

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

July 11, 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 11th day of July, 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, thus constituting a quorum.

Also present were Tina Kelsey of Myrtle Cruz, Inc.; Alene Efaw of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Scott Barr of Regional Water Corporation ("RWC"); Officer Steve Arhelger of the Harris County Sheriff's Department; Marsha Jan of McCall Gibson Swedlund Barfoot PLLC; Nick Cooke of Mike Stone Associates, Inc. ("MSA") and Lynne Humphries 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 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 6:03 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 Officer Arhelger. Ms. Humphries and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:17 p.m., the Board reconvened in Open Session.

DEVELOPER REIMBURSEMENT AUDIT REPORT

Ms. Jan reviewed a developer reimbursement report ("the Report") to reimburse DR Horton for storm water prevention planning and land associated with construction of the lift station in Vineyard Meadows from the District's Series 2012 Unlimited Tax Bonds proceeds. Following review and discussion, upon a motion by Director Elms and a second by Director DuBois, the Board voted unanimously to approve the reimbursement report and authorize distribution of funds to DR Horton as directed in the Report.

AUDIT FOR FISCAL YEAR ENDED MARCH 31, 2015

Ms. Jan reviewed the audit for the fiscal year ended March 31 2016. Following review and discussion, Director Smith moved to approve the audit for the fiscal year ended March 31, 2016, subject to final consultant review, and direct that the final audit be filed appropriately and retained in the District's official records. Director Thornhill seconded the motion, which passed by unanimous vote.

MINUTES

The Board considered approving the minutes of the June 13, 2016 regular meeting. Following review and discussion, Director Smith moved to approve the June 13, 2016 regular meeting minutes, as amended. Director Elms seconded the motion, which passed unanimously.

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.

Mr. Cooke discussed donations from Trees of Houston and Native Land Design for the Summer Splash event and the Board discussed staffing tree planting tables during the event.

Mr. Cooke presented a proposal in the amount of \$2,070 from Native Land Design to trim the shrubs around the water plant to 24 inches below the top of the fence and remove debris from underneath the shrubs.

The Board discussed low water levels at Bundy Lake and concurred to defer filling the lake until water well no. 2 is back online. Mr. Cooke said MSA would continue to monitor lake levels.

Following review and discussion, upon a motion by Director Kerr and a second by Director Elms, the Board voted unanimously to (1) approve the Parks Report; and (2) approve the proposal to trim shrubs around the water plant fence.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board discussed Board liaison positions and concurred to approve the following revised assignments:

Director Kerr: ABHR, Security, Garbage

Director Smith: Parks, Operating

Director DuBois: Myrtle Cruz, McCall

Director Thornhill: Tax Tech, First Southwest Company, Insurance

Director Elms: Brown & Gay, District website

The Board also discussed West Harris County Regional Water Authority ("WHCRWA") schedules for delivering surface water, smart water meter programs and reclaimed water systems.

GARBAGE COLLECTION AND RECYCLING

There was no discussion for this agenda item.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report and 2015 taxes collected as of June 30, 2016. After review and discussion, Director Kerr 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 Smith seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

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

Director 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. Kelsey reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. After review and discussion, Director Elms 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

There was no discussion on 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 June 2016 and current water and wastewater capacity. He also reported on build out projections, pending insurance claims and updated the Board regarding performance of the new influent screen at the wastewater treatment plant.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring next presented a customer appeal from Shantell Bell. Following review and discussion of the information provided, the Board concurred to authorize the District operator to offer Ms. Bell a payment plan.

Mr. Woodring then discussed builder back-charges owed by KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes. Following discussion, the Board concurred to write off back-charges before 2010 and requested an update on outstanding collection efforts.

Mr. Woodring presented a list of delinquent customers to the Board and reported the residents on the termination list were delinquent in payment of their water and

sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Elms moved to authorize termination of delinquent accounts in accordance with the District's Rate Order, direct that the delinquent customer list be filed appropriately and retained in the District's official records and that further taps be withheld from KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid. The motion was seconded by Director Kerr and passed by unanimous vote.

WATER WISE SPONSORSHIP

Ms. Miller read a response from David Martinez at Harris-Galveston Subsidence District (the "Subsidence District") regarding implementation of curriculum associated with distribution of the Water Wise kits. Following review and discussion, the Board concurred to authorize ABHR to request an Interlocal Agreement from the Subsidence District, subject to the interest of Golbow Elementary participating and scheduling a meeting with Director Elms and Golbow Elementary curriculum coordinators to discuss curriculum in conjunction with distribution of the Water Wise kits.

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.

Ms. Efaw reported on the status of improvements at Water Plant Nos. 1 and 2 and recommended the Board approve Pay Estimate No. 6 in the amount of \$37,935 for work completed at Water Plant No. 2, payable to Long & Sons, Inc.

Ms. Miller presented a capacity commitment to serve O'Reilly Auto Parts at 2851 Mason.

Ms. Miller presented the following conveyances for the Board's approval:

1. offsite easements to serve Bridgewater Meadows, Section 4; and
2. water meter easement for iLuckyDog Pet campus.

Ms. Efaw reported the potential purchase of the 6-acre tract off of Mason north of the Harris County Park.

Following review and discussion, upon a motion by Director Elms and a second by Director Smith, the Board voted unanimously to (1) approve the engineering report; (2) approve all change orders, pay estimates and invoices discussed above; (3) accept the conveyances discussed above; and (4) approve a utility commitment to serve O'Reilly Auto Parts, as discussed above, contingent upon extension of necessary sanitary sewer line to the tract.

DISTRICT WEBSITE

There was no discussion for this agenda item.

SUMMER SPLASH

There was no additional 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 and confirmed special meetings on July 25, 2016, August 29, 2016 and September 26, 2016.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 7:46 p.m. Director Elms seconded the motion, which passed unanimously.



Secretary, Board of Directors



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