

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

March 12, 2012

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 March, 2012, 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.

Also present were David Glunt, representing Buffington Mason Park, Ltd. and Six J Investments, Inc.; Mary Jarmon of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Greg Ordeneaux of Tax Tech, Inc.; Richard Sibley, Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Officer Steve Arhelger of Harris County Sheriff's Department; Marsha Jan of McCall Gibson Swedlund Barfoot PLLC; Karen Sears of Acclaim Energy Advisors; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

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 6:00 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 Steve Arhelger of Harris County Sheriff's Department.

RE-CONVENE IN OPEN SESSION AND SECURITY REPORT

At 6:27 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. Woodring discussed with the Board a website comment received from District resident, Michael Hensley, regarding the Bundy Lake monument lighting. Mr. Woodring said that Chris Browne has reprogrammed the lighting which addresses Mr.

Hemsley's comment and will continue working with programming to improve the color scheme and presentation. Following discussion, the Board requested that Mr. Woodring notify Mr. Hemsley that the previous lighting display was in test mode and the lighting has been reprogrammed.

Mr. Woodring next discussed with the Board a website comment received from District resident, Shirl Burrell, requesting additional traffic patrol on North Mason Road.

REPORT ON REFUNDING BOND ISSUE AND MATERIAL EVENT NOTICE

The Board reviewed correspondence from the District's financial advisor updating the Board on the District's Series 2012 Refunding Bond Issue. Ms. Humphries reported the net savings and said that the anticipated closing date is April 5, 2012.

MINUTES

The Board considered approving the minutes of the regular meeting on February 13, 2012 and the special meeting on February 29, 2012. Following review and discussion, Director DuBois moved to approve the minutes the minutes of the regular meeting on February 13, 2012, as amended. Director Smith seconded the motion which passed by a vote of 3 to 0, with Directors Freeze and Thornhill abstaining. The Board next considered the minutes of the special meeting on February 29, 2012 and concurred to defer action until the March 29, 2012 meeting.

GARBAGE COLLECTION

Director Kerr reported that she sent a letter to the City of Katy providing a District reference for Best Trash LLC, as requested by Matthew May. No action was necessary.

DEVELOPMENT IN THE DISTRICT

Mr. Glunt reported that Section 2 of Lakes at Mason Park is complete and scheduled for Texas Commission on Environmental Quality ("TCEQ") inspection on March 20, 2012. He also reported regarding home sales during the month and homes under construction.

ANNUAL REPORT

Ms. Humphries stated that pursuant to the District's continuing disclosure obligations in connection with the District's outstanding bonds, the District is required to annually update and file with various regulatory agencies an Annual Report concerning the District's financial and operating information and the audit as of fiscal year end September 30, 2011. She stated this year, the Official Statement for the Series

2012 Bond sale will be filed as the Annual Report. After discussion, Director Thornhill moved to approve the Annual Report and authorize the filing. Director Freeze seconded the motion, which passed unanimously.

DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2012 BONDS

Ms. Jan reviewed a developer reimbursement report for the District's Series 2012 Bonds, including application of agreed upon procedures for construction, engineering and related costs reimbursable to certain developers being reimbursed. Following review and discussion, Director Kerr moved to approve the report, with the revisions discussed, and authorize disbursement of funds subject to return of a receipt for funds being reimbursed to each developer. Director DuBois seconded the motion which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed the bookkeeper's report and investment report, and presented the bills for payment, including wiring instructions for Series 2012 bond proceeds. Ms. Humphries reported on the status of Harris County Municipal Utility District No. 287's ("No. 287") payment for the purchase of wastewater capacity, applicable interest rates and the date from which interest should be calculated. The Board also discussed the final pay estimate for remote well no. 4, payments made toward completion of the joint facilities projects by No. 287 and Pulte and the balance to be paid by check by Pulte in lieu of, and to cancel, Pulte's letter of credit. After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; (3) approve the interest rate and date for No. 287's payments; and (4) approve release of the Pulte letter of Credit subject to receipt of funds calculated by Mary Jarmon in the remaining amount of the \$1.6 million in No. 287's share of water facilities. Director Thornhill seconded the motion, which carried

SPECIAL PROJECTS BUDGET AND REGULAR BUDGET FOR FISCAL YEAR 2012

The Board and consultants next discussed the special projects and regular budgets for the fiscal year ending September 30, 2012, but took no action.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed the monthly tax assessor/collector's report. Mr. Ordeneaux reported that the 2011 taxes are 95.04% collected as of February 29, 2012 and discussed historical collections. After review and discussion, Director Thornhill 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Humphries stated that last year the Board granted a \$20,000 exemption for all residents 65 years of age or older or disabled persons, but rejected the general residential homestead exemption and the exemption for travel trailers. Following review and discussion, Director Smith moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting no changes to the previous year's exemptions, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Thornhill seconded the motion, and it passed unanimously.

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. He also reported that the mechanical bar screen at the wastewater treatment plant is not working and estimated the repair at \$3,000. Upon a motion by Director Thornhill and a second by Director Smith, the Board voted unanimously to authorize repair of the mechanical bar screen at the wastewater treatment plant for an amount not to exceed \$3,000. Mr. Woodring reported pumpage numbers for February, 2012 and discussed wastewater permit compliance and build out projections for the District. Mr. Woodring stated that the joint water accountability for the month of February was 98.4% and 10 new residential taps were installed in the District. Mr. Woodring also reported on the trial installation of the Ebara pump installed at the lift station at the wastewater treatment plant by JDC Fluid Equipment, LLC on November 1, 2011. Mr. Heisch reported on the schedule for the new lift station.

Upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to approve the District operator's report.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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. Director Thornhill seconded the motion, which carried unanimously.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Woodring discussed the TWDB Water Conservation Program Annual Report. Following discussion, the Board concurred to defer discussion of this agenda item until the Board's special meeting on March 29, 2012.

2012 DEMAND RESPONSE ELECTRICITY SHEDDING PROGRAM

Ms. Sears discussed Acclaim Energy's 2012 Demand Response/electricity load shedding programs, including emergencies on the grid during 2011, District locations that could be included in the program, 2011 demand response times and costs to participate. Upon a motion by Director Thornhill and a second by Director Kerr, the Board voted unanimously to participate in Acclaim Energy's 2012 Demand Response/electricity load shedding program.

ENGINEERING MATTERS

Mr. Heisch presented the engineer's report and updated the Board regarding engineering matters and the status of current construction projects in the District. A copy of the engineer's report is attached.

Mr. Heisch reported regarding design and plan preparation for the construction of water, sewer, and drainage facilities to serve Vineyard Meadow, Sections 6 and 7.

Mr. Heisch next reported regarding the construction of remote well no. 4 and plugging and abandoning the 300 gallons per minute ("gpm") water well. He recommended that the Board approve Pay Estimate No. 9 and Final, in the amount of \$174,265.27, payable to Weisinger, Inc. He said that minor items noted by the TCEQ during inspection have been corrected and that the one year warranty period began on March 6, 2012.

Mr. Heisch discussed the status of City of Houston plan approval for Vineyard Meadows, Section 5 and presented contracts for signature. Ms. Humphries said ABHR would hold the contracts until the District receives proof of plan approval.

Mr. Heisch next presented an application for renewal of the District's storm water quality permit for Bridgewater Place at 2100 Morton Road.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; and (2) approve Pay Estimate No. 9 and Final, in the amount of \$174,265.27, payable to Weisinger, Inc. for construction of remote well no. 4. Director Kerr seconded the motion, which was unanimously approved. Upon a motion by Director Smith and a second by Director Thornhill, the Board voted unanimously to approve renewal of the District's storm water quality permit for Bridgewater Place at 2100 Morton Road.

REQUIRED DOCUMENTATION OF EMINENT DOMAIN AUTHORITY IN TEXAS

Ms. Humphries stated that pursuant to Chapter 2206.101(d), Texas Government Code, as added by Senate Bill 18, 82nd Regular Session, the District is required to file documentation of its eminent domain authority in Texas with the Texas Comptroller of Public Accounts. Ms. Humphries reviewed the Required Documentation of Eminent Domain Authority in Texas with the Board. Following review and discussion, Director Thornhill moved to authorize ABHR to file the Required Documentation of Eminent Domain Authority in Texas with the Texas Comptroller of Public Accounts and direct that the Documentation be filed appropriately and retained in the District's official records. Director Kerr seconded the motion, which passed by a vote of 4 to 1, with Director Smith opposing the motion.

DISTRICT WEBSITE

There was no action needed on this agenda item.

ACTION LIST

The Board reviewed and revised the Action List, a copy of which is attached.

DEVELOPMENT AND MAINTENANCE OF DISTRICT, DETENTION PONDS, LAKES, PARKS, AND RECREATIONAL FACILITIES

Director Kerr updated the Board on the status of the construction of the Bundy Lake monument, including painting of the junction box, programming of lights and installation of the lake aeration system.

The Board next discussed the status of proposals for District park, landscape and lake maintenance. Mr. Woodring said that a bidders meeting will be held on March 16, 2012 in the District for potential bidders to tour all sites to be included for maintenance. Mr. Woodring said that bids will be returned by March 23, 2012 and that he and Chris Browne will be prepared to make a recommendation for award to the Board on March 29, 2012.

CERTIFICATE DECLARING UNOPPOSED STATUS OF CANDIDATES FOR ELECTION TO THE BOARD OF DIRECTORS AND ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE

Ms. Humphries reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors reflecting that as of March 8, 2012, three candidate applications and no write-in candidate applications were received in connection with the three director positions to be placed on the ballot for the May 12, 2012 directors election. Ms. Humphries then reviewed an Order Declaring Unopposed

Candidates Elected to Office with the Board. She stated that the Order reflects that (1) the Secretary of the Board has certified that the District received only three candidate applications and no write-in applications in connection with the three director positions to be placed on the ballot for the May 12, 2012 directors election; (2) pursuant to Section 2.053 of Subchapter C of the Texas Election Code, the District may declare each unopposed candidate for director elected to office in lieu of holding the May 12, 2012 directors election; and (3) Katrina Thornhill, Garth Freeze and Pamela Kerr are hereby elected to office to serve from May 12, 2012 until May 14, 2016. Following review and discussion, Director DuBois moved that the Board (1) accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors; (2) adopt the Order Declaring Unopposed Candidates Elected to Office and the Order of Cancellation; and (3) authorize the District operator to post the Order of Cancellation at the District's regular polling place. Director Kerr seconded the motion, which passed by unanimous vote.

The Board discussed whether to post the Order of Cancellation on the District website, and concurred it was not necessary also to post the Order of Cancellation on the District website.

MEETING SCHEDULE

The Board discussed and agreed to hold a special in-District meeting on March 29, 2012 at 6:00 p.m.

There being no further business to discuss, the meeting was adjourned at 8:11 p.m.

(SEAL)



Mary DuBois
Secretary, Board of Directors

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