

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 70

Minutes of Meeting of Board of Directors February 4, 2015

The Board of Directors (“Board”) of Harris County Water Control and Improvement District No. 70 (“District”) met at 2935 Foley Road, Crosby, Harris County, Texas 77532 February 4, 2015, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Nora Caufield, President
Kenneth Michael Higgins, Vice President
Steve Kimes, Secretary
Randall Keith Adams, Assistant Secretary
Terry L. Stevens, Director

and the following absent:

none.

Also present were Bob Ideus, Vicki Smith, Don Guillory, Eddie Robinson, Bobby Crippens, Rebecca Adams, Kenneth Farrar, Edwin Arnold, Stephen Ratcliffe, Brandy Woods, and Lori G. Aylett.

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

1. The minutes of the meeting held on January 7, 2015 were presented and reviewed. Upon motion made by Director Adams, seconded by Director Stevens, the Board voted unanimously to approve the minutes as presented.

2. The Board considered the attached Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes. Lori Aylett noted that the Order reflected engagement of the firm of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to continue the work of collecting delinquent taxes for the District. If the Order is adopted, a 20% penalty is levied on business personal property accounts remaining delinquent on April 1, 2015 and on real property accounts remaining delinquent on July 1, 2015. This penalty defrays the attorney fees for collection. Upon motion by Director Stevens, seconded by Director Kimes, the Board voted unanimously to adopt the Order as presented.

3. The attorney reported that the audit report for the fiscal year ending August 31, 2014 was not yet available for the Board’s consideration, so it would be appropriate for the Board to defer consideration of the audit, its review of the Investment Policy, and authorization for the attorney to file the continuing disclosure documents. The Board deferred consideration of those items and requested that the attorney place them back on the March agenda.

4. The Board discussed a contract for electricity. The attorney presented correspondence from Greg Pendley of CGP Solutions to renew the District's electricity contract, which will expire on June 30, 2015. The attorney also presented competitive retail offers from various electricity providers. CGP Solutions indicated that the District could save \$27,000 off the existing rates over a 3-year period or \$20,000 off existing rates for a 2-year period by renewing with its current provider, Constellation New Energy. CGP Solutions is recommending that its clients extend the contract terms for 24 or 36 months because of current favorable energy pricing in the market. Director Higgins made a motion to secure a 24-month contract at best available terms, and Director Kimes seconded the motion for purposes of discussion. The Board then discussed whether it would be more advantageous to enter into a 24-month or a 36-month term. Several Board members indicated that with the low energy prices, it might be advantageous to lock in prices for the longest term possible and have budget certainty for that period. After a full discussion, Director Higgins withdrew his motion. Director Kimes then made a motion to authorize execution of a 36-month contract under best available terms, and the motion was seconded by Director Adams. The Chair called for a vote, and the motion unanimously carried.

5. Don Guillory presented an operator/manager's report, a copy of which is attached to these minutes. The No. 2 lift pump at the main lift station had to be pulled for repairs due to a bad motor. The operator changed hoses on the diesel pump during the repair. Crawford Tech Service repaired and installed a jockey pump at the sewage treatment plant lift station. The operator repaired a large water main leak at 3331 Lake Shadows Drive. The operator continues to work on start-up of the new sewage treatment plant. Adjustments are underway, and the plant is being seeded. Upon motion by Director Kimes, seconded by Director Higgins, the Board voted unanimously to approve the operator/manager's report as presented.

6. Bob Ideus presented a bookkeeper's report, copy attached. The regular principal and interest payment on the District's revenue bonds was made. The bookkeeper has provided the books to the auditor, so the audit is underway. Budget items appear to be in line. Upon motion made by Director Higgins, seconded by Director Adams, the Board voted unanimously to approve the bookkeeper's report as presented and to authorize issuance of the checks listed thereon.

7. Brandy Woods presented the tax assessor-collector's report, copy attached. 2014 taxes are 88.4% collected, and January collections are still coming in. Upon motion by Director Higgins, seconded by Director Stevens, the Board voted unanimously to approve the tax assessor-collector's report as presented.

8. Stephen Ratcliffe presented an engineer's report, copy attached. The electric company has installed the electric meter at the sewage treatment plant, and the contractor has completed the pre-start up procedures. The plant has been seeded, and the engineer has provided a punch list to the contractor. Punch list items include relocation of the conduit at the splitter box, addition of a support on the fill line to the splitter box, addition of a valve at the feed line, repair of the moisture observed in the ammeter of one of the blowers, correction of the plant lighting which does not appear to operate correctly, and repair of the chart recorder. The site inspector for the Texas Water Development Board has come out every month to review the status of the ongoing construction. The engineer reported that no pay applications were received or processed during the month.

Eddie Robinson addressed the engineer and Board and commented that operations personnel cannot access the splitter box due to its location. Stephen Ratcliffe agreed to investigate the situation. Director Kimes asked about how the lights functioned, and the engineer confirmed that a photo cell is used. The Board discussed whether the plant should be lit all night, and the operator expressed the opinion that for safety reasons and to prevent vandalism, the plant should be lit all night. Upon motion by Director Higgins, seconded by Director Stevens, the Board voted unanimously to approve the engineer's report as presented.

9. Vicki Smith presented a billing and collections report, copy attached. The District had collections of \$30,664.74, and deposits received during the month totaled \$1,300. There were 58 delinquent accounts, and seven door hangers were hung. Two customers were terminated for delinquency after observance of all applicable Rate Order procedures. Upon motion by Director Higgins, seconded by Director Kimes, the Board voted unanimously to approve the billing and collections report as presented.

10. The Board considered public comments. Mr. Ken Farrar addressed the Board on behalf of his company, BAK Recycling, which offers a once-a-week comingled recycling program at a cost of \$16.65 a month. The Board confirmed that the District currently uses Old Fashioned Waste to provide solid waste collection services, and that company does not offer recycling. The attorney agreed to check the terms of the District's contract with Old Fashioned to determine whether it provides for exclusive waste collection services or whether other proposals can be entertained for recycling. Accordingly, the Board agreed to table further consideration of this item until the next meeting.

11. Finally, the Board confirmed receipt of correspondence from the DA's office confirming that restitution was made by a person who unlawfully took funds of the District. The District received \$24,648 in restitution, and the bookkeeper believes this is more than the amount that was lost due to the criminal activity. The attorney will confirm the amount that was lost.

There being no further business to come before the Board, the meeting was adjourned.

Secretary