

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

October 12, 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 12th day of October, 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:

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| Katrina Thornhill | President |
| Pam Kerr | Vice President |
| Mary DuBois | Secretary |
| Vacant | Assistant Vice President |
| Phillip Smith, Jr. | Assistant Secretary |

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

Also present were Jennifer Elms and Mr. and Mrs. Arlyn Wassinger, District residents; Tracey Scott of Myrtle Cruz, Inc.; Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Greg Ordeneaux of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Officer Steve Arhelger of Harris County Sherriff's Department; 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. Wassinger reported that there were routinely people in the Bundy Lake Park after dark/park hours near the gazebo and raised concerns regarding potential unlawful activity.

APPOINT NEW DIRECTOR

Director DuBois then moved to appoint District resident, Jennifer Elms, to fill the Board position vacated by Garth Freeze. Director Kerr seconded the motion, which passed unanimously.

SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE OF NEW DIRECTOR

The Board considered approving the Sworn Statement, Oath of Office, and Official Bond required in conjunction with the appointment of Jennifer Elms to the

Board position vacated by Garth Freeze. Director DuBois moved to approve the Sworn Statement, Oath of Office, and Official Bond for Jennifer Elms; direct that the Oath of Office and Official Bond be filed with the Secretary of State; and direct that the Sworn Statement, Oath of Office, and Official Bond be filed and retained in the District's official records. Director Kerr seconded the motion, which passed unanimously.

REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board next considered reorganization of the Board. Upon a motion by Director Kerr and a second by Director DuBois, the Board voted unanimously that Director Elms assume the position of Assistant Secretary and Phillip Smith assume the position of Assistant Vice President and to authorize execution and submission of the District Registration Form to the Texas Commission on Environmental Quality to reflect the newly appointed Director Elms and the new positions of Directors Elms and Smith.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS AND CONFLICT OF INTEREST DISCLOSURE

Ms. Carner provided Ms. Elms with information regarding open meetings and Public Information Act training.

Ms. Carner reviewed a Memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Ms. Carner stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Ms. Carner reviewed the updated List of Local Government Officers adding Director Elms. After review and discussion, Director DuBois moved to approve and authorize execution of the updated List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed by unanimous vote.

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

At 6:17 p.m., Director Thornhill announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices in the District. The Board met with Officer Arhelger. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 7:02 p.m., Director Thornhill announced the Board would reconvene in Open Session. No action was taken as a result of discussion in executive session.

RENEWAL OF INTERLOCAL AGREEMENT WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

The Board discussed the District's Interlocal Agreement with Harris County for Law Enforcement Services and concurred to maintain the same number of officers and patrol hours for 2016.

MINUTES

The Board considered approving the minutes of the September 14, 2015 regular meeting and August 31, 2015, special meeting. Following review and discussion, Director Kerr moved to approve the minutes of the August 31, 2015 regular meeting. Director DuBois seconded the motion, which passed unanimously. Director Kerr then moved to approve the minutes of the September 14, 2015 regular meeting. Director Smith seconded the motion, which passed unanimously.

GARBAGE COLLETION AND RECYCLING

There was no discussion for this agenda item.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed the monthly tax assessor/collector's report. Mr. Ordeneaux reported that 98.68% of the 2014 taxes were collected as of September 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 Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

The Board opened the public hearing on the District's proposed tax levy. Mr. Ordeneaux confirmed that notice of the proposed levy had been published. There being no comments from the public, the Board closed the public hearing and considered an Order Levying Taxes, reflecting a tax rate of \$0.97 per \$100 valuation consisting of \$0.74 for debt service and \$0.23 for operations and maintenance. The Board confirmed its intention that the 2015 tax levy includes a maintenance tax for the fiscal year ending March 31, 2016, and a debt tax to pay debt service for the 2016 calendar year. Upon a

motion made by Director Smith and seconded by Director DuBois, the Board unanimously adopted the Order Levying Taxes and authorized the execution and filing of the Amendment to the District's Information Form to reflect the tax rate for 2015.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Mr. Wailes updated the Board regarding trimming back 20 oak tree canopies at the back of Bundy Lake Park and removal of 9 tree stakes. He said the Bridgewater Community Association ("BCA") denied the Board's previous request that BCA cost share the initial cost of trimming the canopy and removing the tree stakes.

The Board next discussed the duck population at Bundy Lake, including management of waste removal and options for population control.

Discussion ensued regarding options for additional park lighting, repair of park perimeter fencing and confirming that park signage is both visible and consistent in all District parks.

Director Smith requested quotes for lock repair on the gates at Bundy Lake Park and Directors Park. Additional discussion ensued regarding fence corrosion around Bundy Lake, options for lighting Bundy Lake Park and locking the gate at the gazebo at Bundy Lake Park. Ms. Carner also discussed correspondence received from the Mason Lakes Homeowner's Association ("HOA"), and the Board requested that ABHR provide the Mason Lakes HOA with the District's meeting times and dates.

Ms. Wailes updated the Board on the status of fence repair at Bundy Lake Park update on fence repair at Bundy Lake and discussion ensued regarding locking park bathrooms after dark.

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 Kerr 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.

REPORT ON DEVELOPMENT

No reports were given under this agenda item.

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 September 2015 and current water and wastewater capacity. He also reported on build out projections.

Mr. Woodring next presented appeals from customers Lori Atkins and Michelle St. Jean. Following review and discussion, Director Smith moved to offer both customers payment plans. Director Elms seconded the motion, which passed 4-0, with Director Kerr abstaining.

Mr. Woodring discussed overhauling the submersible lift pump at lift station no. 3 for an estimated \$4,300. Following review and discussion, Director Smith moved to approve repair of the lift pump at lift station no. 3 for an amount not to exceed \$4,300. Director DuBois seconded the motion, which passed unanimously.

Following review and discussion, Director Smith moved to approve the operator's report. The motion, which was seconded by Director Thornhill, 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 Smith 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 DuBois seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Ms. Efaw presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects. A copy of the engineer's report is attached.

Ms. Efaw first discussed facilities planned for Bridgewater Meadows, Section 4 and requested authorization to design utilities and detention for single family development.

Ms. Efaw next reviewed a proposal from Storm Water Solutions in the amount of \$4,682 to televise the storm sewer under the pipeline easement at the Bridgewater Meadow detention basin.

Ms. Efaw reviewed bids received for construction of water, sewer and drainage facilities to serve Lakes at Mason Park, Sections 5 and 6 and recommended the Board award the contract to the lowest qualified bidder, Lonnie Lischka Company, LP, in the amount of \$713,799.99. After review and discussion, and because it would result in the best and most economical completion of the project, Director Elms moved to approve the award of the contract to Lonnie Lischka Company, LP, subject to verification of payment and performance bonds and insurance. Director Smith seconded the motion, which passed unanimously.

Ms. Efaw next discussed funds escrowed for pending wastewater treatment plant improvements and water plant no. 3, and Ms. Carner reviewed a Resolution to the Texas Commission on Environmental Quality ("TCEQ") Requesting Release of Funds Escrowed with the District's Series 2015 Unlimited Tax Bonds.

Ms. Carner said Harris County Municipal Utility District No. 61 ("No. 61") has requested that the Board consider allowing No. 61 to purchase additional waterline near the District's emergency interconnect with No. 61. Discussion ensued regarding feasibility of a possible sale to No. 61 and approximate cost. Following discussion, the Board concurred to authorize ABHR to inform No. 61 that the District is potentially interested in No. 61's proposition and that Brown & Gay will prepare a cost estimate for acquisition of the additional water line.

Ms. Efaw next discussed repair of the water well at water plant no. 2 and recommended the Board approve Pay Estimate No. 1 and Final in the amount of \$128,410, payable to Alsay Incorporated.

Following review and discussion, and based upon the engineer's recommendations, Director Elms moved to (1) approve the engineering report; (2) authorize Brown & Gay to design utility and detention to serve Bridgewater Meadows, Section 4; (3) approve a proposal from Storm Water Solutions in the amount of \$4,682 to televise the storm sewer under the pipeline easement at the Bridgewater Meadow detention basin; (4) approve a Resolution to the Texas Commission on Environmental Quality ("TCEQ") Requesting Release of Funds Escrowed with the District's Series 2015 Unlimited Tax Bonds; and (5) approve Pay Estimate No. 1 and Final in the amount of

\$128,410, payable to Alsay Incorporated for repair of the water well at water plant no. 2. Director Smith seconded the motion, which carried unanimously.

FINANCING AGREEMENT WITH HACIENDA SERVICES, INC.

The Board concurred to defer action on this agenda item.

DISTRICT INFORMATION KIT

Ms. Carner discussed the annual update of the District Information Kit and distributed a draft for Board and consultants review and comment.

DISTRICT WEBSITE

There was no discussion for this agenda item.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board discussed the Association of Water Board Directors ("AWBD") fall seminar and planning for the District's annual Holiday in the Park.

INSURANCE RENEWAL

The Board discussed additional premiums for Cyber liability coverage and concurred not to obtain such coverage.

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 October 19 and October 28, special meetings and confirmed a regular meeting on November 9, 2015 and a special meeting on November 30, 2015.

There being no additional business to consider, Director Smith moved to adjourn the meeting at 8:18 p.m. Director DuBois seconded the motion, which passed unanimously.

(SEAL)



Mary DuBois
Secretary Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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