

**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 January 7, 2020, 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.

Also present were Chris Richardson, attorney, Stephanie Nagel, Legal Assistant of Strawn & Richardson, P.C.; Laney Brown of SiEnviro; Ed Shackelford of AEI; Matthew Kelley of MK Engineering; Cory Burton of Municipal Accounts & Consulting; Sara Valladeres of Environmental Allies; Ray Arce of Wheeler & Associates; Christie Leighton of Best Trash; Charlie Liesberger of Alsay; Nadeem Abassi and Aaslan Nazarali of Aria Development.

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.
- 2. PUBLIC COMMENTS.** Charlie Liesberger of Alsay discussed the rehabilitation work on the District's water well. He stated super-chlorination had been completed. He offered a \$2,000 credit on the invoice. Laney Brown stated the water from the well still has color and odor issues. Ed Shackelford stated the lab results are testing fine, per TCEQ limits.

President Smalls stated the District is in worse shape than when Alsay started. Mr. Liesberger stated the bacteria was already in the water before Alsay started; he stated the walls were deteriorated and had an orange color. Mr. Brown stated there had been a decline in pumpage; testing had been done every 6 months. Mr. Liesberger stated Alsay had chosen hydroxyacetic acid due to the presence of the bacteria. President Smalls stated the result is still not what the Board wanted. Mr. Liesberger stated air from the pump will reduce the bacteria when the pump is running. President Smalls stated the \$2,000 reduction on the invoice is not enough, and asked Mr. Liesberger to let his superiors know. Mr. Liesberger repeated the bacteria was in the water in the well all along, and not caused by Alsay. Director Washington asked why Alsay did not come back to the Board before doing the super-chlorination to discuss cost sharing; Mr. Liesberger stated he did not have the direct numbers for the Directors. President Smalls stated Alsay had contact numbers for the operator and the engineer.

3. MINUTES. The Board reviewed the minutes of the December 17, 2019 meeting. A motion was made by Director Washington, and seconded by Director Jenkins, to approve the minutes with revisions discussed, which motion carried 5-0.

The Board reviewed the minutes of the November 19, 2019 meeting. A motion was made by Director Washington, and seconded by Director Jenkins, to approve the minutes with revisions discussed, which motion carried unanimously, 5-0.

4. DETENTION FACILITIES REPORT. Sara Valladeres presented the detention pond maintenance report, and reviewed the pictures of the ponds with the Board. Directors Washington and Watson stated they did go out and inspect the area around the Morningside Place Pond and the debris was still in place.

5. TRASH SERVICES REPORT. Christie Leighton addressed the Board and stated there have been no major issues with the trash service in the District.

6. SECURITY AT DISTRICT FACILITIES. President Smalls noted Sgt. Meek's absence, again. She noted Constable Walker had said they would send someone if Sgt. Meek could not attend the District's meetings.

7. 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 58.56% of its 2019 taxes, and 99.36% of its 2018 taxes.

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, 5-0.

8. DELINQUENT TAX PENALTY RESOLUTION. Chris Richardson presented to the Board the Resolution Authorizing Delinquent Tax Penalty, a copy of which was attached as Exhibit "B". Mr. Richardson explained the Resolution allows the District to attach the statutory 20% collection penalty to personal property accounts which remain delinquent as of April 1, and to real property accounts, as of July 1. Following further discussion, it was moved by Director Smith and seconded by Director Washington that the Resolution Authorizing Delinquent Tax Penalty be approved, which motion carried unanimously, 5-0.

9. 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 noted he would bring the draft budget to the next month's meeting. He asked if the Board would prefer to release the payment to Big Tree Service, and the Board agreed. Director Watson asked the Board for permission for him to attend the Investment Officer Conference in San Antonio on February 23rd – 26th, and the Board agreed.

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, 5-0.

10. OPERATOR'S REPORT. Laney Brown presented the operations report, a copy of which is attached as Exhibit "D". He reported there were 2,809 connections, with no permit excursions at the Wastewater Treatment Plant, which was 51.8% utilized. Mr. Brown also discussed the water accountability at 78.72%. He reviewed the delinquent list, accounts to be sent to collections, and the preventative maintenance schedule with the Board.

President Smalls asked Mr. Brown to look into the metering of the irrigation and fire suppression accounts along the Beltway at Fellows Road.

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

The Board entered into executive session to discuss matters with its attorney. The executive session began at 12:10 p.m. and the Board returned to open session at 12:50 p.m.

11. AEI ENGINEER'S REPORT. Ed Shackelford presented the engineer's report for AEI, a copy of which is attached hereto as Exhibit "E".

Mr. Shackelford discussed the progress on District projects, including the Capital Projects Plan. Mr. Shackelford discussed NPH Phase I and the capacity commitment request; he noted the Board had received an additional deposit from the developer. He noted he would be deferring action on the capacity commitment letter, which he was working on with President Smalls.

Mr. Shackelford discussed the Popeye's Restaurant and the request for Plan Approval and a Capacity Commitment. He presented a draft capacity commitment letter and noted the owner had deposited \$2,500 in additional funds with the District. He stated the owner had complied and provide drawings, and had addressed the issues he had outlined; he stated the owner had completed the televising of the lines at the restaurant. He stated there was no reason to deny capacity at this point, and he added SI Enviro will need to do the inspections. He noted the Popeye's had opened and is apparently using water, without an executed capacity commitment letter from the Board.

President Smalls stated the District's Rate Order includes fines for theft of service, or unauthorized use of water. She stated the owner had ignored the District's regulations and had begun service without approval from the Board. Mr. Shackelford recommended signing the capacity letter, to which the Board agreed, subject to the attorney's review and subject to Mr. Shackelford's addition of possible fines, pursuant to his review of the District's Rate Order. Mr. Shackelford also stated he would need to make an allocation of capacity for the whole building, as well.

Mr. Shackelford discussed NPH Southpoint Phase II Detention Pond, and the NPH Phase II Lift Station and Utility Extension. Mr. Shackelford also discussed the waterline and office at the Wastewater Treatment Plant.

Mr. Shackelford discussed the District Building; he noted the pre-construction meeting had been scheduled for January 8, 2020 at the engineer's office. He discussed the TRW Houston invoice for structural engineering services in the amount of \$1750; the Board approved payment.

Mr. Shackelford discussed the Water Plant Inspections; both plants are due for annual inspections. President Smalls stated Ms. Blackwell had said there was an agreement in place for AEI to perform the inspections, but there is not; she stated her preference to decline and to use MK Engineering, and the Board agreed.

Mr. Shackelford discussed the assessment for coating at the plant, to address rust and related issues. He stated touch-ups are needed; he asked if the Board would prefer to completely repaint the facility. President Smalls noted the item was not part of the current budget and she asked to defer the time until the new budget is considered in April.

Mr. Shackelford discussed the well rehabilitation by Alsay; Director Watson asked for his recommendation on how to proceed. Mr. Shackelford stated he would go back onsite to evaluate the current condition of the well. He stated the water can be treated with phosphates, or can be blended with surface water to address the presence of the iron bacteria in the water. He also stated he would like to research the "history of iron" or bacteria in the well, as claimed by Alsay.

Matthew Kelley stated ortho-phosphates can be used to coat the pipes, and should reduce the particles coming from the pipes, if that is actually the source of the particles.

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

12. MK ENGINEER'S REPORT. Matthew Kelley presented the engineering report for MK, attached hereto as Exhibit "F". Mr. Kelley discussed the Morningside Place Storm Sewer Improvements and stated he would work toward an interlocal agreement. He discussed the Morningside Place Pond Rehabilitation project and presented the list of options. He also discussed the Water Plant Evaluations, which he stated should be done every five years; he stated MK Engineering can do them, which the board did authorize.

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

13. DEVELOPER'S REPORT. Nadeem Abassi and Aaslan Nazarali of Aria Development addressed the Board and stated they want to develop apartments in the District; they asked what is holding up approval from the Board. They outlined the amenities to be offered, including 24-hour security. They stated Phase I should be finished 18 months after all approvals are received. They stated the tenants will be required to have 680-700 credit scores, and they are looking for income at least 4 times the rent, to avoid turnover issues. They stated they do not intend to sell the property. President Smalls stated the ARIA representatives' next step would be to pay for a feasibility study, and she referred them to the District engineer.

14. AUTHORIZE ANNUAL SPECIAL PURPOSE DISTRICT FILING. Chris Richardson stated the Legislature in Senate Bill 625 mandated a form to be filled out and filed on the Comptroller's website, listing certain financial information about some districts, including water districts. He noted this was done last year as well. Following discussion, it was moved by

Director Smith, and seconded by Director Washington, to authorize the annual Special Purpose District Filing, which motion carried unanimously, 5-0.

15. 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 21st day of January, 2019.

Annie Jenkins
Secretary

