

**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 August 6, 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; Director Watson arrived late.

Also present were Chris Richardson of Strawn & Richardson, P.C.; Laney Brown and Carlos Smith of SiEnviro; Nancy Blackwell and Ed Shackelford of AEI; Cory Burton of Municipal Accounts & Consulting; Sara Valladeres of Environmental Allies; Ray Arce of Wheeler & Associates; Josh Rambo of McCall Gibson Swedlund Barfoot PLLC; Victoria Lastee of Morningside Place HOA.

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 Jenkins led those assembled in prayer.
- 2. PUBLIC COMMENTS.** Victoria Lastee address the Board and stated the website is not current. President Smalls stated there were two domain names for the website which had to be merged, and the issues go back to when Jeraine Root was on the Board. Ms. Lastee

asked about the cable line running behind some of the homes in Morningside, and whether they could be buried. Laney Brown stated they are not District wires; they do not attach to any District pumps, for example, but they will look into it.

3. **MINUTES.** The Board reviewed the minutes of the July 16, 2019 meeting. A motion was made by Director Smith, and seconded by Director Washington, to approve the minutes with revisions discussed, which motion carried unanimously, 4-0.

4. **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED MARCH 31, 2018.** Josh Rambo presented the draft Audit for the fiscal year ended March 31, 2019. He stated the Audit provided a “clean”, or unmodified opinion. President Smalls asked for the audit to be brought before the Board earlier, to provide time for review. Following a discussion, it was moved by Director Smith and seconded by Director Washington to approve the Audit for the fiscal year ended March 31, 2019, subject to any changes, which motion passed unanimously, 4-0.

5. **DETENTION FACILITIES REPORT.** Sara Valladeres presented the pond maintenance report, and reviewed the pictures of the detention ponds with the Board. Director Smith stated the slopes on the Morningside Place pond are looking pretty good. Director Washington asked if the District Building property was mowed; President Smalls stated there is a different company mowing that property.

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 99.04% of its 2018 taxes, and 99.28% of its 2017 taxes. He reviewed the checks on the tax account for the Board’s approval. He noted the delinquent tax attorney’s collection efforts produced \$22,000 in penalty and interest collected for the District, so far this year.

Following further discussion, it was moved by Director Smith and seconded by Director Jenkins to approve the tax assessor’s report, which motion carried unanimously, 4-0.

7. **DELINQUENT TAX REPORT.** Chris Richardson presented one delinquent tax payment agreement for the Board's approval. Following a discussion, it was moved by Director Smith and seconded by Director Washington to approve the delinquent tax payment agreement, which motion carried unanimously, 4-0.

8. **BOOKKEEPER'S REPORT.** Cory Burton presented the bookkeeper's report, which is attached hereto as Exhibit "B". 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 reviewed conference attendance and expenses presented by the directors.

9. **REVIEW ANNUAL MAINTENANCE REPORT – ARBITRAGE ANALYSIS.** Cory Burton presented the Annual IRS Compliance Report regarding arbitrage for outstanding bonds. He noted no rebate reports are due this year. He recommended the Board continue to look for ways to spend surplus bond funds on District projects, to avoid arbitrage issues. The Board took no action on the report.

Following further discussion it was moved by Director Washington and seconded by Director Smith to approve the bookkeeper's report and the checks and items as presented, which motion carried unanimously, 4-0.

10. **OPERATOR'S REPORT.** Laney Brown presented the operations report, a copy of which is attached as Exhibit "C". He reported there were 2,807 connections, with no permit excursions at the Wastewater Treatment Plant, which was 52.8% utilized. Mr. Brown also discussed the water accountability at 72.9%. He reviewed the delinquent list, accounts to be sent to collections, and the preventative maintenance schedule with the Board.

President Smalls asked if the operator had implemented the increased commercial rate; Mr. Brown confirmed the new rates are in place.

Mr. Brown stated the pump was out at Water Plant No. 1 and needs to be replaced at a cost of \$8,399.88, which the Board approved. He noted there is a rental pump in place. Mr. Brown presented a proposal from Seaback Maintenance for mowing of the District Building, for an initial fee of \$550.00 and \$275.00 for each additional cutting, which the Board approved.

Director Smith stated he still needed to meet with the operator at Water Plant No. 2 to review the rusty pipes and necessary painting.

Following further discussion, it was moved by Director Smith and seconded by Director Washington to approve the operations report with the items presented, which motion carried unanimously, 4-0.

Director Watson entered the meeting at this time.

**11. ENGINEER'S REPORT.** Nancy Blackwell introduced Ed Shackelford and stated Matthew Kelley is no longer employed by AEI, and has left the MUD engineering business. Ms. Blackwell reviewed the engineer's report, a copy of which is attached hereto as Exhibit "D". She discussed the progress on District projects, including the Capital Projects Plan. She discussed NPH Southpoint Phase II Detention Pond; she noted the pond had been re-seeded. She discussed the Lift Station for the NPH project, and stated the contractor is back on-site. She discussed the waterline and office at the Wastewater Treatment Plant and stated the work is complete; she is waiting on the final pay estimate. Ms. Blackwell discussed Water Well No. 2 and the TCEQ Approval; TCEQ has accepted the packet for review. She discussed the Water Well No. 1 Rehabilitation and stated the well is back in service.

Ms. Blackwell discussed the District Building; Ed Shackelford stated he met with President Smalls at the site. He stated he had two people view the building with him, one being an air conditioning specialist and the other being an inspector. He discussed the A/C as specified in the

plans; he stated he was doing so in an effort to produce a bid package for the completion of the Building. He discussed several issues.

Mr. Shackelford discussed the “small” detention pond on the site, and in the plans, and he stated AEI is looking into whether the “big” detention pond nearby (near the wastewater treatment plant) could be expanded, instead, thereby removing the “small” pond from the Building cost. Ms. Blackwell noted the pond at the wastewater treatment plant had not yet been approved at the time the plans for the District Building had been created. Mr. Shackelford asked for authority for AEI to research the issue and possibly remove the pond from the bids, and do engineering to expand the pond at the wastewater treatment plant.

Mr. Shackelford discussed landscaping and irrigation at the District Building site. He noted the left turn lane encroaches on the District property by 1-2 feet. He recommended removing irrigation from the re-bid process, and bidding the irrigation system separately, to save money and oversight issues with the general contractor. President Smalls asked if there would be advertising and bidding costs saved; Mr. Shackelford said there would not be. He stated he could include the irrigation as an alternate item and the Board could go from there, which the Board approved.

Mr. Shackelford discussed the A/C system and stated the issue is with separate controls for each room in the Building, in the plans. He stated the design is very complex; he stated Ross Crawford thinks this is a costly system which requires special maintenance costs. He asked for authority to modify the design, by using an HVAC contractor, not a mechanical engineer, to save money on design and construction.

Mr. Shackelford reviewed the “allowance” items, including the ice maker. President Smalls stated the generator with a transfer switch should be left in the plans. He discussed card key access to the conference room, the 8 foot perimeter fence with a curved top, factory glazed

and painted doors, an electronic gate with key pad access, a digital sign, “hands free” toilets and hand dryers, and granite counters with brushed nickel accents.

Ms. Blackwell and Mr. Shackelford stated they would contact President Smalls and Director Smith with the bid package, prior to bidding. He stated they would be looking to take bids in October after advertising in September. Director Smith expressed his desire to reduce the “unqualified” contractors bidding on the project, stated prices would likely increase because they will be picking up after the original contractor left off. Ms. Blackwell stated AEI would ask for qualifications, including a Houston office and at least 5 years’ experience. Director Smith stated he would like to see “completed” projects from the bidders, with references. Ms. Blackwell stated E&M had been brought in after Maurice Johnson did not meet the qualifications, which affected permitting of the project. Director Smith stated the problem was the general contractor did not have enough money to keep the project moving; President Smalls stated “Jeff Finley” was too green for the project. Ms. Blackwell stated AEI has a new inspector on staff and they are looking for an independent contractor to use as an inspector. She stated the architect is usually around to serve as an inspector, but the original architect had resigned early on.

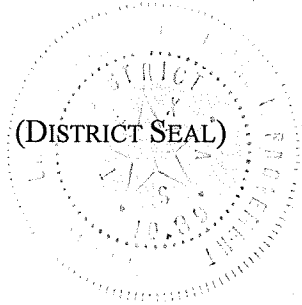
Director Smith asked for an estimated completion time. Mr. Shackelford gave an estimate of 150 days; Ms. Blackwell stated AEI would ask for an estimate in the bid package. President Smalls stated she would like to have incentives and disincentives for time deadlines.

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

**12. ADJOURNMENT/CLOSED SESSION.** The Board held an executive session to discuss a personnel issue and confer with its attorney. The Closed session began at 2:00 p.m. and the Board reconvened in open session at 2:30 p.m. 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 3<sup>rd</sup> day of September, 2019.



*Auth Washington*  
Secretary

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