

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

December 8, 2014

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 8th day of December, 2014, 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 |
| Garth Freeze | Assistant Vice President |
| Phillip Smith, Jr. | Assistant Secretary |

and all of the above were present.

Also present were Tracey Scott of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring, Scott Barr and Ginny Woodring of Regional Water Corporation ("RWC"); Bob Hudson of Texas Investment & Development Co.; Kendall Purgatorio and Sherrie Knoepful of Mike Stone Associates, Inc. ("MSA"); Christine Crotwell of First Southwest Company; Edgar Gutierrez and Daphne Donahue, District residents; Sgt. Donald Wine of Harris County Sheriff's Department; 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.

REFUNDING BOND ISSUE

Ms. Crotwell updated the Board on the District's Series 2015 Refunding Bond Issue and Ms. Humphries reviewed with the Board and presented for signature the Bond Purchase Agreement, previously approved at the November 10, 2014 regular meeting.

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 Sgt. Wine, Ms. Humphries and Ms. Miller also were present.

Director DuBois entered executive session at 6:07 p.m.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:20 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Gutierrez discussed a utility payment made through Walmart on November 22, 2014 which has not yet been received by RWC. He also discussed delinquent fees and requested additional payment options. Discussion ensued regarding payment options available. The Board concurred to waive late fees and asked RWC to further investigate.

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 also discussed a request from Jessica Holloway requesting use of Directors Park for a group exercise program. Discussion ensued regarding insurance requirements for park use for commercial purposes.

Mr. Gutierrez left the meeting.

MINUTES

The Board considered approving the minutes of the regular meeting on November 10, 2014 and the minutes of the November 17, 2014 special meeting and concurred to defer action to the special meeting.

GARBAGE COLLECTION AND RECYCLING

There was no discussion on this agenda item.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

Ms. Purgatorio updated the Board on ongoing park maintenance and repair, including miscellaneous repairs at the gazebo at Directors Park, ongoing efforts to repair/program lighting at the Bundy Lake Park monument, Harris County Flood Control District cleaning of pilot channels and pending proposals for repair/rehabilitation of the administration building. The Board concurred to request that MSA rearrange ceiling tiles in the administration building for Holiday in the Park and bring pricing for new 2x2 ceiling tiles to the December special meeting.

Ms. Humphries reviewed additional information provided by Edminster, Hinshaw, Russ & Associates, Inc. regarding lighting installation and repairs at the Bundy Lake Park monument. Discussed ensued regarding possible recourse against the lighting manufacturer and/or supplier, programming the Bundy Lake Park

monument lights back to a static presentation and locating a local supplier offering a comparable lighting product. The Board asked MSA to study options and solutions to the lights.

The Board next discussed fountain lighting at the Morton Ranch detention pond and concurred to request that all District fountain lighting operational hours be extended from 9 p.m. to 11 p.m.

Ms. Knoepful left the meeting.

PUBLIC COMMENT

Ms. Donahue commented regarding issues she has related to water disconnection, including customer service, erratic meter readings, late payment procedures, payment options, including cash payment and change procedures and water quality.

Ms. Donahue left the meeting.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the number of fees of office, meals, and maximum hotel accommodations for the Association of Water Board Directors ("AWBD") winter conference. Following discussion, Director Smith moved to authorize a maximum of: (1) two nights of hotel accommodations; (2) three days of director fees of office; (3) a daily meal expense not to exceed \$50.00; and (4) an advance for conference expenses in the amount of \$750 for each Director attending AWBD winter conference. Director Thornhill seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also reviewed and discussed the special projects and joint facilities budgets. She also discussed certificates of deposit expiring and renewed, and operating funds.

The Board also considered a Depository Pledge Agreement with Central Bank.

After review and discussion, Director Thornhill moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; (3) authorize the District bookkeeper to revise the special projects budget to allocate \$20,000 for administration building rehabilitation; and (4) approve a Depository Pledge

Agreement with Central Bank. Director DuBois seconded the motion, which carried unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report and discussed tax payment policies. Ms. Flores reported that 2.71% of the 2014 taxes were collected as of November 30, 2014. Ms. Flores also discussed historical collections, refunds due to overpayments, and provided a delinquent tax report.

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

REPORT ON DEVELOPMENT

Mr. Hudson reported regarding lot development and sales in Vineyard Meadows and Lakes of Mason Park.

Mr. Hudson and Ms. Flores left the meeting.

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 first reported a sanitary sewer line manhole and settlement repair estimated at \$4,800. Upon a motion by Director Thornhill and a second by Director DuBois, the Board voted unanimously to authorize repair for an amount not to exceed \$4,800.

The Board reviewed the content of the "FAQ" page of the District website and discussed revisions to the "FAQ" page and website pages and concurred to request revision, as discussed, to the credit card options language to include VISA.

The Board also reviewed a flyer from the Houston-Galveston Area Council regarding grease disposal and concurred to request the flyer be made available to residents at Holiday in the Park and on the District website.

Mr. Woodring reported pumpage numbers for November 2014 and current water and wastewater capacity. He also reported on build out projections.

Following review and discussion, Director DuBois 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 discussed builder back-charges owed by Royce Homes, Trophy Homes, Vestalia Homes and Greeneco Builders. 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 DuBois 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, with the exception of Mr. Gutierrez who appeared to make arrangements for his delinquent account, and that further taps be withheld from Royce Homes, Trophy Homes, Vestalia Homes and Greeneco Builders until back-charges are paid. Director Smith seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Mr. Heisch 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.

Mr. Heisch updated the Board on the extension of the sanitary sewer easement necessary to serve the Miles tract. Ms. Humphries presented an Amendment to Sanitary Sewer Easement extending the date to commence construction to June 15, 2015.

Mr. Heisch updated the Board regarding a sanitary sewer line necessary to serve Texas Kids Daycare. Ms. Humphries said the developer's lien holder granted consent to conveyance of the easement to the District and the easement will be recorded later this week.

Mr. Heisch and Ms. Humphries discussed the status of proposed amendment to the Joint Cost Sharing Agreement to update shared percentages, presented a water line easement from Elrod Road to Mason Road to complete the loop between water plant no. 2 and future water plant no. 3, discussed sanitary sewer control easements necessary to design and construct water plant no. 3, and presented a geotechnical services proposal from Ninyo & Moore in the amount of \$12,800.

Mr. Heisch reported the status of construction of water, sewer and drainage to serve Vineyard Meadows, Section 9 and recommended the Board approve Pay Estimate No. 3 in the amount of \$17,649.99, payable to Lonnie Lischka Company, LP.

Ms. Humphries next reviewed two Water Line Easements from the District to West Harris County Regional Water Authority ("WHCRWA"), and a conflicts waiver, both associated with the proposed automated meter reading program offered by WHCRWA.

Following review and discussion, and based upon the engineer's recommendations, Director Thornhill moved to (1) approve the engineering report; (2) pay the estimate presented and discussed above; (3) approve an Amendment to Sanitary Sewer Easement to serve the Miles tract extending the date to commence construction to June 15, 2015; (4) approve the Amendment to the Joint Cost Sharing Agreement; (5) accept a water line easement from Elrod Road to Mason Road to complete the loop between water plant no. 2 and future water plant no. 3; (6) approve a geotechnical services proposal from Ninyo & Moore in the amount of \$12,800; and (7) approve a conflicts waiver associated with the proposed automated meter reading program offered by WHCRWA. Director DuBois seconded the motion, which carried unanimously.

DISTRICT WEBSITE

The Board discussed proposed updates to the District website.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

Ms. Humphries discussed a request from ESE Partners requesting a Resolution in Support of a Municipal Setting Designation.

ATTORNEY'S REPORT

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

Ms. Humphries stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require the District to comply with certain continuing disclosure requirements for its bonds. Ms. Humphries explained that the Board of Directors is ultimately responsible for continuing disclosure compliance for its bonds with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, ABHR recommends such procedures (the "Procedures") be adopted in writing by the Board of

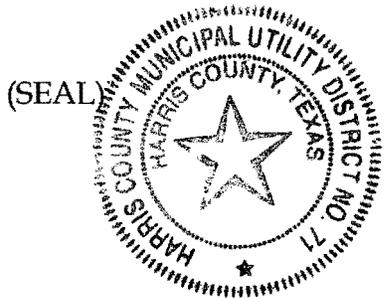
Directors. Ms. Humphries reviewed the Order Adopting Procedures for Continuing Disclosure Compliance with the Board of Directors. Following review and discussion, Director Kerr moved to adopt the Order Adopting Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Thornhill seconded the motion, which passed by unanimous vote. A copy of the Procedures is attached.

The Board discussed agenda items for the December 15 special meeting.

HOLIDAY IN THE PARK

The Board discussed plans for Holiday in the Park 2014. Director Kerr moved to pay \$300 to Morton Ranch High School Choir for event entertainment. Director DuBois seconded the motion, which passed unanimously.

There being no additional business to consider, Director Kerr moved to adjourn the meeting at 8:40 p.m. Director DuBois seconded the motion, which passed unanimously.



Mary DuBois
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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