

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 71

February 8, 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 8th day of February, 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"); Josh Wailes and Nick Cook of Mike Stone Associates, Inc. ("MSA"); Anthea Moran of First Southwest Company; Michael Williams, District Resident and Director candidate; Officer Arhelger and Officer Gaspar of the Harris County Sheriff's Department; and 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 requiring no Board actions, including consultant response to same, which are listed in the District operator's report attached to these minutes.

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 Deputy Arhelger and Deputy Gaspar. Ms. Carner and Ms. Miller also were present. Director DuBois was not present during executive session.

RE-CONVENE IN OPEN SESSION, SECURITY REPORT

At 6:40 p.m., the Board reconvened in Open Session.

MINUTES

The Board considered approving the minutes of the January 11, 2016 regular meeting. Following review and discussion, Director Elms moved to approve the January 11, 2016 regular meeting minutes, as submitted. Director Smith seconded the motion, which passed unanimously. Director DuBois was not present for the vote.

\$14,875,000 UNLIMITED TAX REFUNDING BONDS, SERIES 2016

The Board first reviewed and next considered approving the Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2016. Following review and discussion, Director Kerr moved that the Board approve the Preliminary Official Statement for the Refunding Bonds, subject to final review. Director Elms seconded the motion, which was approved by a vote of 4 to 0, with Director DuBois abstaining from voting.

The Board then discussed and considered designating an underwriter for the District's Unlimited Tax Refunding Bonds, Series 2016. The Board reviewed information about possible underwriters. Following review and discussion, Director Kerr moved to designate Samco Capital Markets, Inc., as underwriter of the District's Unlimited Tax Refunding Bonds, Series 2016. Director Elms seconded the motion, which was approved by a vote of 4 to 0, with Director DuBois abstaining from voting.

The Board considered appointing a paying agent/registrar and escrow agent for the District's Unlimited Tax Refunding Bonds, Series 2016. Following discussion, Director Kerr moved to appoint Bank of New York Mellon as paying agent/registrar and escrow agent. Director Elms seconded the motion, which was approved by a vote of 4 to 0, with Director DuBois abstaining from voting.

Ms. Carner presented a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2016. After review and discussion, Director Kerr moved to (1) adopt the Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2016 for a maximum par amount not to exceed \$16,500,000, and (2) authorize Director Thornhill to act as the District's authorized representative to approve the sale of the refunding bonds subject to a minimum net present value savings of 4% and to select the specific maturities or series of the District's outstanding bonds to be refunded and to perform any actions needed to effect the sale of the Refunding Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents. Director Elms seconded the motion, which passed by a vote of 4 to 0, with Director DuBois abstaining.

Ms. Carner 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 Kerr 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 Elms seconded the motion, which was approved by a vote of 4 to 0, with Director DuBois abstaining from voting.

The Board next reviewed a Certificate Regarding Provision of Financial Advice confirming that the Board has relied solely upon the advice of First Southwest Company concerning the issuance of the Bonds and investments of proceeds of the Bonds. Following discussion, Director Kerr moved that the Board approve the Certificate Regarding Provision of Financial Advice. Director Elms seconded the motion, which was approved by a vote of 4 to 0, with Director DuBois abstaining from voting.

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 January 31, 2016. After review and discussion, Director Smith moved to (1) approve the tax assessor/collector's report; (2) authorize payment of the bills presented for payment from the tax account; and (3) approve signature upon an account addendum with Wells Fargo Bank revising authorized signatures upon the District's tax account. Director Kerr seconded the motion, which carried unanimously. A copy of the tax assessor/collector's report is attached.

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

Ms. Kelsey 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 Kerr moved to authorize reimbursement of eligible expenses and authorize attendance at the AWBD summer conference for any director who would like to participate. Director DuBois seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Kelsey reviewed a summary of the bookkeeper's report and investment report and presented the bills for payment. Ms. Kelsey also reviewed a draft joint facilities budget for the fiscal year ending March 31, 2017 and a draft District budget for the fiscal year ending March 31, 2017.

After review and discussion, Director Kerr moved to (1) approve the bookkeeper's report and investment report; (2) approve the bills presented for payment; and (3) approve the joint facilities budget and District budget for the fiscal year ending March 31, 2017. Director DuBois seconded the motion, which carried unanimously.

Ms. Carner stated that, in accordance with the Public Funds Investment Act and the District's Investment Policy, the bookkeeper and Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and in the District Records and updated whenever necessary. After review and discussion, Director Kerr moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director DuBois seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

No report was given.

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 January 2016 and current water and wastewater capacity. He also reported on build out projections.

Mr. Woodring updated the Board regarding previously approved repair of water plant booster pump no. 3 electric motor and requested Board approval for:

1. Tap line leak repair at 3611 Emerald Bay estimated at \$3,100.

Following review and discussion, upon a motion by Director Smith and a second by Director Elms, the Board voted unanimously to approve the repair discussed above.

Mr. Woodring updated the Board regarding demand for payment from Johnique Lowrey for District fence damage. Following discussion, Director Smith moved to refer the delinquent damage charges to collections. Director Kerr seconded the motion, which passed unanimously.

Mr. Woodring next discussed Notice of Enforcement received from the Texas Commission on Environmental Quality ("TCEQ") for effluent permit noncompliance in January through May, 2015, September 2015 and December, 2015. Discussion ensued regarding RWC discussions with TCEQ regarding total funds spent and allocated to date to bring the wastewater treatment plant into compliance and the District's ongoing installation of an automated bar screen at the wastewater treatment plant.

The Board also discussed utility payment options, but concurred to table further discussion pending follow up from ABHR and RWC regarding the District's Rate Order and red flag rules.

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

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Discussion ensued regarding payment options available to District customers. Mr. Woodring then discussed builder back-charges owed by KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia 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 Elms 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 KB Homes, Royce Homes, Trophy Homes, Colina Homes and Vestalia Homes until back-charges are paid. Director DuBois seconded the motion, which carried unanimously.

RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

Mr. Woodring presented and reviewed a Resolution Approving Submittal of the Water Smart Application ("Resolution"). Following discussion and review, Director Smith moved to approve the Resolution and authorize the District's operator to submit the Resolution and all necessary information for the District's Water Smart application. Director Kerr seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Ms. Efaw 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.

The Board first discussed paint color options for water plant nos. 1 and 2 and concurred to paint all water plant facilities in Sherwin Williams Optic Yellow.

Ms. Efaw next reported the status of repairs to drainage facilities on Ember Canyon and presented a proposal from Storm Water Solutions in the amount of \$2,022 to televiser the storm lines.

The Board next discussed ongoing issues with rags/debris accumulating at the wastewater treatment plant and the status of completion of installation of an automated bar screen. Discussion ensued regarding penalties allowed under the construction contract for failure to meet contract completion deadlines. Following review and discussion, the Board concurred to authorize ABHR to notify the contractor that the Board will impose certain penalties, as allowed in the construction contract, if the installation is not substantially complete by February 26, 2016.

Following review and discussion, and based upon the engineer's recommendations, Director Smith moved to (1) approve the engineer's report; and (2) approve a proposal from Storm Water Solutions in the amount of \$2,022 to televiser the storm lines on Ember Canyon. Director Kerr seconded the motion, which passed by a vote of 4 to 0, with Director Elms abstaining from voting.

REPORT ON PARK, LANDSCAPE AND LAKE MAINTENANCE AND REPAIR AND DEVELOPMENT OF DISTRICT LAKES, PARKS AND RECREATIONAL FACILITIES

Mr. Cook 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, including the status of identifying a contractor for duck population control and repair of cracked sidewalk panels at Directors Park.

Mr. Cook next reported the status of Lone Star Lake Improvements and the Board requested estimates to landscape and sod additional areas not included in the original planting areas at the February special meeting.

The Board then reviewed Proposal No. BL048-02 in the amount of \$52,021.90, for installation of parking lot lighting at Bundy Lake Park, including lighting in additional park areas. Mr. Cook confirmed that MSA solicited 3 bids, and MSA recommended award of the contract to Alec, Inc., the low bidder. The Board next discussed

removal of fencing included in the proposed renovation of the Bundy Lake Park Plaza and concurred to defer further discussion regarding the fencing component of the renovation until after installation of additional lighting. Mr. Cook reported the status of demolition of the Bundy Lake Park restroom building, and the Board concurred to authorize RWC to dispose of Christmas décor stored in the restroom building. Following review and discussion, upon a motion by Director Smith and a second by Director Elms, the Board voted unanimously to approve a contract with Alec, Inc. for installation of additional lighting at Bundy Lake.

Mr. Cook reported that the fountain at Mirror Lake was relocated to a deeper part of the lake. Director Smith reported the lighting for the fountain is not working, and MSA agreed to investigate.

Discussion ensued regarding replacing ceiling tiles in the District Administration Building and repairing a leak in the women's restroom.

DISTRICT WEBSITE

There was no discussion for this agenda item.

DIRECTORS AND DISTRICT CONSULTANT'S REPORTS ABOUT DISTRICT OPERATIONS

The Board, Mr. Wailes and Mr. Woodring discussed clean up of Bundy Lake following a recent fish kill and subsequent water and fish population sampling.

ATTORNEY'S REPORT

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

The Board discussed agenda items for a February special meeting and confirmed a regular meeting on March 14, 2016 and a special meeting on March 31, 2016.

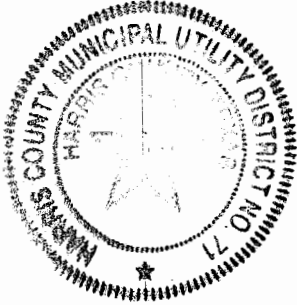
2016 DIRECTORS ELECTION

Ms. Carner reported the District is required to call the 2016 Directors Election by February 19, 2016. She presented an Order Calling Directors Election. Following review and discussion, Director Smith moved to approve the Order Calling Directors Election and authorize mailing and posting of a Notice of Election, as required. The motion, which was seconded by Director DuBois, passed unanimously.

There being no additional business to consider, Director Thornhill moved to adjourn the meeting at 8:24 p.m. Director DuBois seconded the motion, which passed unanimously.

Mary DuBois
Secretary, Board of Directors

(SEAL)



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