

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

April 9, 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 9th day of April, 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 Erin Garcia of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Esther Flores of Tax Tech, Inc.; Steve Woodring and Ginny Woodring of Regional Water Corporation ("RWC"); Jeff Springs, District resident; Officer Steve Arhelger of Harris County Sheriff's Department; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

Director Thornhill called the meeting to order at 6:02 p.m.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia reviewed the bookkeeper's report and investment report, and presented the bills for payment. Ms. Humphries reported on payments approved, including interest payments, and received from Harris County Municipal Utility District No. 287's ("No. 287") for the purchase of wastewater capacity and said that the share to be paid by check by Pulte Homes ("Pulte") in lieu of, and to cancel, Pulte's letter of credit for joint water facilities was received. 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

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 6:16 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 6:37 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

Mr. Woodring noted that Mr. Springs left the building during executive session.

COMMENTS AND WEBSITE INQUIRIES FROM THE PUBLIC

Mr. Woodring reported two customer billing inquiries received through the District website contact and said that both were resolved without further action needed.

GARBAGE COLLECTION

There was no discussion on this agenda item.

DEVELOPMENT IN THE DISTRICT

Ms. Humphries reported that Bob Hudson will represent Buffington Capital as a developer in the District in the place of David Glunt. Director Kerr requested information on planned development of the property adjacent to the property owned by Buffington Capital's property and asked Buffington Capital send a representative to the meetings.

MINUTES

The Board considered approving the minutes of the regular meeting on March 12, 2012 and the special meeting on March 29, 2012. Following review and discussion, Director DuBois moved to approve the minutes the minutes of the regular meeting on March 12, 2012, as submitted, and the special meeting on March 29, 2012, as amended. Director Thornhill seconded the motion which passed unanimously.

CONSENT TO ASSIGNMENT OF RIGHT TO REIMBURSEMENT

Ms. Humphries explained that a bill of sale from First National Bank of Edinburgh to Griqualand for property within the District eliminated the need for further assignment or consent thereto and that future reimbursements may be made directly to Griqualand. The Board took no action on this agenda item.

ORDER ADOPTING POST ISSUANCE COMPLIANCE PROCEDURES

Ms. Humphries stated that bonds issued by the District are generally subject to the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of

1986, as amended, and the applicable Treasury Regulations promulgated thereunder. Ms. Humphries added that those provisions require that issuers comply with certain post-issuance requirements (the "Requirements") for their bonds, including the following: (1) general recordkeeping and record retention; (2) timely return filings; (3) proper and timely use of bond proceeds and bond-financed property; (4) arbitrage-yield restriction and rebate; (5) reissuance requirements, and (6) corrective action. Ms. Humphries explained that the Board of Directors is ultimately responsible for post-issuance compliance for its bonds, with assistance by its consultants. Ms. Humphries pointed out that while there is no express requirement that an issuer adopt written compliance procedures, the Internal Revenue Service (the "IRS") views the adoption of written procedures as demonstrating the issuer's intent to comply with the Requirements. Ms. Humphries noted that on the tax compliance forms submitted with new bond issues and on the informational and audit inquiry forms for outstanding bonds, the IRS recently began asking whether issuers have adopted written procedures for complying with the Requirements. Ms. Humphries explained that it is advantageous for issuers to be able to affirmatively respond to the IRS on that question. Ms. Humphries added that, in order to ensure that the District's procedures for post-issuance compliance are well documented, ABHR recommends that such procedures be adopted in writing by the Board of Directors. Ms. Humphries reviewed the Order Adopting Procedures for Post-Issuance Compliance with the Board of Directors. Following review and discussion, Director DuBois moved to adopt the Order Adopting Procedures for Post-Issuance Compliance and direct that the Order be filed appropriately and retained in the District's official records and that a copy be provided to the appropriate District consultant. Director Kerr seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that the 2011 taxes are 97.03% collected as of March 31, 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 DuBois seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

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, including a rag removal from the Ebara test pump at the wastewater treatment plant lift station. He also reported regarding a tap line leak at 22031 Rivermead and estimated repair at \$3,100. Mr. Woodring reported pumpage numbers for March, 2012, including water supplied through the District's interconnect with West Harris county

Municipal Utility District No. 2, and discussed wastewater permit compliance and build out projections for the District. Mr. Woodring reported two water quality complaint calls received and line flushing in the area to address those complaints. Mr. Woodring stated that the joint water accountability for the month of February was 97% and 10 new residential taps were installed in the District.

Upon a motion by Director Smith and a second by Director DuBois, the Board voted unanimously to (1) approve the District operator's report; and (2) authorize a tap leak repair at 22031 Rivermead for an amount not to exceed \$3,100.

Ms. Woodring said that David Springs appeared to request that the Board waive a return check letter fee. The Board and Ms. Woodring discussed Mr. Springs' payment history and date of receipt of the payment made the basis of his request. After considering the information provided by the District operator, Director Smith moved to waive the return check letter fee. Director Thornhill seconded the motion. The motion failed with Directors Smith and Thornhill voting in favor of the motion, Directors Freeze and DuBois voting against and Director Kerr abstaining from the vote.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Woodring discussed builder back-charges pending from Nuway 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 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 and that further taps be withheld from Nuway Homes until back-charges are brought current. Director Thornhill seconded the motion, which carried unanimously.

ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM

Mr. Woodring reviewed an annual report regarding the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment. After review and discussion, Director Smith moved to approve the annual report on the Program and direct that the report be filed appropriately and

retained in the District's official records. Director Kerr seconded the motion, which passed by unanimous vote.

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 discussed estimated costs to both construct bleach containment and improve drainage at the Eldrod Road water plant. He estimates the cost of a 30 inch high concrete wall around the bleach tanks and the drainage swale to be approximately \$35,000, with associated engineering between \$5,000 and \$7,500. Mr. Heisch noted that the plant is currently in compliance with regulations, but the containment wall would provide additional protection. Mr. Heisch said that he would prepare a 75% complete design for the May Board meeting. Ms. Humphries discussed amending the joint facilities budget to add this improvement under maintenance.

Mr. Heisch discussed the status of construction of water, sewer and drainage to serve Vineyard Meadows, Section 5. Ms. Humphries confirmed that ABHR received proof of plan approval from the City of Houston and said the contracts were released.

Mr. Heisch reported regarding the status of construction of the lift station at the wastewater treatment plant and recommended the Board approve Pay Estimate No. 1 in the amount of \$27,000, payable to T&C Construction.

Mr. Heisch said construction of the Vineyard Meadow detention basin expansion is complete and recommended the Board approve Pay Estimate No. 2 and final in the amount of \$112,907.51, payable to Double Oak Construction, Inc.

Mr. Heisch next discussed the status of construction of a Family Dollar store and the sanitary sewer easements necessary to serve the store.

Following review and discussion and based upon the engineer's recommendation, Director Thornhill moved to: (1) approve the engineer's report; (2) authorize the District engineer to design a bleach containment system for the Elroad Road plant and improvements to drainage, as discussed; (3) approve Pay Estimate No. 1 in the amount of \$27,000, payable to T&C Construction for construction of the lift station at the wastewater treatment plant; (4) approve Pay Estimate No. 2 and final in the amount of

\$112,907.51, payable to Double Oak Construction, Inc. for the Vineyard Meadow detention basin expansion; and (5) authorize ABHR to prepare for recording the necessary sanitary sewer easement to serve the Family Dollar store. Director Kerr seconded the motion which passed unanimously.

RESOLUTION AUTHORIZATION APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

Ms. Humphries said ABHR, the District engineer and the District financial advisor are working to identify available surplus funds and will be recommending at a future meeting the Board to make application to the Texas Commission on Environmental Quality for use of surplus funds. The Board took no action on this agenda item.

DISTRICT WEBSITE

Director Smith said photographs of the Bundy Lake monument have been posted on the District website.

ACTION LIST

The Board reviewed and revised the Action List.

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

The Board discussed pending District park, landscape and lake maintenance proposals and concurred to hold interviews of all candidates submitting a proposal at the Board's special meeting on April 30, 2012.

Mr. Woodring said Seaback Maintenance submitted a bid in the amount of \$3,080 to finish the restrooms and adjacent storage area. Upon a motion by Director Kerr and a second by Director Thornhill, the Board voted unanimously to approve the proposal from Seaback Maintenance in the amount of \$3,080.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS

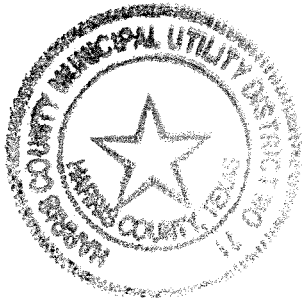
Director Kerr requested the Board consider at the April special meeting activities which qualify for Water Smart credit, including distributing informational pamphlets regarding conservation. The Board also discussed identifying the highest use customers and requested Ms. Woodring to prepare a list of the top 10 highest use customers.


MEETING SCHEDULE

The Board discussed and agreed to hold a special in-District meeting on April 30, 2012 at 6:00 p.m.

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

(SEAL)





Secretary, Board of Directors

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