

**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 July 16, 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 and Carlos Smith of SiEnviro; Sgt. Johnson-Hall of the Pct. 7 Constable's Office; attorney Michael Hirsch and developer Nick Dhanani.

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 Washington led those assembled in prayer.

Director Smith entered the meeting at this time.

2. **DEVELOPER'S REPORT.** Nick Dhanani and his attorney, Michael Hirsch, addressed the Board, asking for reimbursement of developer costs related to his development along Mega Energy Drive. Mr. Dhanani stated he had submitted his paperwork and is asking for reimbursement. Director Smalls addressed Mr. Dhanani and stated the District's engineer, Matt Kelley, had stated in an email addressed to them, that the paperwork submitted was satisfactory.

She stated it was Mr. Dhanani's responsibility to come forward and give information before the District's last bond issuance, in order to be included at that time; that bond issuance was finalized in 2018. She stated it is the practice of the Board to group the developers together to minimize costs of issuance. She stated the Board wants to reimburse Mr. Dhanani, according to his contract, as soon as possible, but it will not happen immediately. She noted there is also interest accruing which will be payable to the developer. Mr. Dhanani asked for the interest rate; Chris Richardson explained the interest due to the developer will run from the completion of each portion of a reimbursable project, and will be paid at the rate of interest on the bonds, when they are issued. President Smalls stated it will be quite possible to issue bonds at the end of next year (2020); she explained the Board wants to group Mr. Dhanani with the last remaining developer for reimbursement, National Property Holdings. She explained NPH will be building Phase II of their project soon. She stated Mr. Dhanani's reimbursement would be in the next bond issuance.

Chris Richardson outlined the process: developers submit their paperwork showing reimbursable costs, for facilities the District can legally accept, to the District's engineer. He noted the District's financial advisor gives a report on the economic impact benefit to the tax base created by the development, and an analysis of the effect of issuing bonds for reimbursement on the District's tax rate, to the Board of Directors. Then the engineer compiles the Bond Application for submission to the TCEQ in Austin; nothing can be reimbursed without the TCEQ's blessing, in the form of an Executive Order, and the District does not control the outcome of the TCEQ's analysis. The sale of the bonds is reviewed and approved by the Attorney General's office.

Mr. Dhanani stated he had attended the meeting of the Board and asked for reimbursement multiple times prior to the issuance of bonds in 2018; President Smalls stated she did not remember his attendance on multiple occasions in that time frame, and repeated that it is the developer's responsibility to get his paperwork to the District engineer for review and inclusion in a Bond Application. She noted the Board had asked Mr. Dhanani and his engineer to correspond with the

District's engineer about their claimed reimbursement, and the District engineer had met with and responded to them. Mr. Dhanani asked for a "formal, written statement" of the amount and timing of the payment of his reimbursement; he even offered to pay the costs of issuance if that would help to speed the process. President Smalls stated the Board will not make a formal, written statement and cannot make promises about the amount or the timing of the reimbursement. Mr. Richardson noted both the legality and amount of reimbursement, as submitted in the Bond Application, is reviewed by the TCEQ and the Board cannot speak to or control the outcome of that analysis. President Smalls stated the Board cannot make promises about timing or amounts, given the possibility of some catastrophe such as Hurricane Harvey; she reiterated that having the developer's engineer communicate with the District's engineer is the best thing at this stage. Mr. Richardson noted the Board has allowed and encouraged unfettered access to the District's engineer, even by the developer's attorney.

3. PUBLIC COMMENTS. There were no public comments.

4. SECURITY REPORT. Sgt. Johnson-Hall reviewed the security report and updated the Board on various incidents. Director Watson stated he is still waiting on trend information. Sgt. Johnson-Hall described juveniles who have "graduated" from burglaries to aggravated robberies; he stated most of the break-ins are juveniles. He encourage the Directors to get the word out, about "Ring" doorbells and similar recording devices, which are helpful to identify suspects and vehicles.

5. MINUTES. The Board reviewed the minutes of the July 2, 2019 meeting. A motion was made by Director Washington, and seconded by Director Smith, to approve the minutes with revisions discussed, which motion carried unanimously, 5-0.

6. DETENTION FACILITIES REPORT. There was no written report from Environmental Allies. President Smalls asked about the issue of picking up dead animals on the

detention properties, and who could help. Director Smith stated ABC Pest Control could be used to pick up and dispose of dead animals; he asked the Directors to call him if needed.

7. **DISTRICT FACILITY SECURITY.** Byron Thurmond was not present.

8. **OPERATOR'S REPORT.** Laney Brown presented no written report. He discussed painting of the electrical piping at Water Plant No. 2 and stated he would meet with Director Smith on site.

8. **INTERLOCAL AGREEMENT WITH H.G.S.D.** The Board discussed the Interlocal Agreement with Harris-Galveston Subsidence District for participation in the Water Wise Program, to sponsor educational materials for students at Law Elementary School. A motion was made by Director Washington, and seconded by Director Smith, to approve the Interlocal Agreement, which motion carried unanimously, 5-0.

10. **AMEND RATE ORDER.** Chris Richardson presented an Amended Rate Order for execution, tracking changes as requested by the Board, attached hereto as Exhibit "A". The Board discussed the increase in the commercial rate from 2.25 times the residential rate, to 4 times the residential rate. President Smalls noted this is a conservation issue; many of the irrigation meters use large quantities of water and the new rate will encourage conservation. The Board reviewed the changes for the costs of various inspections by the District's operator. A motion was made by Director Washington, and seconded by Director Smith, to approve execution of the Amended Rate Order as discussed, which motion carried unanimously, 5-0.

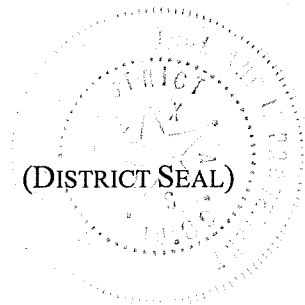
11. **ENGINEER'S REPORT.** Matthew Kelley was not present.

12. **SUPPLEMENTAL BOOKKEEPING REPORT.** The Board considered the supplemental bookkeeping report, attached hereto as Exhibit "B", and the checks for approval.

A motion was made by Director Smith, and seconded by Director Washington, to approve the Supplemental Bookkeeping report, along with the items discussed, which motion carried unanimously, 5-0.

13. **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 6th day of August, 2019.



(DISTRICT SEAL)

Annie Jenkins
Secretary

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