

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 70

Minutes of Meeting of Board of Directors

February 1, 2017

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 on February 1, 2017, 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
Randall Keith Adams, Assistant Secretary

and the following absent:

Steve Kimes, Secretary.

Also present were Bob Ideus, Vicki Smith, Ryan Nokelby, David Hunn, Terry Stevens, Hudson Kennedy, G. Taylor Goodall, Jr., and persons on the attached list.

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

1. The Board considered the minutes of the meeting held on January 4, 2017. After a brief review and discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the minutes as presented.

2. In the absence of a tax assessor/collector, the Board reviewed the tax assessor/collector's report, copy attached. The District's 2016 taxes are 80.54% collected, and the District collected \$308,865.62 for the month. After a brief review and discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the tax assessor/collector's report as presented and authorized disbursements contained therein.

3. There was presented the attached Order Levying Additional Penalty for Delinquent Taxes. The order levies a 20% penalty on 2016 delinquent taxes for business personal property on April 1, 2017 and for real property on July 1, 2017. Upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously adopted the order as presented.

4. Terry Stevens presented an operator's report, copy attached. Magna Flow hauled five loads of sludge from the wastewater treatment plant, and 12 door hangers were placed on late accounts. The DMR was submitted to the TCEQ for December, 2016, and water reports were mailed to the TCEQ for the fourth quarter of 2016. USGS surveyed Well No. 2, and the security lights at the water plant, District office, and lift station were repaired. J&J Generator Services conducted routine generator inspection and maintenance and, after discussion, it was decided that the operator shall be authorized to replace the batteries on the generators at Well

No. 3 and the wastewater treatment plant. Bacteriological samples for the month of January, 2017 all returned negative. The lift station at 18420 Old Galley Way was cleaned. There was a discussion regarding the need to line manholes and possibly rehabilitate lines, and it was noted that the 2017 budget has \$25,000 for such repairs. The operator will prepare a recommendation in advance of the next Board meeting. After discussion, and upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved a blower motor repair at the wastewater treatment plant and purchase of a new grinder pump in an amount not to exceed \$2,000. Subject to that discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the operator's report as presented.

5. The Board considered the stormwater quality permit renewal. The engineer noted that the permit was renewed, but upon motion made by Director Higgins, seconded by Director Adams, authorizing the 2017 renewal was tabled for the time being. It was noted that the building previously authorized to be placed on District detention pond property for the benefit of the Deer Run Estates HOA had tapped into District electrical supplies and the Board requested that the operator correct the matter as the Board authorized placement of the building but did not authorize access to the District electric meter.

6. Bob Ideus presented the bookkeeper's report, copy attached. The District's operating fund contains \$1,359,064.71. After review and discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the bookkeeper's report as presented and authorized issuance of the checks listed therein.

7. Vicki Smith presented the billing and collections report, copy attached. The District collected \$33,551.95 during the month. Subject to that discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the billing and collections report as presented.

8. Hudson Kennedy of McCall Gibson Swedlund Barfoot, PLLC presented the annual audit of the District's books and records for the fiscal year ended August 31, 2016. After a review and discussion, upon motion made by Director Higgins, seconded by Director Adams and unanimously carried, the Board approved the audit and authorized its distribution to the appropriate entities.

9. The Board next considered the annual review of the District's Investment Policy. After a review and discussion, upon motion made by Director Higgins, seconded by Director Adams and unanimously carried, the Board approved the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives.

10. Taylor Goodall explained the requirements of House Bill 1378 enacted by the Texas Legislature in 2015. Effective January 1, 2016, districts are required to provide certain financial information to the Comptroller of the State of Texas for posting on its website. The district may comply with the requirements of House Bill 1378 by submitting its approved audit. Upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously authorized the attorney to make the required submission pursuant to House Bill 1378.

11. Mr. Goodall reported that, consistent with the District's commitments

undertaken for the benefit of its bondholders and potential bondholders, the District, from time-to-time, must make certain continuing disclosure filings. Upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously authorized the District's attorneys to file all necessary continuing disclosure documents on the District's behalf.

12. Ryan Nokelby and David Hunn presented an engineer's report, copy attached. There was lengthy discussion regarding the sanitary sewer repairs on Foley Road, and Director Higgins inquired as to why the repairs had yet to occur. After discussion, upon motion made by Director Adams, seconded by Director Higgins, the Board unanimously authorized execution of the contracts for the sanitary sewer repairs. The engineer then discussed a request from the developer of Harris County Municipal Utility District No. 525 regarding a meeting with District engineers. It was noted that the engineer for Harris County Municipal Utility District No. 525 requested that the District engineers meet with representatives from No. 525 to discuss the possibility of the District providing temporary service to No. 525. Mr. Goodall informed the Board that as of August, 2015, his firm had been retained to represent Harris County Municipal Utility District No. 525. Thus, Mr. Goodall would need to either obtain a waiver of conflict from the District and Harris County Municipal Utility District No. 525 or abstain from any negotiations between the two districts. Upon further discussion, the Board instructed the engineers to inform representatives of No. 525 that the District is not interested in participating in a meeting as requested. After further review and discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board approved the engineer's report as presented.

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

Secretary