

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 70

Minutes of Meeting of Board of Directors
January 6, 2016

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 January 6, 2016, 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

and the following absent:

None.

Also present were Don Guillory, Bob Ideus, Bobby Crippens, Pam Graham, Brandy Pagesh, Josh Rambo, and G. Taylor Goodall, Jr.

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 December 2, 2015. After a brief review and discussion, upon motion made by Director Higgins, seconded by Director Kimes, the Board unanimously approved the minutes as presented.

2. The Board considered appointment of an individual to fill the newly vacant director position. Mr. Goodall explained that the law provides for the Board to appoint an individual to serve the entirety of the vacant term. An individual that lost a director’s election may not be appointed within a two-year period from the time of said election.

3. Brandy Pagesh presented a tax assessor-collector’s report, copy attached. The District’s 2015 collection rate is 67.01%. 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 issuance of the checks contained therein.

4. It was reported to the meeting that under the provisions of Article VIII, Section 1-b(e) of the Constitution of Texas, the District may exempt from ad valorem taxation by its own action up to twenty percent (20%) of the market value of each residence homestead owned by an adult and taxable by the District for the year 2016, but not producing an exemption of less than \$5,000 when such percentage is applied to a particular homestead. Those present discussed at length the various points for or against the adoption of the exemption by the District. After discussion, upon motion duly made by Director Higgins, seconded by Director Adams and

unanimously carried, the Board adopted the attached Order providing for a homestead exemption in the amount of twenty percent (20%) of the market value of residence homesteads for the year 2016.

5. It was reported to the meeting that under the provisions of Article VIII, Section 1-b of the Constitution of Texas, this District may exempt by its own action not less than \$3,000 of the assessed value of residence homesteads of persons 65 years of age or older or disabled from all ad valorem taxes thereafter levied by the District. Those present discussed at length the various points for or against the adoption of the exemption by the District. After discussion, upon motion duly made by Director Higgins, seconded by Director Kimes and unanimously carried, the Board adopted the attached Resolution providing a \$30,000 homestead exemption for residents of the District 65 years of age or older or disabled.

6. Don Guillory presented an operator's report, copy attached. Corrections were performed on the clarifier, and a manhole cover for the sewage treatment plant was ordered. Thirteen door hangers were hung, and four loads of sludge were removed from the old clarifier. The diffusers in the digester of Clarifier No. 1 were cleaned, and one sewer inspection was performed. There was discussion regarding correspondence from the TCEQ concerning the need to provide public notice regarding compliance with additional TCEQ testing requirements. Mr. Goodall distributed the notice to Mr. Guillory and requested that he contact the TCEQ to ensure that his office is current on the testing requirements as well as requirements for public notification. Subject to that discussion, upon motion by Director Higgins, seconded by Director Adams, the Board unanimously approved the operator's report as presented and instructed Mr. Guillory to ensure compliance with Texas Administrative Code §290.117 and §290.112(c).

7. Bob Ideus presented a bookkeeper's report, copy attached. The District's operating fund contains \$1,173,375.64. Subject to review and discussion, upon motion made by Director Higgins, seconded by Director Adams, the Board unanimously approved the bookkeeper's report and authorized issuance of the checks contained therein.

8. Pam Graham presented a billing and collections report, copy attached. The District collected \$32,822.59 during the month. After a brief review and discussion, upon motion by Director Adams, seconded by Director Kimes, the Board unanimously approved the report as presented.

9. Mr. Goodall gave the Board an update regarding House Bill 1295. Effective January 1, 2016, House Bill 1295 requires that individuals and entities entering into certain contracts with the District be responsible for filing a "1295" form with the District. The District must then acknowledge filing of the form within 30 days of acceptance of the contract through the Texas Ethics Commission. Mr. Goodall distributed the attached memos regarding the subject.

10. The District considered the contract with AVR for online and electronic bill pay. Mr. Goodall noted that due to House Bill 1295 concerns, the District cannot execute the contract until the February Board meeting when a properly executed House Bill 1295 form is provided with the contract.

11. The Board considered an engineer's report as presented by Don Guillory, copy attached.

12. Josh Rambo presented the annual audit of the District's books and records for the fiscal year ended August 31, 2015. After a review and discussion, upon motion made by Director Higgins, seconded by Director Kimes and unanimously carried, the Board approved the audit and authorized its distribution to the appropriate entities.

13. 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 Kimes and unanimously carried, the Board approved the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives.

14. 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 duly made by Director Higgins, seconded by Director Adams and unanimously carried, the Board unanimously authorized the District's attorneys to file all necessary continuing disclosure documents on the District's behalf.

15. The Board considered public comments. Bobby Crippens inquired as to whether the District's annual audit is a public document. Mr. Goodall confirmed that annual audits, like a majority of District records, are public records. The Board inquired as to the possibility of defeasance and/or refunding of outstanding District debt, and Mr. Goodall was instructed to contact the District's financial advisor.

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

Secretary