

**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 September 3, 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 except Director Jenkins.

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; Matthew Kelley of MK Engineering; Thelma Hudson, AK Babers, and Keith Bille, residents.

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 Smith led those assembled in prayer.
- 2. PUBLIC COMMENTS.** AK Babers addressed the Board and discussed manholes and sidewalks which he said needed repair. President Smalls asked for photos of the

problem areas; Mr. Babers stated his reluctance to provide photos showing an example. Mr. Babers asked about the Constable reports; President Smalls stated there is a link on the website. Mr. Babers discussed water quality issues; Director Watson stated the District has a contract for surface water with the City of Houston, and is required to use 80% surface water pursuant to a contract with the Subsidence District. Director Smith stated that in addition to coming to meetings, Mr. Babers is aware he could call or email the Directors with any concerns.

Thelma Hudson discussed water quality issues, and noted the operators did flush the pipes because of the water smells. She stated her plumber replaced a water heater pipe, and the water looked brown. She stated that while flushing solved the problem previously, it came back. Laney Brown stated that depending on the location of a residence, there will always be issues, whether the District uses well water or City of Houston water. There is a mandate from the Subsidence District to use 80% surface water, and the District must comply with the regulations. He noted there is a Consumer Confidence Report which states the water has passed all required safety testing standards. He stressed the importance of informing the operator right away. Directors Smith and Smalls thanked Ms. Hudson and asked her to keep the Board informed.

3. MINUTES. The Board reviewed the minutes of the August 6, 2019 meeting. A motion was made by Director Watson, and seconded by Director Smith, to approve the minutes with revisions discussed, which motion carried unanimously, 4-0.

The Board reviewed the minutes of the August 27, 2019 meeting. A motion was made by Director Smith, and seconded by Director Watson, to approve the minutes with revisions discussed, which motion carried unanimously, 4-0.

4. **POSSIBLE REFUNDING/ REFINANCE OF DISTRICT DEBT.** Financial advisor John Howell was not in attendance. After Board discussion, President Smalls stated the Board was not of a mind to move forward, at least at the upcoming meeting.

5. **DETENTION FACILITIES REPORT.** Sara Valladeres presented the pond maintenance report, and reviewed the pictures of the detention ponds with the Board.

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 99.30% of its 2018 taxes, and 99.33% of its 2017 taxes. He reviewed the checks on the tax account for the Board's approval. He described a request from a taxpayer for removal of penalty and interest, the owner of the property lives in Seattle. He stated there are strict rules and the District can only waive penalties if an error is acknowledged by the post office, or by HCAD. He stated the District cannot fight HCAD for the owner, or seek the letter she needs from HCAD, but he would help her.

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

7. **DELINQUENT TAX REPORT.** Chris Richardson stated the District's tax collections are already above 99% for the current year, and for all prior years. There were no new payment agreements for approval.

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.

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.

9. PRESENTATION REGARDING ELECTRICITY POOL. Cory Burton discussed the opportunity for the Board to join a "pool" of Districts, to conglomerate purchasing power and seek lower electricity rates. He stated the District's current contract ends in April of 2020; the idea would be to purchase an electricity contract beyond that date. The Board noted the fact that the term of the agreement for the "pool" went out to 2029, and stated their reluctance to join the pool. Mr. Burton stated the Board can negotiate independently; he stated he would ask a representative from Acclaim to attend and discuss with the Board.

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 55.4% utilized. Mr. Brown also discussed the water accountability at 88.9%. He reviewed the delinquent list, accounts to be sent to collections, and the preventative maintenance schedule with the Board.

Mr. Brown stated Alsay had completed the work at Water Well No. 1 at a cost of \$47,386.36. The Board discussed holding the payment until the water quality issues were resolved. Director Smith stated residents should be made aware when cleaning and servicing of the well is done, including making the information available on the website. Mr. Brown stated he cannot send information out without approval from the Board, but he would do so next time. Director Watson spoke on the integrity and transparency of the District's efforts in communication and stated the Board has requirements to conduct meetings, and the Board meets twice each month, at different times so that residents can attend and gain information. He stated it is good to have Next

Door, but there are meetings for a reason. He noted the Board will be holding meetings in its new building, once it is finished.

Director Washington asked about the electrical poles and boxes; Mr. Brown stated he is still waiting for the new boxes to arrive. Director Washington asked about the wiring near the detention pond; Mr. Brown stated it is not a District wire, and he will look to determine what type of wire it is.

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.

11. ENGINEER'S REPORT. Nancy 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 and the turf is being established. She discussed the Lift Station for the NPH project. She discussed the waterline and office at the Wastewater Treatment Plant and stated the work is complete; she is still waiting on the final pay estimate. Ms. Blackwell discussed Water Well No. 2 and the TCEQ Approval.

Ms. Blackwell discussed the District Building; Ed Shackelford noted the generator, ice maker, fence, gate and key card are listed as "allowance items" in the new bid package to finish the Building. He stated he had met with the HVAC contractor and with a generator consultant, and the goal is to produce a re-bid package to finish the Building in the third week of September.

Ms. Blackwell discussed the Water Well No. 1 Rehabilitation and stated the rehabilitation is complete. She reviewed the Alsay production report and the GM Services testing, which shows the capacity level looks good. She reviewed the sampling results from ELI and stated there are

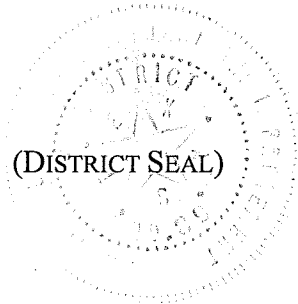
Sulfate Reducing Bacteria and Iron Related Bacteria present, in the “moderate” range. She stated these produce odor and reddish tint, which are a nuisance but are not a health risk. She recommended super-chlorinating the well and flushing the well, and then re-testing. She stated if that doesn’t work, the Board will have to decide whether to spend money to address this aesthetic issue; she noted the engineers could help to produce a blending schedule for surface water and well water.

The Board asked how this water quality issue happened, and whether Alsay could be held responsible. Ms. Blackwell stated the presence of bacteria in the aquifer has nothing to do with Alsay’s work; the red color is present in the well water, and no one put it there. President Smalls asked if there would ever be an end to it. Ms. Blackwell explained the bacteria are naturally occurring, and are in the aquifer itself; it is a common issue. She stated flushing helps, but there is no guarantee it ends the issue. Director Smith noted the bacteria is at the “moderate” level, and not the “aggressive” level. President Smalls asked why the Board should have to pay for that, after paying to have the work done. Ms. Blackwell explained Alsay has no control over the quality of water in the aquifer, and they worked on the District’s well at the Board’s request. Director Smith asked if all sediment was removed after the work was done; Mr. Shackelford confirmed the sediment was removed and there are videos from before and after. Director Smith stated the Board should ask if Alsay is willing to run a camera. Mr. Brown stated the operators usually do not get involved with the well testing contractor, as the engineer usually handles that communication. Ms. Blackwell stated that was correct and the engineers would usually interact with the contractor. Mr. Brown stated the engineers need to look at the videos, and he would ask Alsay if they would redo their work at no charge. Matthew Kelley stated the videos should have been reviewed.

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, 4-0.

12. ADJOURNMENT/CLOSED SESSION. 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 17th day of September, 2019.



Annie Jenkins
Secretary