

MINUTES OF MEETING OF
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 70,
OF HARRIS COUNTY, TEXAS
January 25, 2024

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 25, 2024, 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. Director Knight entered later in the meeting, as noted herein.

Also present at the meeting were: Sherri Greenwood of Forvis LLC ("FORVIS"); Rachel Broom of Cobb Fendley & Associates, Inc. ("CobbFendley"); Darrell Hawthorne of Municipal Accounts & Consulting, L.P. ("MA&C"); Lonnie Wright and Ryan Vaughn of Municipal Operations & Consulting, Inc. ("MOC"); Brenda McLaughlin of Bob Leared Interests ("BLI"); Russ Appelget of Harris County Municipal Utility District No. 264 ("No. 264"); and Spencer Creed of Schwartz, Page & Harding, L.L.P. ("SPH"). Dennis Eby, District Engineer for Harris County Municipal Utility District No. 144 ("No. 144") and Sam Cocke of Double Oak Erosion ("DOE") entered later in the meeting, as noted herein.

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 portion of the minutes of the District's December 28, 2023, Board meeting were considered. No comments were offered regarding same.

ENGINEERING REPORT

Ms. Broom presented and reviewed a written Engineering Report for the Joint Sewage Treatment Plant Committee Meeting, a copy of which report is attached hereto as **Exhibit A**, and noted that there was nothing new to report at this time.

OPERATIONS REPORT

Mr. Vaughn presented and reviewed the Wastewater Treatment Plant ("WWTP") Operations Report for the month of December 2023, a copy of which report is attached hereto as **Exhibit B**, and discussed same with the Board.

Mr. Vaughn next reported that MOC conducted an emergency preparedness test prior to the January 15, 2024, freezing rain event and noted that the test went well.

Mr. Vaughn then reviewed the punch list for the WWTP. There were no actions items to approve.

Mr. Vaughn next presented to and reviewed with the Board a revised monthly status report regarding the status of minor electrical repairs, a copy of the report being attached to the WWTP Operations Report.

Director Knight and Mr. Eby entered the meeting during the discussion of the WWTP punch list.

BOOKKEEPER'S REPORT

Mr. Hawthorne presented to and reviewed with the Board the Joint Sewage Treatment Plant ("JSTP") Bookkeeper's Report for January 2024, a copy of which report is attached hereto as **Exhibit C**, including the disbursements presented for payment. After discussion, it was moved by Director Peters that the JSTP 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.

AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

Ms. Greenwood presented to and reviewed with the Board a draft of the District's audit report prepared for the fiscal year ended September 30, 2023, 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 part of **Exhibit D**. In connection therewith, Ms. Greenwood 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 D**. Ms. Greenwood 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. Greenwood additionally presented for the Board's review draft correspondence from FORVIS, a copy of which correspondence is attached hereto as **Exhibit D**, 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 Peters, seconded by Director Lange and unanimously carried that (i) the audit report for the fiscal year ended September 30, 2023, 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").

Mr. Cocke entered the meeting during the discussion of the Audit Report.

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, 2024. After discussion on the matter, the Board concurred to request SPH to obtain a Cyber Liability proposal and to defer approval of the McDonald proposal until the February Board meeting. A copy of the insurance proposal is attached hereto as **Exhibit E**.

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.

Mr. Eby and Mr. Appleget 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.

MINUTES

The Board considered approving the minutes of the District's December 28, 2023, Board meeting. After discussion, Director Lange moved that the December 28, 2023, Board meeting minutes be approved as written. Director Garcia seconded said motion, which unanimously carried.

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

The Board concurred to defer the consideration of the District's Continuing Disclosure Report until the February Board meeting.

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 Sanches 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 ("HCSO") SECURITY ACTIVITY REPORT

Mr. Creed presented the HCSO Security Activity Report for December 2023, a copy of which report is attached hereto as **Exhibit F**, and discussed same with the Board.

DEPUTY COST SHARING BREAKDOWN

Mr. Creed next discussed the Deputy Cost Sharing Breakdown between the District and Langham Creek Utility District ("LCUD"), a copy of which is included in **Exhibit F**. Director Peters queried Mr. Creed as to the termination provisions of the cost-sharing agreement between the District and LCUD. Mr. Creed responded thereto.

BOOKKEEPER'S REPORT

Mr. Hawthorne presented to and reviewed with the Board the Bookkeeper's Report dated January 25, 2024, a copy of which report is attached hereto as **Exhibit G**, including the disbursements listed therein. After discussion, it was moved by Director Garcia 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 H**. 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 Sanches 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 Peters seconded said motion, which unanimously carried.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. McLaughlin presented and reviewed the Tax Assessor/Collector's Report for December 12, 2023, including the disbursements presented for payment as listed therein, a copy of which report is attached hereto as **Exhibit I**. After discussion, Director Sanches moved that said report be approved and that the disbursements identified in the report be approved for payment from the tax account. Director Peters 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 25, 2024, a copy of which Report is attached hereto as **Exhibit J**. 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 2024. 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 2024, 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 2024, and that the Resolution attached hereto as **Exhibit K**, relative to same be approved and adopted by the Board and the District. Director Peters seconded said motion, which carried unanimously.

Director Peters requested the District's Financial Advisor attend the Board meeting again next year to discuss other possible exemption options for 2025.

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 L**. 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 60th 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 2023 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

OPERATIONS REPORT

Mr. Vaughn presented and reviewed the Operations Report for the month of December 2023, a copy of which report is attached hereto as **Exhibit M**, 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, 2024, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District during 2023. After discussion on the matter, it was moved by Director Peters, seconded by Director Lange and unanimously carried, that MOC be authorized to provide the required information as set forth hereinabove.

Mr. Vaughn then presented to and reviewed with the Board the list of delinquent accounts for the prior month. He requested authorization to transfer two (2) accounts to the uncollectable roll in the amount of \$212.10, since all collection efforts to date had been unsuccessful. After discussion on the matter, Director Peters moved that MOC be authorized to move the two (2) delinquent accounts to the uncollectable roll in the amount of \$212.10, 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. Vaughn advised that MAC is preparing a quote for repair of the sanitary sewer manholes that will be the District's responsibility.

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 N**, and discussed same.

Ms. Broom then discussed the status of Bond Application Report No. 13.

DRAINAGE FACILITY MAINTENANCE REPORT

Mr. Cocke next presented to and reviewed with the Board a Maintenance Report prepared by DOE dated January 25, 2024, a copy of which report is attached hereto as **Exhibit O**.

Mr. Cocke reported: (i) that DOE will prepare proposals, for Board consideration at the February Board meeting, to cut swales in order to drain retained water toward the pilot channels; (ii) that DOE will re-clean the trash troopers and photograph again at no additional cost to District; and (iii) on the status of hinge repairs to one of the District's trash trooper units. After discussion, the Board requested DOE to inspect the rip rap project previously performed by Stormwater Solutions, located at the outflow pipe, and determine whether any additional work is required. No action was taken by the Board at this time.

UTILITY COMMITMENTS

The Board deferred action regarding utility commitments as no additional requests were made this month.

DISTRICT WEBSITE

Director Peters advised that she will work on the wording for a summary about the District's Notice to Purchasers and noted that she would like to move it up to the first page of the website.

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.

COMMUNICATIONS WITH HOMEOWNER'S ASSOCIATIONS ("HOA")

Director Lange reported that he had no additional information to report on this matter at this time.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Creed reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Creed presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit P**. Mr. Creed advised that Harris County will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will have to hold an independent election. He further discussed the challenges of administrating an independent election.

ACCESSIBLE VOTING SYSTEM

Mr. Creed noted that Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Mr. Creed reported that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Sanches, seconded by Director Lange and unanimously carried that SPH be authorized to provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Creed presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit Q** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Lange and Garcia expire in May of this year. In reviewing the Order with the Board, Mr. Creed 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 Election, and that the Order named Melia Berry as such agent (the "Election Agent"). Mr. Creed further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Creed advised the Board that notice of the 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 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. He further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District and on the District's website. After discussion on the matter, Director Sanches 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 Election in accordance with the Order. Director Lange 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 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Election. Mr. Creed advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Sanches moved that the judges and

clerks for the Election, including early voting clerks, be paid \$20.00 per hour. Director Lange seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Mr. Creed advised that he had nothing further to report that had not previously been addressed under other agenda items.

FUTURE AGENDA MATTERS

The Board considered items for placement on a future agenda. No specific agenda items, other than routine and ongoing matters and matters noted earlier in the meeting were requested.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Peters, seconded by Director Garcia 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 Audit Report, Draft Management Letter and Correspondence
- Exhibit E Proposal of Insurance 2024-2025 term
- Exhibit F Security Activity Report and Cost Sharing Breakdown
- Exhibit G Bookkeeper's Report
- Exhibit H Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit I Tax Assessor/Collector's Report
- Exhibit J Delinquent Tax Collection Report
- Exhibit K Resolution Concerning Exemptions from Taxation
- Exhibit L Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit M Operations Report
- Exhibit N Engineering Report
- Exhibit O Double Oak Erosion Maintenance and Inspection Reports
- Exhibit P Memorandum regarding Joint Elections with Harris County
- Exhibit Q Order Calling Directors Election