

MINUTES OF MEETING OF  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 70,  
OF HARRIS COUNTY, TEXAS  
January 27, 2022

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 70, of Harris County, Texas (the "District") met in regular session on January 27, 2022, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Stephanie Peters	President
Ron Sanches	Vice President
Rudolph Lange	Secretary
Rachel Knight	Assistant Secretary
Ronald Garcia	Assistant Secretary

all of said persons were present, except Director Knight, thus constituting a quorum.

Also present at the meeting were Rachel Broom of Cobb Fendley & Associates, Inc. ("CobbFendley"); Lonnie Wright of Municipal Operations & Consulting, Inc. ("MOC"); Brenda McLaughlin of Bob Leared Interests ("Bob Leared"); Michelle Wong of BKD, LLP ("BKD"); Chuck Brandman of Harris County Municipal Utility District No. 264; Dennis Eby of Eby Engineers, Inc. ("Eby Engineers"), engineer for Harris County Municipal Utility District No. 144; and Spencer Creed of Schwartz, Page & Harding, L.L.P. ("SPH").

The meeting was called to order and declared open for such business as might regularly come before it.

**JOINT SEWAGE TREATMENT PLANT COMMITTEE MEETING**

**ENGINEERING REPORT**

Ms. Broom presented to and reviewed with the committee members a written Engineering Report for the Joint Sewage Treatment Plant Committee Meeting, a copy of which report is attached hereto as **Exhibit A**, and discussed same with the Board.

In connection with the recommendations for modifications to the District's Waste Order, Ms. Broom noted that CobbFendley plans to circulate a final draft to all parties soon for review. Mr. Creed noted that he believes a corresponding amendment to the Waste Disposal Agreement will also need to be approved to address the new Waste Order format. The Board deferred further discussion on the matter until the next meeting.

**OPERATIONS REPORT**

Mr. Wright presented to and reviewed with the committee members the Wastewater Treatment Plant Operations Report for the month of December 2021, a copy of which report is attached hereto as **Exhibit B**, and discussed same with the Board.

Mr. Eby then inquired if certain information in the monthly report can be removed to condense it. Mr. Wright noted MOC will review the report format and make a determination regarding same.

**BOOKKEEPER'S REPORT**

Mr. Creed presented to and reviewed with the Board the Joint Sewage Treatment Plant Bookkeeper's Report dated January 27, 2022, as prepared by Municipal Accounts and Consulting, L.P. ("MAC"), a copy of which is attached hereto as **Exhibit C**, including the disbursements presented for payment. After discussion on the matter, it was moved by Director Peters that the Bookkeeper's Report be approved and that the disbursements identified in the report be authorized for payment. Director Sanches seconded said motion, which unanimously carried.

**JOINT SEWAGE TREATMENT PLANT ATTORNEY REPORT**

The Board next considered the attorney's report. Mr. Creed advised that he had nothing of a legal nature to report to the committee members at this time.

Messrs. Brandman and Eby exited the meeting at this time.

\* \* \*

**DISTRICT MEETING**

The President then called the District Board meeting to order and declared it open for such business as might regularly come before it.

**COMMENTS FROM THE PUBLIC**

The Board deferred consideration of comments from the public, as no comments were offered.

**APPROVE MINUTES**

The Board considered approving the minutes of the District's December 16, 2021 special Board meeting. After discussion, Director Peters moved that the December 16, 2021 special Board meeting minutes be approved, as presented. Director Lange seconded said motion, which unanimously carried.

## **AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Ms. Wong presented to and reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended September 30, 2021, and discussed various sections of the audit report with the Board. The draft audit report is attached hereto as **Exhibit D**. In connection therewith, Ms. Wong presented the Board with a draft Management Letter prepared by BKD, concerning the Board's internal controls over financial reporting (the "Management Letter"), a copy of which is attached hereto as **Exhibit E**. Ms. Wong advised the Board that the Management Letter is being submitted in connection with the requirements of Statement on Auditing Standards No. 115 and includes a Management's Response to said letter in a format approved by SPH. Ms. Wong additionally presented for the Board's review draft correspondence from BKD, a copy of which correspondence is attached hereto as **Exhibit F**, summarizing various information that BKD is required to communicate to the Board as part of its audit of the District's financial statements. After discussion, it was moved by Director Peters, seconded by Director Lange and unanimously carried that (i) the audit report for the fiscal year ended September 30, 2021, be approved subject to final review of same by SPH, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District and (iii) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

## **REVIEW CONTINUING DISCLOSURE REPORT AND AUTHORIZE CONTINUING DISCLOSURE COUNSEL TO FILE THE REPORT WITH THE APPROPRIATE REPOSITORIES**

Mr. Creed presented for the Board's review an Annual Financial and Operating Report pursuant to SEC Rule 15c2-12 relative to the District's Series 2012, Series 2015, and Series 2019 Bonds. In connection therewith, Mr. Creed presented correspondence from Ms. Jana Cogburn of McCall Parkhurst & Horton ("McCall"), the District's disclosure counsel, evidencing McCall's intentions to file the Annual Report with the appropriate agencies. A copy of the Annual Report is attached hereto as **Exhibit G**. After discussion on the matter, Director Sanches moved that McCall be authorized to file the report with the appropriate repositories. Director Peters seconded said motion, which unanimously carried.

## **SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE**

Mr. Creed informed the Board that, pursuant to the provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to submit information to the Comptroller for inclusion in a Special Purpose District Public Information Database. Mr. Creed recommended that BKD, the District's auditor, be authorized to prepare and submit the information, which work will be performed on an hourly basis at an estimated cost of \$300-\$600. Following discussion, Director Peters moved, Director Lange seconded, and it was unanimously carried that BKD be authorized to prepare the required information and submit same to the Comptroller for inclusion in its Special Purpose District Public Information Database.

## **HARRIS COUNTY SHERIFF'S OFFICE SECURITY ACTIVITY REPORT**

Mr. Creed noted the District did not receive a report from the Harris County Sheriff's Office for December 2021.

Mr. Creed then reviewed with the Board the renewal of the Interlocal Agreement for Law Enforcement Services between Harris County and the District to be effective March 1, 2022, through September 30, 2022 (the "Agreement"), a copy of which is attached hereto as **Exhibit H**. After discussion, Director Peters moved to approve the renewal of the District's Interlocal Agreement for Law Enforcement Service, to be effective March 1, 2022, through September 30, 2022. Director Lange seconded said motion, which carried unanimously.

## **BOOKKEEPER'S REPORT**

Mr. Creed presented to and reviewed with the Board the Bookkeeper's Report dated January 27, 2022, as prepared by MAC, a copy of which report is attached hereto as **Exhibit I**, including the disbursements listed therein. After discussion, it was moved by Director Peters that the report be approved and that the disbursements identified in the report be authorized for payment, except check no. 14100, which was voided. Director Lange seconded said motion, which unanimously carried.

## **RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH DISTRICT**

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Creed advised that, pursuant to the Public Funds Investment Act ("PFIA"), the Board is required to review, and revise if necessary, such list at least annually. He presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit J**. Mr. Creed further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Peters moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute same. Director Lange seconded said motion, which unanimously carried.

## **TAX ASSESSOR/COLLECTOR'S REPORT**

Ms. McLaughlin presented and reviewed the Tax Assessor/Collector's Report for December 2021, including the disbursements presented for payment as listed therein, a copy of which report is attached hereto as **Exhibit K**. After discussion on the matter, it was moved by Director Peters that said report be approved and that the disbursements identified therein be

approved for payment, as discussed. Director Sanches seconded said motion, which unanimously carried.

### **DELINQUENT TAX COLLECTIONS ATTORNEY'S REPORT**

Mr. Creed presented to and reviewed with the Board a Delinquent Tax Report received from Perdue, Brandon, Fielder, Collins & Mott, LLP (“Perdue”), the District's delinquent tax collections attorneys, dated January 27, 2022, a copy of which Report is attached hereto as **Exhibit L**. No action was required by the Board at this time.

### **RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION**

Mr. Creed outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that pursuant to said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the appraised value of residential homestead improvements for the year 2022. He reported that the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2022, and if any such exemptions are granted, they must be for not less than \$3,000 of the appraised value of such homesteads. After further discussion of the matter, Director Peters moved that the District (a) not grant the residential homestead exemption, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$15,000 from ad valorem taxes levied by the District during the calendar year 2022, and that the Resolution, attached hereto as **Exhibit M**, relative to same be approved and adopted by the Board and the District. Director Lange seconded said motion, which carried unanimously.

### **RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto as **Exhibit N**. Mr. Creed advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60<sup>th</sup> day, as more fully described in said Resolution. After discussion, it was moved by Director Peters, seconded by Director Lange and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board, and that the District's delinquent tax collection attorneys be authorized to proceed with the collection of the District's 2021 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

## OPERATIONS REPORT

Mr. Wright presented to and reviewed the Operations Report for the month of December 2021, a copy of which report is attached hereto as **Exhibit O**, and discussed same with the Board.

Mr. Wright then requested that the Board consider authorizing MOC to move four (4) delinquent accounts to the uncollectible roll in the combined amount of \$171.41, since all collection efforts to date had been unsuccessful. After discussion on the matter, Director Peters moved that MOC be authorized to move four (4) delinquent accounts to the uncollectible roll in the amount of \$171.41, as more fully set forth in the attached Operations and Maintenance Report, and as recommended by the District's Operator. Director Sanches seconded said motion, which unanimously carried.

The Board considered authorizing MOC to provide required information to districts receiving water from the District relative to Consumer Confidence Reports. Mr. Creed explained that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide by April 1, 2022, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District during 2021. After discussion on the matter, it was moved by Director Peters, seconded by Director Sanches and unanimously carried, that MOC be authorized to provide the required information as set forth hereinabove.

Mr. Wright advised the Board that MOC received correspondence from K-3BMI regarding a rate increase for sludge hauling from \$0.045/gallon to \$0.055/gallon. He noted that he is discussing the formal notice with Mr. Creed, but that MOC prefers to continue using K-3BMI because they do a good job of ensuring compliance with the applicable regulations. After discussion on the matter, the Board concurred to authorized MOC to continue to utilize said sludge hauling company, as recommended.

Mr. Wright next addressed the Board regarding a proposed amendment to the District's contract with MOC to address certain adjustments in operational expenses. He presented and reviewed with the Board an amended rate schedule concerning same, a copy of which is attached hereto as **Exhibit P**. Following discussion, Director Peters moved that (i) the Board approve MOC's request for adjustment of certain operational expenses and amendment of the District's contract with MOC in connection therewith, to be effective February 1, 2022, a copy of which is attached hereto as **Exhibit Q**, and (ii) the President be authorized to execute same on behalf of the Board and the District. Director Sanches seconded the motion, which unanimously carried.

## ENGINEERING REPORT

Ms. Broom presented to and reviewed with the Board a written Engineering Report for the District, a copy of which report is attached hereto as **Exhibit R**, and discussed same with the Board.

Ms. Broom provided the Board with an update concerning the Water Plant No. 1 Ground Storage Tank ("GST") No. 1 Improvements, as more fully set forth in the attached Engineering Report. In connection therewith, she presented to and reviewed with the Board Pay Estimate No. 1 from A&H Coating Services, LLC ("A&H") in the amount of \$34,223.75, and recommended approval of same. After discussion on the matter, Director Sanches moved that Pay Estimate No. 1 in the amount of \$34,223.75 A&H be approved for payment. Director Peters seconded said motion, which unanimously carried.

Mr. Broom then updated the Board regarding the Water Well Panel Replacement project, as more fully set forth in the attached Engineering Report. She requested authorization to advertise for bids regarding same. After discussion on the matter, Director Sanches moved to authorize CobbFendley to advertise for bids for the replacement for the Water Well Panel. Director Peters seconded said motion, which unanimously carried.

### **REVIEW OF RENEWAL PROPOSAL FOR DISTRICT INSURANCE COVERAGES**

The Board considered renewal of the District's insurance policies. In connection therewith, Mr. Creed presented to and reviewed with the Board an insurance proposal received from the District's current insurance provider, McDonald & Wessendorff ("McDonald"), relative to the renewal of the District's insurance policies and bonds, currently scheduled to expire on March 31, 2022. After discussion on the matter, Director Sanches moved that: (i) McDonald's proposal, a copy of which is attached hereto as **Exhibit S**, be accepted, as presented, noting that all optional coverages be declined (ii) the President be authorized to execute same on behalf of the Board and the District, (iii) the District accept the TEC Form 1295 relative to the insurance proposal, and (iv) SPH be authorized to acknowledge receipt of the TEC Form 1295. Director Peters seconded said motion, which unanimously carried.

### **UTILITY COMMITMENTS**

The Board deferred consideration of the issuance of utility commitments after noting that no formal requests for same had been received during the previous month.

### **STATUS REPORT FROM GFL ENVIRONMENTAL REGARDING GARBAGE COMPLAINTS**

Mr. Creed presented to and reviewed with the Board GFL Environmental's ("GFL") report for the month of January 2022, a copy of which report is attached hereto as **Exhibit T**. Mr. Creed then updated the Board and advised that David Selesky is the new GFL representative for the District. Director Lange requested that he be provided with Mr. Selesky's contact information for future reference.

### **DISCUSSION REGARDING DISTRICT RATE ORDER**

The Board deferred any amendments related to the commercial customer sampling plan at this time.

## EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code Sections 551.071 and 551.076.

## SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit U** calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Peters, Sanches and Knight expire in May of this year. In reviewing the Order with the Board, Mr. Creed advised that the Order provides for the conduct of the Directors Election by Harris County, Texas (the "County"), jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. Although the County will conduct the Directors Election, he advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Kristi Tran-Chin as such agent (the "Election Agent"). Mr. Creed further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. Mr. Creed advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in each County election precinct that overlaps the District. After discussion on the matter, Director Peters moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Sanches seconded said motion, which unanimously carried. Mr. Creed advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

## ATTORNEY'S REPORT

The Board considered the Attorney's Report. Mr. Creed next reported the receipt of the Memorandum from the West Harris County Regional Water Authority ("WHCRWA"), which includes a request for the completion and submission of the 2021 Water Usage Reporting Form (the "Reporting Form") by the District prior to March 1, 2022, a copy of which Reporting Form is attached hereto as **Exhibit V**, and also discusses certain nomination and election procedures for WHCRWA directors. Following discussion, the Board declined to nominate a candidate and authorized MOC to complete the Reporting Form by the stated deadline.

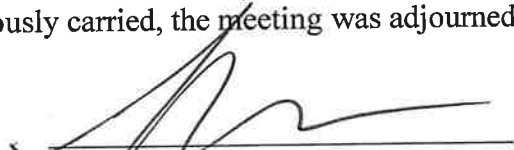


**FUTURE AGENDA MATTERS**

The Board considered items for placement on future agendas. Director Peters requested an agenda item be added to next month's meeting to discuss a District representative attending meetings relating to the WHCRWA.

**ADJOURNMENT**

There being no further business to come before the Board, upon motion made by Director Peters, seconded by Director Lange and unanimously carried, the meeting was adjourned.

  
Secretary



## LIST OF EXHIBITS TO MINUTES

- Exhibit A - Engineering Report for Joint Sewage Treatment Plant Committee Meeting
- Exhibit B - Joint Sewage Treatment Plant Operations Report
- Exhibit C - Joint Sewage Treatment Plant Bookkeeper's Report
- Exhibit D - Draft Audit Report for FYE September 30, 2021
- Exhibit E - Draft Management Letter prepared by BKD
- Exhibit F - Correspondence prepared by BKD in connection with the District's audit
- Exhibit G - Annual Financial and Operating Report pursuant to SEC Rule 15c2-12 relative to the District's Series 2012, Series 2015, and Series 2019 Bonds
- Exhibit H - Interlocal Agreement for Law Enforcement Services between Harris County and the District
- Exhibit I - Bookkeeper's Report
- Exhibit J - Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit K - Tax Assessor/Collector Report
- Exhibit L - Delinquent Tax Report
- Exhibit M - Resolution Concerning Exemption from Taxation
- Exhibit N - Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit O - Operations Report
- Exhibit P - Rate Schedule for Amendment from Municipal Operations & Consulting, Inc.
- Exhibit Q - First Amendment to Professional Services Agreement for Water Distribution, Sanitary Sewer Collection, Customer Billing and Collection Services with Municipal Operations & Consulting, Inc.
- Exhibit R - Engineering Report
- Exhibit S - McDonald & Wessendorff 2022 - 2023 Insurance proposal

Exhibit T - GFL Environmental Report

Exhibit U - Order Calling Directors Election

Exhibit V - 2021 Water Usage Reporting Form from West Harris County Regional Water Authority