

**MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS**

THE STATE OF TEXAS §

COUNTY OF HARRIS §

HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 89 §

The Board of Directors of Harris County Water Control & Improvement District No. 89 met in regular session, open to the public, at its meeting place outside the boundaries of the District on February 5, 2019, whereupon, the roll of the members of the Board of Directors was called, to-wit:

Sharyn Smalls	President
Michael Smith	Vice President
Annie Jenkins	Secretary
Arthur Washington	Assistant Secretary
Byron K. Watson, Sr.	Investment Officer

All members of the Board were present, with Director Smith arriving late.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Laney Brown of SiEnviro; Matthew Kelley of AEI; Cory Burton of Municipal Accounts & Consulting; Travis Benes of Environmental Allies; Ray Arce of Wheeler & Associates; and Byron Thurmond of BGT.

WHEREUPON, the meeting was called to order by the President, and evidence was presented that public notice of the meeting had been given in compliance with the law.

- 1. OPENING PRAYER.** Director Watson led those assembled in prayer.
- 2. PUBLIC COMMENTS.** There were no public comments.
- 3. MINUTES.** The Board reviewed the minutes of the January 15, 2019 meeting.

A motion was made by Director Washington, and seconded by Director Jenkins, to approve the minutes with revisions discussed, which motion carried 4-0.

4. **DETENTION FACILITIES REPORT.** Travis Benes presented the pond maintenance report, and reviewed the pictures of the detention ponds with the Board.

5. **DISTRICT FACILITY SECURITY.** Byron Thurmond stated he would be meeting with the contractor to discuss the internet connection at one of the District's facilities.

Director Smith entered the meeting at this time.

6. **TAX ASSESSOR'S REPORT.** Ray Arce presented the tax assessor's report, a copy of which is attached as Exhibit "A". He reported the District has collected 90.34% of its 2018 taxes, and 99.17% of its 2017 taxes. He stated the penalties and interest on the overdue accounts has produced \$18,000 in "unbudgeted" income to the District. He reviewed the checks on the tax account for the Board's approval.

Following further discussion, it was moved by Director Washington and seconded by Director Smith to approve the tax assessor's report, which motion carried unanimously, 5-0.

7. **ORDER SETTING 2018 TAX EXEMPTIONS.** Chris Richardson explained the District set a homestead exemption of 20% last year, which is the highest allowed by law. The District also set an exemption of \$15,000 for over 65 and/or disabled individuals. Following further discussion, it was moved by Director Smith and seconded by Director Jenkins that the Order Setting 2019 Tax Exemptions be approved, setting a 20% homestead exemption, and an exemption of \$15,000 for over 65 and/or disabled individuals, which motion carried unanimously, 5-0. A copy of said Order is attached as Exhibit "B".

8. **BOOKKEEPER'S REPORT.** Cory Burton presented the bookkeeper's report, which is attached hereto as Exhibit "C". He presented the checks for approval. He reviewed the capital projects fund breakdown, the FDIC insurance and pledged securities, the budget comparison and the debt service requirements. He presented a draft budget for fiscal year ending March 31, 2020. He reviewed conference attendance and expenses presented by the directors.

Director Watson noted the interest rate on one of the District's CDs was 1.1% last year with a one year term; he stated he planned to renew the CD for a 6 month term, to avoid being locked in, as interest rates are anticipated to rise.

Following further discussion it was moved by Director Watson and seconded by Director Smith to approve the bookkeeper's report and the checks and items as presented, which motion carried unanimously, 5-0.

**9. OPERATOR'S REPORT.** Laney Brown presented the operations report, a copy of which is attached as Exhibit "D". He reported there were 2,805 connections, with no permit excursions at the Wastewater Treatment Plant, which was 52% utilized. Mr. Brown also discussed the water accountability at 70.65%. He reviewed the delinquent list, accounts to be sent to collections, and the preventative maintenance schedule with the Board. He stated the new phosphate system is being installed at the District's Water Plant No. 1, which has been offline since November of 2018.

Director Watson discussed the integrity of City of Houston water and asked if the operator was confident in the water quality; Mr. Brown stated he was. Director Watson noted whistleblowers at the City were fired over the chlorine residual reports for the City's water. Mr. Brown stated the water from the City arrives at the District's Water Plant and is tested at that point, every day. If the chlorine is low, the operator adds chlorine. He stated this occurs every day, at both of the District's Water Plants. Director Smith stated this is an argument against the Subsidence District for the requirement of using surface water. Mr. Brown stated the Subsidence District will charge the District a \$9.00/ 1,000 gallon penalty for going over the permitted amount of well water pumped. He stated the District also has a "take or pay" contract with the City for surface water; there is no way to avoid paying the minimum amount, regardless of usage. President Smalls stated the Subsidence District did a presentation on status and the area has recovered. She

asked why there could not be a “rolling percentage”; she stated the costs are unfair. She stated water quality is now an issue. She stated she would like to petition the Subsidence District to make a change. Mr. Brown noted the permit renews in April.

Following further discussion, it was moved by Director Washington and seconded by Director Smith to approve the operations report with the items presented, which motion carried unanimously, 5-0.

**10. ENGINEER’S REPORT.** Matthew Kelley reviewed the engineer’s report, a copy of which is attached hereto as Exhibit “E”. He discussed the progress on District projects, including the Morningside Place, Section 2 Detention Pond Rehabilitation project. He reviewed the Capital Projects Plan. Mr. Kelley discussed NPH Southpoint Phase II Detention Pond and presented Pay Estimate No. 4 for review purposes. He also discussed the Lift Station for the NPH project. He discussed Water Well No. 2 and the TCEQ Approval; he stated AEI is trying to get the easement required by TCEQ. Mr. Kelley discussed the Wastewater Treatment Plant Office and Waterline and the replat of Morningside Place. He presented a breakdown of taxes owed on the STP tract and the detention pond, and stated the plat could not be recorded until the tax bills show a zero balance. The Board discussed and agreed to sign a check for the detention pond, and asked the attorney to write a letter seeking to have the account for the STP written off for being 20 years old.

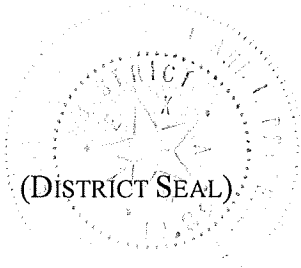
Mr. Kelley discussed the District Building Project and stated the Tender and Substitution agreement will need to be signed for construction to resume with the new contractor. He discussed the Morningside Place Pond Rehabilitation options.

Following further discussion, it was moved by Director Smith and seconded by Director Washington to approve the engineer’s report along with the items presented, which motion carried unanimously, 5-0.

**11. CONSIDER APPROVAL OF TENDER AND SUBSTITUTION AGREEMENT AND SURETY'S CHOICE OF CONTRACTOR.** The Board met in closed session, beginning at 1:45 p.m. and ending at 2:30 p.m., to discuss the status of negotiations with the Surety for the terminated contractor for construction of the District building. The Board resumed in open session; no action was taken.

**12. ADJOURNMENT/ FUTURE AGENDA ITEMS.** There being no further business to come before the Board, it was moved and seconded that the meeting be adjourned, which motion carried unanimously.

PASSED, ADOPTED and APPROVED this 19<sup>th</sup> day of February, 2019.



Annie Jenkins  
Secretary