Freeze	Assistant Vice President
Phillip Smith, Jr.	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present were Cindy Locket, District resident; Eddie Lagunas of Roberts Development/Construction, Inc.; Tracy Scott of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Mark Ward of The National Realty Group; Esther Flores of Tax Tech, Inc.; Steve Woodring, Ginny Woodring, and Scott Barr of Regional Water Corporation ("RWC"); Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Avik Bonnerjee of B&A Municipal Tax Service, LLC; David and Denny Miles; and Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:00 p.m.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring discussed website inquiries requiring no Board actions, including consultant response to same, which are listed in the District operator's report attached to these minutes.

Mr. Woodring reported customer correspondence received from Roxanna Flood regarding enforcement of District rules and restrictions regarding use of the splash pad in Directors Park. Discussion ensued regarding posting signage regarding splash pad use rules and restrictions.

Mr. Woodring next discussed customer correspondence from Christopher Carlton of the Mason Lakes Homeowner's Association requesting an update regarding repair of the access gate to the splash pad in Directors Park. Ms. Purgatorio said MSA is working on a price to repair the gate and will have a repair proposal at the July special meeting.

Mr. Woodring discussed customer correspondence received from Heather Perez regarding customer service issues and requesting credit card payment options.

#### MINUTES

The Board considered approving the minutes of the June 8, 2015 regular meeting. Following review and discussion, Director Smith moved to approve the minutes of the June 8, 2015 regular meeting, as submitted. Director Kerr seconded the motion, which passed unanimously.

#### EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

The Board determined no executive session was necessary.

#### GARBAGE COLLETION AND RECYCLING AND AMEND RATE ORDER

The Board discussed Best Trash's annual price adjustment to the District's garbage fee to \$14.53 per month per residence following the most recently published consumer pricing index ("CPI") and amending the District Rate Order to increase the sanitary sewer service base fee to pass on to District customers the costs incurred by the District for garbage collection and recycling service. Following review and discussion, Director Smith moved to revise the District Rate Order to pass on the full cost of recycling in the amount of \$2.20 per month per connection to the customer. Director Freeze seconded the motion. Additional discussion ensued regarding budgeting for costs of garbage and recycling. Director Smith then amended his motion to also pass on the cost of the CPI and increase the District Rate Order sanitary sewer base by \$2.34. Director Freeze seconded the motion, which failed by a vote of 2 for and 3 against the motion, with Directors Kerr, DuBois and Thornhill voting against the motion.

Additional discussion ensued. Director Thornhill then moved to Amend the Rate Order to increase the sanitary sewer base fee by \$1.00 to partially offset recycling expenses, CPI and sanitary sewer repair costs incurred as a result of issues with removal of disposal wipes from the District lift stations and wastewater treatment plant. Director Smith seconded the motion. Discussion ensued regarding notifying customers of the increase to the sanitary sewer base fee and delaying the effective date of the proposed amendment to the Rate Order. The Board concurred to add language to the District utility bill and the District website notifying customers of the increase and effective date. Director Thornhill then amended her motion to make the Amendment to the District Rate Order effective as of October 23, 2015. Director Smith seconded the amended motion, which passed unanimously. Director Smith requested that RWC include language in the utility bills advising customers that the District has been carrying the cost of recycling.

## TAX ASSESSMENT AND COLLECTIONS MATTERS AND AMEND CONTRACT

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 98.57% of the 2014 taxes were collected as of June 30, 2015.

After review and discussion, Director DuBois moved to approve the tax assessor/collector's report and payment of the bills presented for payment from the tax account. Director Kerr seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

Ms. Flores then presented a proposed amendment to the tax assessor collector's contract increasing the monthly fee by \$0.15, adding an extra postage billing and changing the agent name for notice. Following review and discussion, Director Smith moved to approve the amendment. Director Freeze seconded the motion, which passed unanimously.

## REPORT ON PARKS, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on ongoing repairs and maintenance to District parks and lakes, including duck removal at Bundy Lake Park.

Ms. Purgatorio discussed pending proposals to trim back 20 oak tree canopies at the back of Bundy Lake Park and remove 9 tree stakes. Ms. Carner discussed the District's prior maintenance agreement with the Bridgewater Community Association (the "maintenance agreement") and Ms. Purgatorio confirmed that the right of way where the trees are located is not included in the maintenance agreement. Following review and discussion, Director Freeze moved to approve (1) a proposal in the amount of \$712.09 to trim back 20 oak tree canopies at the back of Bundy Lake Park; and (2) a proposal in the amount of \$294.95 to remove 9 tree stakes. Director Smith seconded the motion, which passed unanimously. The Board concurred to request that the Bridgewater Community Association split the cost of maintenance of the oak trees with the District.

## ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

Directors Thornhill and DuBois reported regarding Association of Water Board Directors ("AWBD") seminar topics. The Board then considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance at the AWBD winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Kerr and seconded by Director DuBois, the Board unanimously

authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. After review and discussion, Director Smith moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment. Director DuBois seconded the motion, which carried unanimously.

Mr. Bonnerjee discussed sales tax collection in the District, including new businesses added and pending with the City of Houston and the State of Texas Comptroller of Accounts.

#### PUBLIC COMMENT CONTINUED

Ms. Locket discussed her rental of the Administration Building on May 30, 2015 and requested refund of the \$100 deposit. Discussion ensued regarding the condition of the building following the rental and additional hours logged by District personnel, including security patrol, to secure the building following the rental. Ms. Locket also asked if she would be allowed to rent the Administration Building in the future. Following review and discussion, Director Smith requested RWC provide additional information regarding whether Ms. Locket could rent the Administration Building in the future.

#### REPORT ON DEVELOPMENT

No report was given.

#### ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects, including Water Plant No. 3, screening equipment modifications at the wastewater treatment plant and replatting of Bundy Lake Park. A copy of the engineer's report is attached.

Mr. Heisch first discussed Phase 1 of the sanitary sewer extension to serve the Miles tract, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, D. Grimm, Inc., in the amount of \$540,000. After review and discussion, and because it would result in the best and most economical completion of the project, Director Freeze moved to approve the award of the contract to D. Grimm, Inc., subject to verification of payment and performance bonds and insurance and deposit of construction funds in the amount of \$540,000 before issuance of a Notice to

Proceed. Director Thornhill seconded the motion which passed unanimously. Discussion ensued regarding construction schedules and pending parking lot pavement and timing for funds to be reimbursed to the Miles family, pursuant to their financing agreement with the District.

Following review and discussion, and based upon the engineer's recommendations, Director Smith moved to approve the engineering report. Director DuBois seconded the motion, which carried unanimously.

#### REPORT FROM ENERGY CLAIM ADVISORS AND DEMAND RESPONSE PLAN RENEWAL

The Board considered the District's demand response programs in place through Acclaim Energy Advisors and concurred to continue the programs for the next contract year beginning October 1, 2015.

#### OPERATION OF DISTRICT FACILITIES

Mr. Woodring then distributed the operator's report, a copy of which is attached, and reviewed the operations and repairs performed in the District during the previous month.

Mr. Woodring reported pumpage numbers for June 2015 and current water and wastewater capacity. He also reported on build out projections.

Mr. Woodring updated the Board regarding emergency repairs at Water Plant No. 2 and discussed implementing voluntary conservation measures from Stage 1 of the District's Drought Contingency Plan until the repair is complete.

Mr. Woodring updated the Board regarding distribution of educational material regarding disposal of wipes and rags on the District website and with the July utility bills. Mr. Woodring also reviewed a modified sample educational consumer awareness survey regarding disposal of rags and wipes previously discussed at the District's June special meeting. Discussion ensued regarding the impact on the District's budget assuming all surveys are returned and credits issued, guidelines for survey completion and reimbursement and including in the educational portion of the survey total expenses the District has incurred to date to keep the sanitary sewer system in compliance due to the ongoing issues with disposable rags and wipes. Mr. Woodring said he would revise the surveys, bring them to the July special meeting for final approval and distribute them with August utility bills.

Ms. Woodring discussed customer appeal from Vivane Talom requesting the Board waive a returned check fee. Following review of account history and other information provided by the District operator, Director Thornhill moved to waive the fee.

Director Smith seconded the motion, which passed 4 to 0, with Director Kerr abstaining from voting. Director Smith requested confirmation that no additional fees associated with the returned check were incurred by the District.

Following review and discussion, Director Smith moved to (1) approve the operator's report; (2) approve the content and distribution of the educational consumer awareness survey for credit, as revised; and (3) authorize encouraging voluntary conservation measures pursuant to the Stage 1 of the District's Drought Contingency Plan. The motion, which was seconded by Director Freeze, passed unanimously.

#### TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Discussion ensued regarding payment options available to District customers. Mr. Woodring then discussed builder back-charges owed by Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes. The Board then conducted a hearing on the termination of utility service. Mr. Woodring reported that the residents on the attached termination list were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and to show reason why service should not be terminated for reason of nonpayment. Director Freeze then moved that since the residents on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the District's Rate Order, and that further taps be withheld from Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid. Director Kerr seconded the motion, which carried unanimously.

#### DISTRICT WEBSITE

Director Smith presented a proposal from Off Cinco in the amount of \$1,100 to update the District website and to update the monthly maintenance to \$45 per month. Following review and discussion, Director Freeze moved to approve the proposal. Director Smith seconded the motion, which passed unanimously.

#### DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

There was no discussion for this agenda item.

#### ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the status of the items listed.

The Board discussed agenda items for the July 29, 2015 special meeting.

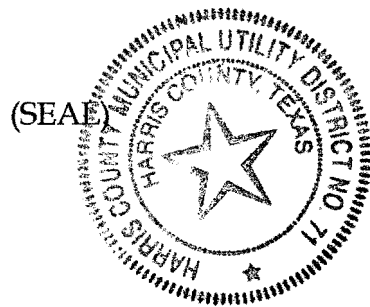
Ms. Carner provided the Board with an update regarding legislation passed during the 84<sup>th</sup> State of Texas legislative session.

The Board reviewed an arbitrage rebate report concluding that no rebate is due the Internal Revenue Service for the District's Series 2006 and 2006A Unlimited Tax Bonds and considered engaging Omnicap, LLC to perform an arbitrage rebate study on the District's Series 2005A Unlimited Tax Bonds.

The Board then considered adopting a Resolution Expressing Intent to Reimburse the District's operating funds from future bond proceeds for construction of the bar screen improvement at the wastewater treatment plant.

Following review and discussion, Director Kerr moved to (1) engage Omnicap, LLC to perform an arbitrage rebate study on the District's Series 2005A Unlimited Tax Bonds; and (2) adopt a Resolution Expressing Intent to Reimburse the District's operating funds from future bond proceeds for construction of the bar screen improvement at the wastewater treatment plant. Director Freeze seconded the motion, which passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:41 p.m. Director Smith seconded the motion, which passed unanimously.



Mary Dubois  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

Tax assessor/collector’s report .....3  
Engineer’s report .....4  
Operator’s report .....5  
Termination and tap withholding list.....6