

**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 October 1, 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 attorney, and Stephanie Nagel, Legal Assistant of Strawn & Richardson, P.C.; Laney Brown and Carlos Smith of SiEnviro; Ed Shackelford of AEI; Cory Burton of Municipal Accounts & Consulting; Sara Valladeres of Environmental Allies; Ray Arce of Wheeler & Associates; Christie Leighton of Best Trash; Matthew Kelley of MK Engineering; Mary DuBois of Acclaim Energy; and Paige Petty and Paige Smith, District 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.** Paige Petty of Brunswick Meadows addressed the Board and asked about the detention pond and pump. She stated she had been told by her HOA

the replacement cost of the pump is \$800,000. President Smalls explained there was a recent SOAH Hearing on the matter of the reimbursement of the pump construction costs to the developer, Lennar. She stated the District Directors begged the HOA not to accept maintenance of the pump, when the developer, Michael Johnson (Lennar's representative) offered them \$100,000 to accept it, but the HOA signed an agreement anyway. When the HOA realized that would be inadequate, they asked for more money and got another \$60,000 from Lennar which was brought out in the deposition by the Lennar attorney to show the HOA was satisfied. She stated now the HOA is considering a special assessment of \$300 per month to its members, for the pump, which is currently working. Ms. Petty stated the HOA is now sharing the maintenance costs for the pump with National Property Holdings, a commercial developer in the area. President Smalls stated the Board had asked the HOA to attend a meeting to discuss NPH's contribution to pump maintenance, and then the HOA left and made an agreement which could have been better. She stated she had told the HOA that Michael Johnson (Lennar's representative) should not have been on the HOA Board influencing it for as long as he was. She stated the Board keeps trying to help the HOA, which does not heed their advice. She stated the SOAH hearing revealed Lennar never intended to have the pump accepted by Harris County Flood Control District; Lennar had decided never to build it to the HCFCD required standard. She stated the developer, Lennar, has always focused on asking the Water District to take over the pump, and the HOA has continued to carry that mantle from them. She stated the entire District should not have to pay for bad contracts and mistakes for the Brunswick Meadows HOA, which they are not seriously trying to rectify. She cautioned against the "closed meetings" on the subject by the HOA where the District does not get to counter misinformation with the truth. Ms. Petty asked who actually does the maintenance on the pump, and the Board told her it is done by the District's operator, SiEnviro. President Smalls stated she does not know why the pump repair is being publicized; Ms. Petty stated it is being

touted as savings for future pump replacement as the reason for a special assessment. President Smalls stated the pump is insured and the HOA just got \$60,000 more from Lennar; she noted there is a lot of misinformation on NextDoor, as though the Board doesn't represent the entire District. She stated that missing is the fact that the Board had placed \$180,000 worth of sidewalks in the area, after Lennar failed to. Director Smith asked Ms. Petty to reach out to former members of the HOA about Lennar; She repeated that the HOA has ignored the Board's attempts to help.

3. **MINUTES.** The Board tabled this item.

4. **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 area near Mega Energy Drive and Brunswick Drive has not been cut.

5. **TRASH SERVICES REPORT.** Christie Leighton of Best Trash addressed the Board. She informed the Board that she has followed up with two customer complaints regarding the time difference in trash pickup. Ms. Leighton stated that sometimes the truck needs to stop collection on the route to go to the landfill and then returns to complete the route.

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 99.37% of its 2018 taxes, and 99.38% 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 HCAD had admitted an error on 1 of the 2 accounts, so the District must refund penalties on one, but cannot on the other, by law. He noted there was no name change form submitted on the 2nd account. Mr. Arce noted there had been over \$27,000 in penalties and interest collected on overdue accounts in the District, which was added to the District's revenues.

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 6 new payment agreements presented for approval. Following a discussion, it was moved by Director Smith and seconded by Director Washington to approve the payment agreements, 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 noted the Fed had adjusted rates and the CDs purchased are looking good, because they are now above the market rates. Director Watson stated he would continue to monitor to ensure the best results for the District.

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

9. PRESENTATION REGARDING ELECTRICITY. Mary DuBois of Acclaim Energy addressed the Board and stated she would present renewal options outside an electricity pool, which the Board decided against at the last meeting. She stated the current contract is with Reliant, through 2024 at a .04056 rate. She explained the coal plants are "retiring" and natural gas production is up, but demand is increasing faster than supply. She stated solar and wind cannot be stored in sufficient quantities. She recommended locking in rates now, at an 8 year term, to be added to the end of the current contract. Director Watson asked if congestion risk is included in

the analysis, and Ms. DuBois confirmed it is. President Smalls stated she is still not clear that solar energy won't improve as an option. The Board is not ready to vote at this time.

10. OPERATOR'S REPORT. Laney Brown presented the operations report, a copy of which is attached as Exhibit "C". He reported there were 2,808 connections, with no permit excursions at the Wastewater Treatment Plant, which was 47.5% utilized. Mr. Brown also discussed the water accountability at 100.7%. He reviewed the delinquent list, accounts to be sent to collections, and the preventative maintenance schedule with the Board.

Director Watson asked if the expenses for the Brunswick Meadows pump are being itemized, and President Smalls stated they are itemized and included in the bookkeeper's report.

Director Smith asked about the panel boxes in Morningside Place; Mr. Brown stated the project should get going soon. He stated there is no quote for the painting of facilities at the water plants, yet.

Mr. Brown updated the Board on Alsay's work on the water well; he stated they were injecting the well last week. Director Smith stated the Board needs responsive information as soon as possible.

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 REPORTS. Ed Shackelford reviewed the engineer's report from AEI, a copy of which is attached hereto as Exhibit "D". He discussed the progress on District projects, including the Capital Projects Plan. He discussed NPH Southpoint Phase II Detention Pond; he presented Pay Estimate No. 5 in the amount of \$31,126 for the Board's concurrence.

He discussed the waterline and office at the Wastewater Treatment Plant and stated the work is complete; he stated he will prepare and present the Certificate of Acceptance. He discussed Water Well No. 2 and the TCEQ Approval.

Mr. Shackelford discussed the District Building; he noted the HVAC information and the generator information had been compiled. He stated the cabinets had been wrapped and stored and Houston Cabinets is requesting an outstanding balance of \$15,115.94, and \$1,500 for two years of storage, which he said he would review and negotiate. He stated he met with Harris County permitting, and they are asking for the driveway and Fellows Rd. items to be resubmitted, but all other permits are still good. He asked for authorization to advertise on October 10th and 17th, with bids due on November 7th.

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.

Matthew Kelley presented his engineering report from MK Engineering. President Smalls stated Mr. Kelley would handle the Detention Pond Rehabilitation project with HCFCD, going forward. Mr. Kelley stated there had been many previous discussions about Flood Control projects at the Harris County Commissioners' Court meeting, besides the one which he attended. He stated HCFCD is moving forward with the project in Morningside Place.

Director Watson left the meeting at this time.

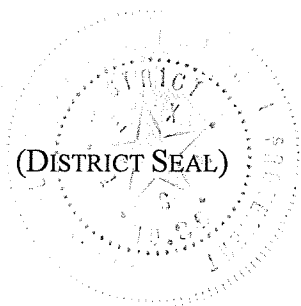
12. RESOLUTION REQUESTING RELEASE OF ESCROW. Chris Richardson presented a Resolution Requesting Release of Escrow by the TCEQ and explained there is money held in escrow since the 2011 Bond issue, for 8.501 acres of the detention pond in Brunswick Lakes due to lack of a recorded deed. He stated there is now a recorded deed for the 8.501 acres, owned by developer Tom Moughon. He explained the funds for 5 acres of the remaining acreage

are part of the 2018 Bond issue; those funds will be paid to David Klein as part of separate transaction. He explained there are issues with the final 10 acres, as they are owned by other developer entities; that ownership will need to be resolved so that the 10 acres can be transferred to the District, and the final funds from the 2018 Bond issue for the detention pond can be released. He explained all of this is necessary so that the District will have clean title to the pond, but it is unusual because of the way the developers carved up and held the pond land in separate entities. President Smalls stated there is one pond, which the developers chose to carve up, and they came to the Board, and said they would fix the pond, so none of them should be paid for the land until all of the issues are resolved. She stated the title issues really are not the District's problem.

Following further discussion, it was moved by Director Washington and seconded by Director Smith to approve the Resolution Requesting Release of Escrow Funds, which motion carried unanimously, 3-0. A copy of which is attached hereto as Exhibit "E".

13. 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 15th day of October, 2019.



Annie Jenkins
Secretary