

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

February 10, 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 10th day of February, 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:

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 Mary Jarmon of Myrtle Cruz, Inc.; Rodney Heisch of Brown & Gay Engineers, Inc. ("Brown & Gay"); Greg Ordeneaux of Tax Tech, Inc.; Ginny Woodring and Steve Woodring of Regional Water Corporation ("RWC"); Anthea Moran and Christine Crotwell of First Southwest Company; Bob Hudson of Texas Investment & Development Co.; Officer Steve Arhelger of Harris County Sherriff's Department; and Lynne Humphries, 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 website inquiries, including consultant response to same, requiring no Board actions, which are listed in the District operator's report attached to these minutes.

Mr. Woodring reviewed a website comment from Leanne Bosson requesting a leak check at her residence and requesting the Board consider allowing lessors of rental property to remain the accountholder on rental property to avoid repeated removal of the water meter for nonpayment by renters.

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 6:02 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. Carner and Ms. Miller also were present.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT AND RENEW INTERLOCAL AGREEMENT WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

At 6:19 p.m., the Board reconvened in Open Session. No action was taken as a result of discussion in executive session.

Ms. Humphries entered the meeting.

SALE OF THE DISTRICT'S \$5,300,000 UNLIMITED TAX BONDS, SERIES 2014

Ms. Moran reviewed bids received for the sale of the District's \$5,300,000 Unlimited Tax Bonds, Series 2014, and stated that the low bidder was SAMCO Capital Markets, with a net effective interest rate of 4.305011%. Following review and discussion, Director Thornhill moved that the Board award the sale of the District's \$5,300,000 Unlimited Tax Bonds, Series 2014 to SAMCO Capital Markets. Director Kerr seconded the motion, which was passed unanimously.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$5,300,000 UNLIMITED TAX BONDS, SERIES 2014

Ms. Humphries reviewed the Resolution Authorizing the Issuance of the District's \$5,300,000 Unlimited Tax Bonds, Series 2014. After review and discussion, Director Thornhill moved that the Board adopt the Resolution Authorizing the Issuance of the District's \$5,300,000 Unlimited Tax Bonds, Series 2014. Director Kerr seconded the motion, which was approved by unanimous vote.

PAYING AGENT/REGISTRAR AGREEMENT

Ms. Humphries reviewed the Agreement with Bank of New York to be the Paying Agent/Registrar for the Series 2014 Bonds. After review and discussion, Director Thornhill then moved that the Board appoint The Bank of New York Mellon Trust Company, N.A to be the Paying Agent/Registrar for the Series 2014 Bonds. Director Kerr seconded the motion, which carried unanimously.

OFFICIAL STATEMENT

The Board next considered approving the Official Statement for the District's \$5,300,000 Unlimited Tax Bonds, Series 2014. Ms. Moran reported that the Preliminary Official Statement previously approved will be updated to reflect pricing information on the bonds. Following discussion, Director Thornhill moved that the Board approve the Official Statement. Director Kerr seconded the motion, which was approved by unanimous vote.

DOCUMENTS RELATING TO THE BOND SALE AND NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER

Ms. Humphries reviewed with the Board of Directors various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser. After review and discussion, Director Thornhill moved that the Board authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser. Director Kerr seconded the motion, which was approved by unanimous vote.

AMENDMENT TO INFORMATION FORM

Ms. Miller reviewed the Amendment to the District's Information Form, reflecting the District's additional bonds sold. After review and discussion, Director Thornhill moved that the Amendment to the District's Information Form be approved and filed with the Texas Commission on Environmental Quality and in the Harris County Deed Records. Director Kerr seconded the motion, which passed unanimously.

UPDATE FROM DISTRICT ENGINEER ON TEXAS COMMISSION ON ENVIRONMENTAL QUALITY INSPECTION OF FACILITIES

Mr. Heisch reported regarding the Texas Commission on Environmental Quality's ("TCEQ") inspection of facilities to be purchased.

PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2014

The Board next considered approving the Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2014. Following review and discussion, Director Thornhill moved that the Board approve the Preliminary Official Statement for the Refunding Bonds. Director DuBois seconded the motion, which was approved by unanimous vote.

DESIGNATE UNDERWRITER

The Board considered designating an underwriter for the Series 2014 Refunding Bonds. The Board reviewed information about possible underwriters. Following review and discussion, Director Thornhill moved to designate SAMCO Capital Markets, as underwriter of the Series 2014 Refunding Bonds. Director DuBois seconded the motion, which passed unanimously.

PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a paying agent/registrar and escrow agent for the Series 2014 Refunding Bonds. Following discussion, Director Thornhill moved to appoint The Bank of New York Mellon Trust Company, N.A. as paying agent/registrar and Wells Fargo Bank, N.A. as the escrow agent for the Series 2014 Refunding Bonds. Director DuBois seconded the motion, which passed unanimously.

ADOPT DELEGATION RESOLUTION

Ms. Humphries presented a Delegation Resolution, and reviewed the parameters for the refunding bonds sale to be verified by an authorized representative of the District. After review and discussion, Director Thornhill moved to adopt the Delegation Resolution, authorizing Director Thornhill to effect the sale of the Refunding Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents, so long as the net present value savings of the refunding compared to the principal amount of the bonds being refunded is at least 3%. Director DuBois seconded the motion, which passed unanimously.

G-17 DISCLOSURE

Ms. Moran then presented the G-17 underwriters disclosure letter and requested that the Board authorize execution of the letter. Following discussion, Director Thornhill moved to authorize execution of the G-17 letter. Director DuBois seconded the motion, which carried unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Flores reviewed the monthly tax assessor/collector's report. Ms. Flores reported that 83.92% of the 2013 taxes were collected as of January 31, 2014. She also discussed historical collections, refunds due to overpayments, and the delinquent tax report.

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 Smith 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.

MINUTES

The Board considered approving the minutes of the regular meeting on January 13, 2014 and the minutes of the January 30, 2014 special meeting. Following review and discussion, Director Thornhill moved to approve the minutes of the regular meeting on January 13, 2014, as amended, and the minutes of the January 30, 2014 special meeting, as submitted. Director Smith seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING

There was no additional discussion for this agenda item.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE

The Board discussed the District's agreement with Harris County Agreement for water at Mason Park and concurred to allow the agreement to automatically renew for an additional six months.

ANNUAL REPORT ON POST-ISSUANCE COMPLIANCE

Ms. Humphries reported that districts that have issued or will issue tax-exempt bonds must comply with certain post-issuance compliance requirements (the "Requirements") contained in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. She reported on the District's compliance activities during the prior calendar year related to bond financings and said no action is required at this time.

ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND SUMMER CONFERENCE

Ms. Jarmon stated that she has reviewed the eligible expenses and all directors who attended the AWBD winter conference were in compliance with the District's Travel Reimbursement Guidelines. Following review and discussion, Director Thornhill moved to authorize payment of eligible expenses and authorize attendance at

the AWBD summer conference for any director who would like to participate. Director Kerr seconded the motion, which was approved by unanimous vote.

Mr. Hudson, Ms. Moran and Ms. Crotwell left the meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Jarmon reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. She also reviewed the special projects budget, a joint facilities capital improvement project ("CIP") worksheet and a joint facilities budget. She also discussed certificates of deposit expiring and renewed and surplus operating funds. Discussion ensued regarding available funding for water plant improvements.

After review and discussion, Director DuBois moved to (1) approve the bookkeeper's report and investment report; and (2) approve the bills presented for payment. Director Kerr seconded the motion, which carried 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.

Mr. Woodring discussed repair of the perimeter fence at the wastewater treatment plant and presented an estimate in the amount of \$4,300.

Mr. Woodring also discussed repair of the McDonald Junior High School meter vault for an estimated cost of \$3,700.

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

Following review and discussion, Director Freeze moved to (1) approve the operator's report; (2) approve repair of the perimeter fence at the wastewater treatment plan for an amount not to exceed \$4,300; and (3) approve repair of the McDonald Junior High School meter vault for an amount not to exceed \$3,700. 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, Gateway Homes, KB Homes, Vestalia Homes and Pulte 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 Thornhill 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 Royce Homes, Gateway Homes, KB Homes, Vestalia Homes, Pulte Homes and Trophy Homes until back-charges are paid. Director DuBois 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 in the District. A copy of the engineer's report is attached.

Mr. Heisch first discussed with the Board proposed sanitary sewer rehabilitation along Lakes of Bridgewater Drive and requested authorization to design and prepare construction plans and bid documents.

Mr. Heisch updated the Board regarding boundary issues at lift station no. 5 and requested authorization to prepare bid documents and solicit bids for fence replacement. He also recommended the Board accept easements from David and Deborah McNair and Lynda Seaman. Following discussion, the Board concurred to table further discussion.

Mr. Heisch discussed preparation of bond application no. 15 and requested authorization to begin preparation of same. Mr. Heisch also discussed with the Board conservations with the Texas Commission on Environmental Quality regarding generator over sizing.

Mr. Heisch reported regarding proposed improvements to water plant nos. 1 and 2 and recommended the Board approve a proposal in the amount of \$5,800 for geotechnical services from Tolunay-Wong Engineers, Inc.

Following review and discussion, Director Thornhill moved to (1) approve the engineering report; (2) authorize B&G to design and prepare construction plans and bid documents for proposed sanitary sewer rehabilitation along Lakes of Bridgewater Drive; (3) authorize B&G to begin preparation of bond application no. 15; and (4) approve a proposal in the amount of \$5,800 for geotechnical services from Tolunay-

Wong Engineers, Inc. for proposed improvements to water plant nos. 1 and 2. Director DuBois moved to second the motion, which carried unanimously.

Mr. Heisch also reviewed an updated capital improvements plan. Following review and discussion, Director Thornhill moved to accept the draft and authorize the District engineer to submit the draft of the regional improvements to Harris County Municipal Utility District No. 287 ("No. 287") for review. The motion, which was seconded by Director DuBois, passed unanimously.

DISTRICT WEBSITE

Director Smith updated the Board on enrollment for emergency email alerts.

ACTION LIST OF ACTIONS

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

Ms. Carner updated the Board on filing a notice of claim in a bankruptcy proceeding filed by Royce Homes. Following review and discussion, the Board concurred to discontinue work on filing a claim due to the costs involved.

AGENDA FOR FEBRUARY SPECIAL MEETING

The Board discussed agenda items for a February 26, 2014 special meeting.

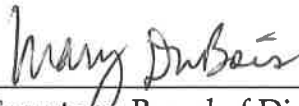
DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

There was no additional discussion on this agenda item.

2014 DIRECTORS ELECTION

Ms. Carner reported the District is required to call the 2014 Directors Election by February 28, 2014. She presented an Order Calling Directors Election. Following review and discussion, Director Thornhill moved to approve the Order Calling Directors Election and authorize posting of a Notice of Election. Director Kerr seconded the motion, which passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:14 p.m. Director Smith seconded the motion, which passed unanimously.


Secretary, Board of Directors

(SEAL)

