

MINUTES OF MEETING OF  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 70,  
OF HARRIS COUNTY, TEXAS  
January 26, 2023,

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 26, 2023, 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, whom entered later as noted herein, thus constituting a quorum.

Also present at the meeting were Amber Hurd and Rachel Broom of Cobb Fendley & Associates, Inc. ("CobbFendley"); Darrell Hawthorne of Municipal Accounts & Consulting, L.P. ("MA&C"); Greg Dubiel of Municipal Operations & Consulting, Inc. ("MOC"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Brian Krueger of FORVIS, LLP ("FORVIS"); Russ Appelget of Harris County Municipal Utility District No. 264 ("No. 264"); 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**

#### **MINUTES**

The Joint Sewage Treatment Plant committee members considered the minutes of its December 22, 2022, Board meeting. Mr. Creed noted a revision to Page 1, Paragraph 5 of the draft minutes, concerning the correction of the spelling of Mr. Appelget's name. After discussion, Mr. Creed noted that the correction will be addressed during the regular 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.

Ms. Broom next presented to the Committee the Wastewater Treatment Plant Driveway Improvement contracts for execution. No Board action was required.

## OPERATIONS REPORT

Mr. Dubiel presented to and reviewed with the committee members the Wastewater Treatment Plant Operations Report for the month of December 2022, a copy of which report is attached hereto as **Exhibit B**, and discussed same with the Board. No Board action was required.

## BOOKKEEPER'S REPORT

Mr. Hawthorne presented to and reviewed with the Board the Joint Sewage Treatment Plant Bookkeeper's Report dated January 26, 2023, a copy of which report is attached hereto as **Exhibit C**, including the disbursements presented for payment. After discussion, it was moved by Director Sanches that the Bookkeeper's Report be approved and that the disbursements identified in the report be authorized for payment. Director Peters 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.

## AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Mr. Krueger presented to and reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended September 30, 2022, including information concerning the Joint Sewage Treatment Plant, and discussed various sections of the audit report with the Board. The draft audit report is attached hereto as **Exhibit D**. In connection therewith, Mr. Krueger presented the Board with a draft Management Letter prepared by FORVIS, concerning the Board's internal controls over financial reporting (the "Management Letter"), a copy of which is attached hereto as **Exhibit E**. Mr. Krueger 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. Mr. Krueger additionally presented for the Board's review draft correspondence from FORVIS, a copy of which correspondence is attached hereto as **Exhibit F**, summarizing various information that FORVIS 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 Lange, seconded by Director Sanches and unanimously carried that (i) the audit report for the fiscal year ended September 30, 2022, 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 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. Mr. Creed reviewed the considerations associated with splitting out the property and boiler and machinery coverages for the Joint Sewage Treatment Plant into a separate policy in order to name No. 264 and Harris County Municipal Utility District No. 144 as additional insureds and inquired about the committee members' preference in doing so. After discussion on the matter, the Board concurred to retain its coverages through McDonald but defer approval of the proposal until the February Board meeting. A copy of the insurance proposal is attached hereto as **Exhibit G**. Mr. Appelget advised that he would discuss the issue of splitting out the joint plant coverages with Mr. Brandman so that he could report back. Mr. Creed requested that the committee members' respond prior to the February meeting if possible so that a revised proposal can be obtained if necessary.

Messrs. Krueger and Appelget 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 22, 2022, Board meeting. After discussion, Director Sanches moved that the December 22, 2022, Board meeting minutes be approved, as revised to address the previously referenced spelling of Mr. Appelget's name. Director Peters seconded said motion, which unanimously carried.

### **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 H**. After discussion on the matter, Director Sanches moved that McCall be authorized to file the report with the appropriate repositories. Director Lange 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 FORVIS, 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 FORVIS 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 presented the Harris County Sheriff's Office ("HCSO") security activity report for August 2022, a copy of which report is attached hereto as **Exhibit I**, and discussed same with the Board.

## **DEPUTY COST SHARING BREAKDOWN**

Mr. Creed discussed the Deputy Cost Sharing Breakdown and noted it will be further reviewed during the Engineer's Report.

## **BOOKKEEPER'S REPORT**

Mr. Hawthorne presented to and reviewed with the Board the Bookkeeper's Report dated January 26, 2023, a copy of which report is attached hereto as **Exhibit J**, 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. 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 K**. 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 Lange 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 Sanches seconded said motion, which unanimously carried.

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

Ms. McLaughlin presented and reviewed the Tax Assessor/Collector's Report for December 2022, including the disbursements presented for payment as listed therein, a copy of which report is attached hereto as **Exhibit L**. After discussion, Director Peters moved that said report be approved and that the disbursements identified in the report be approved for payment from the tax account. Director Lange 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 26, 2023, a copy of which Report is attached hereto as **Exhibit M**. 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 2023. 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 2023, 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 Sanches moved that the District (a) grant the residential homestead exemption in an amount of ten percent (10%), but not less than \$5,000; and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$20,000 from ad valorem taxes levied by the District during the calendar year 2023, and that the Resolution attached hereto as **Exhibit N**, relative to same be approved and adopted by the Board and the District. Director Garcia 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 O**. 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 2022 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

### OPERATIONS REPORT

Mr. Dubiel presented to and reviewed the Operations Report for the month of December 2022, a copy of which report is attached hereto as **Exhibit P**, and discussed same with the Board.

The Board next 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, 2023, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District during 2022. After discussion on the matter, it was moved by Director Sanches, seconded by Director Lange and unanimously carried, that MOC be authorized to provide the required information as set forth hereinabove.

Mr. Dubiel then presented to and reviewed with the Board the list of delinquent accounts for the prior month. He requested authorization to transfer one (1) account to the uncollectable roll in the amount of \$39.20, since all collection efforts to date had been unsuccessful. After discussion on the matter, Director Sanches moved that MOC be authorized to move the one (1) delinquent account to the uncollectible roll in the amount of \$39.20, as more fully set forth in the attached Operations and Maintenance Report, and as recommended by the District's Operator. Director Lange seconded said motion, which unanimously carried.

Mr. Dubiel next reviewed with the Board the District's 2023 Association of Water Board Directors ("AWBD") Water Smart Application. After discussion on the matter, Director Sanches moved to approve the Resolution Approving Submittal of Water Smart Application for inclusion in the AWBD Water Smart Partners Program (the "Resolution"), and that the President and Secretary be authorized to execute same. Director Lange seconded said motion, which unanimously carried. A copy of the executed Resolution is attached hereto as **Exhibit Q**.

### 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.

A discussion ensued regarding the Deputy Cost Sharing Breakdown, a copy of which is included in the Engineering Report. Following discussion, Director Lange moved that the calculation be approved. Director Sanches seconded the motion, which unanimously carried.

Ms. Broom next presented to and reviewed with the Board Pay Application No. 1 in the amount of \$104,400.00, Pay Application No. 2 and Final in the amount of \$11,600.00 and Change Order No. 1 in the amount of -\$2,000.00; and recommended the payment of same to N.G. Painting, LP ("NGP"), a copy of the two Pay Estimates and Change Order are included with **Exhibit R**. After discussion on the matter, Director Lange moved to approve Pay Application No. 1 and No. 2 and Final and Change Order No. 1 to NGP as presented. Director Sanches seconded said motion, which unanimously carried.

A discussion ensued regarding the commercial grease trap sizing for the Taqueria Aranedas and frequency of cleaning for same. Following discussion, Director Lange moved that MOC be authorized to send Taqueria Aranedas a letter advising that the District's recommendations on these issues need to be implemented. Director Sanches seconded the motion, which unanimously carried

Mr. Creed presented to and reviewed with the Board the Consent to Encroachment and Indemnity Agreement (the "Encroachment Agreement") for the commercial project located on FM 529. After discussion on the matter, Director Lange moved to approve the Encroachment Agreement, subject to receipt of a Texas Ethics Commission Form 1295 (the "TEC Form 1295"), and to authorize the President and Secretary to execute same on behalf of the Board and the District, with the Encroachment Agreement to be effective only after the TEC Form 1295 is received. Director Sanches seconded said motion, which unanimously carried.

#### **UTILITY COMMITMENTS**

The Board deferred action regarding utility commitments as no additional requests were made this 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 December 2022, a copy of which report is attached hereto as **Exhibit S**.

#### **DISTRICT WEBSITE**

The Board considered the administration of the District's website. In connection therewith, Mr. Creed presented to and reviewed with the Board the quarterly analytics report for the months from September 1, 2022, to November 30, 2022, as prepared by Off Cinco, LLC ("Off Cinco"), a copy of which is attached hereto as **Exhibit T**.

#### **EXECUTIVE SESSION**

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

**OPERATOR'S CHANGE IN ELECTRONIC PAYMENT PROGRAM VENDORS**

Mr. Dubiel advised the Board that MOC will be changing the vendors for its electronic payment program (currently T-Tech, Inc. for electronic check payments and Global Payments Direct, Inc. et. al. (collectively, "GPD") for credit card payments) to JP Morgan Chase Bank, N.A. through its subsidiary Paymentech, LLC (collectively, "Paymentech"). He noted that as part of this process the District's current agreements with T-Tech Inc. and GPD will be terminated, a new Merchant Services Processing Agreement will be entered into with Paymentech and an Addendum to Professional Services Agreement (the "Addendum") will be entered into between MOC and the District, whereby MOC will assume certain District obligations under the program and responsibility for the program's compliance with applicable rules and regulations. Mr. Creed stated that SPH has reviewed the form of the Merchant Services Processing Agreement, which includes amended terms for the District, and the Addendum and have no objection to the form of same. Following discussion, it was moved by Director Sanches, seconded by Director Garcia and unanimously carried that the following actions be taken: (i) MOC be authorized to terminate the existing Service Agreement with T-Tech Inc. and Card Services Agreement and related Addendum with GPD on behalf of District; (ii) the Merchant Services Processing Agreement and related Attestation and Amendment of Agreement and ECP Addendum Terms with Paymentech be approved; (iii) the Addendum with MOC be approved; (iv) SPH be authorized to acknowledge the TEC Form 1295 related to the Addendum; and (v) the President or Vice-President, and the Secretary or Assistant Secretary, be authorized to execute the required program documentation on behalf of the District.

The Board then requested that once the new program is implemented that information concerning the electronic bill payment options be included on the District's website.

**ATTORNEY'S REPORT**

The Board considered the Attorney's Report. Mr. Creed advised he had nothing further to discuss with the Board of a legal nature which was not covered elsewhere on the agenda.

**FUTURE AGENDA MATTERS**

The Board considered items for placement on a future agenda. Director Lange requested that an item be added to discuss the District's interactions and cooperation with the two homeowner associations located within the District.

**ADJOURNMENT**

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



  
Secretary



**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A Engineering Report – Joint Wastewater Treatment Plant Committee
- Exhibit B Wastewater Treatment Plant Operations Report
- Exhibit C Joint Sewage Treatment Plant Bookkeeper's Report
- Exhibit D Draft of The District's Audit Report
- Exhibit E Draft Management Letter
- Exhibit F FORVIS Correspondence
- Exhibit G Proposal of Insurance 2023 term
- Exhibit H Annual Financial and Operating Report pursuant to SEC Rule 15c2-12
- Exhibit I Harris County Sheriff's Office Security Activity Report
- Exhibit J Bookkeeper's Report
- Exhibit K Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit L Tax Assessor/Collector's Report
- Exhibit M Delinquent Tax Collection Report
- Exhibit N Resolution Concerning Exemptions from Taxation
- Exhibit O Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit P Operations Report
- Exhibit Q Resolution Approving Submittal of the Water Smart Application for Inclusion in the AWBD Water Smart Partners Program
- Exhibit R Engineering Report
- Exhibit S GFL Environmental's December 2022 Report
- Exhibit T Website Analytics Report