

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

June 13, 2016

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 13th day of June, 2016, 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
Phillip Smith, Jr.	Assistant Vice President
Jennifer Elms	Assistant Secretary

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

Also present were Tina Kelsey of Myrtle Cruz, Inc.; Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores and Laura Flores of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); Nick Cooke of Mike Stone Associates, Inc. ("MSA"); Sergeant Billy Johnson and Officers Arhelger and Gaspar of the Harris County Sheriff'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. Woodring discussed a website inquiry received from S.E.A.L. Security Solutions, LLC, and said there were no website inquiries requiring Board action.

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 6:01 p.m., the Board met in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices. The Board met with Officers Johnson, Arhelger and Gaspar. Ms. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:46 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the May 9, 2016 regular meeting. Following review and discussion, Director Smith moved to approve the May 9, 2016 regular meeting minutes, as amended. Director Kerr seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING

Mr. May discussed Best Trash, LLC's Consumer Pricing Index ("CPI") increase for the period beginning June 2016 and continuing through May 2017. Following review and discussion, Director Smith moved to approve the CPI increase for the period beginning June 2016 and continuing through May 2017. The motion was seconded by Director Elms and passed unanimously.

AMEND RATE ORDER

The Board discussed amending the District's Rate Order to include the annual CPI increase of \$0.26 to the sanitary sewer base fee. Following review and discussion, Director Smith moved to amend the District's Rate Order with an effective date of June 23, 2016 to increase the sanitary sewer base fee by \$0.26 to \$31.36. The motion was seconded by Director Elms and passed unanimously. The Board concurred to place an agenda item on the June special meeting agenda to discuss the rate charged to customers for recycling and garbage collection.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. L. Flores reviewed the monthly tax assessor/collector's report and 2015 taxes collected as of May 31, 2016. After review and discussion, Director Smith moved to (1) approve the tax assessor/collector's report; and (2) authorize 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.

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2015 taxes. Upon a motion made by Director Kerr and seconded by Director Elms, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the delinquent tax collection.

FINANCIAL AND BOOKKEEPING MATTERS

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

REPORT ON DEVELOPMENT

Ms. Carner updated the Board regarding a bankruptcy proceeding filed by Buffington Mason Park, Ltd. and discussion ensued regarding maintenance of a detention pond on the property owned by Buffington Mason Park, Ltd.

REPORT FROM ACCLAIM ENERGY ADVISORS ON DEMAND RESPONSE PROGRAM

There was no discussion for 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 and requested authorization to repair a District leak for an estimate of \$3,100 at 22135 Rivermead. Following review and discussion, upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize the repair, as noted and estimated, at 22135 Rivermead.

Mr. Woodring discussed a complaint from Mr. Blair Juarez requesting a refund of a \$500 Administration Building rental fee for May 21, 2016 due to non-working kitchen appliances and the condition of the facilities. Discussion ensued regarding upgrading the kitchen at the Administration Building. Director Smith requested that RWC contact all scheduled rentals to make sure the renters are aware of kitchen appliances in non-working condition. Following review and discussion, Director Elms moved to refund Mr. Blair Juarez Board half of his rental fee. Director Smith seconded the motion, which passed unanimously.

Mr. Woodring reported pumpage numbers for May 2016 and current water and wastewater capacity. He also reported on build out projections.

Discussion ensued regarding a previous request from a District resident with a lot backing up to Bundy Lake requesting that a corroded wrought iron lot fence on District property be repaired/replaced. Mr. Cooke discussed fence replacement estimates and

the Board concurred to defer further discussion until the Board has the opportunity to see the fence during a June 16, 2016 tour of District facilities.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring updated the Board regarding a previous payment plan granted by the Board to Charles Waweru and subsequent default by the customer on the payment plan. Mr. Woodring then discussed builder back-charges owed by KB Homes, 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 KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid. Director Elms seconded the motion, which carried unanimously.

CONSUMER CONFIDENCE REPORT

Mr. Woodring said the Consumer Confidence Report ("CCR") must be filed with the Texas Commission on Environmental Quality ("TCEQ") and mailed to District customers by July 1, 2016. After review and discussion, Director Elms moved (1) to approve the CCR and authorize the District operator to file the CCR appropriately and to provide an electronic link to District residents directing customers to a full copy of the CCR; and (2) post the updated CCR to the District website. Director Kerr seconded the motion, which passed unanimously.

WATER WISE SPONSORSHIP

Discussion ensued regarding the District's previous participation in the Association of Water Board Directors' Water Wise Program and program costs and curriculum for the 2016-2017 school year. Following review and discussion, the Board concurred to defer discussion to the June 28, 2016 special meeting.

ENGINEERING MATTERS

Ms. Efaw presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects more specifically described in the attached engineer's report.

The Board first reviewed bids for construction of Water Plant No. 3. After review and discussion, based upon the engineer's recommendation 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 WW Payton Corporation in the amount of \$3,590,000, subject to review of payment and performance bonds and verification of insurance. Director Thornhill seconded the motion which passed unanimously.

The Board reviewed bids for the wastewater treatment plant improvements. After review and discussion, based upon the engineer's recommendation 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 R&B Group in the amount of \$1,353,400, subject to review of payment and performance bonds and verification of insurance. Director Thornhill seconded the motion which passed unanimously.

Ms. Efaw next reported the status of final punch list items being addressed by the contract for the automated bar screen installation at the wastewater treatment plant.

Ms. Efaw reported on the status of improvements at Water Plant Nos. 1 and 2 and recommended the Board approve Change Order No. 1 extending the contract time for Water Plant No. 1 for 131 days and approve Pay Estimate No. 5 in the amount of \$62,518.50 for work completed at Water Plant No. 2, payable to Long & Sons, Inc.

The Board next discussed repairs to the Bridgewater Meadow detention basin and Ms. Efaw confirmed the work is complete and the pipes were not televised. She recommended the Board release payment for Storm Water Solutions, LP.

Ms. Efaw said that Alsay, Inc. requested additional reimbursement for repair of water well no. 2, including reimbursement for bacterial testing, additional vibration testing and issuance of surety bonds, after the contract was closed. After discussion, the Board took no action.

Ms. Carner next reviewed a capacity commitment to Deena Dayal, LLC to serve a proposed office building development on Katy Briar Lane.

Following review and discussion, upon a motion by Director Elms and a second by Director Thornhill, the Board voted unanimously to (1) approve the engineering report; (2) approve all change orders, pay estimates and invoices discussed above; and (3)

approve a utility commitment to serve a 5 acre tract on Katy Briar Lane, as discussed above.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE AND REPAIR AND DEVELOPMENT OF DISTRICT LAKES, PARKS AND RECREATIONAL FACILITIES

Mr. Cooke discussed park and landscape maintenance completed, including emergency items at Bundy Lake Park under \$500, pending and scheduled repairs at Director's Park, Bundy Lake, District detention ponds, District common areas and the administration building. He updated the Board regarding the status of design and plan approval for the Bundy Lake Plaza renovation and construction/installation of Lone Star Lake improvements and presented a proposal from Native Land Designs for additional landscape maintenance at Lone Star Lake to be billed under the District's Service Agreement with MSA. Following review and discussion, upon a motion by Director Smith and a second by Director Kerr, the Board voted unanimously to approve the proposal and budget for additional landscape maintenance at Lone Star Lake.

Discussion ensued regarding issues with the rear fountain at Bundy Lake and getting a recommendation regarding fountain replacement from a lake management specialist.

Following review and discussion, upon a motion by Director Smith and a second by Director Kerr, the Board voted unanimously to approve the Parks Report.

DISTRICT WEBSITE

Discussion ensued regarding the District's website administrator, posting of Conflict of Interest Disclosures on the District website and reassignment of the website Board liaison position. After discussion, the Board concurred to appoint Director Elms as the website liaison.

SUMMER SPLASH

The Board discussed plans for a summer community event on or about July 30 from 10:30 a.m. to 1:00 p.m. and reviewed an event flyer.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board concurred to discuss all Board liaison assignments at the June 28, 2016 special meeting.

ATTORNEY'S REPORT

The Board reviewed and revised the Action List and discussed and amended the

status of the items listed and confirmed special meetings on June 28, 2016, July 25, 2016 and August 29, 2016.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:44 p.m. Director Elms seconded the motion, which passed unanimously.

Mary Dubois

Secretary, Board of Directors



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