

MINUTES OF MEETING OF BOARD OF DIRECTORS
April 20, 2022

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 89

The Board of Directors (the “Board”) of Harris County Water Control & Improvement District No. 89 (the “District”) convened in regular session on April 20, 2022, at 11:30 a.m. at 3455 Fellows Rd, Houston, TX 77047 and via teleconference. A roll call was taken of the persons present:

Sharyn Smalls, President
Paige Smith, Vice President
Arthur Washington, Secretary
AK Babers, Assistant Secretary
Byron Keith Watson, Sr., Investment Officer

All members of the Board were present, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Matthew Kelley of MK Engineering (“MK”), engineer for the District; Mr. Carlos Smith and Mr. Laney Brown, of Si Environmental, LLC (“Si”), operator of the District’s facilities; Mr. Reginald Wilson and Ms. Kaity Malek of Norton Rose Fulbright US LLP (“NRF”), attorneys for the District; Ms. Kandy Pfeffer of Elite Bookkeeping LLC, bookkeeper for the District; Ms. Linda Carter, Building Manager for the District; Ms. Victoria Laste, resident of the District;; and Ms. LaShonda Fanniel, resident within the District.

In accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as Exhibit “A,” the following business was transacted:

Call to Order. Mr. Wilson called the meeting to order.

- 1. Opening Prayer.** Director Washington opened the meeting with a prayer.
- 2. Authorize teleconference meeting; Board finding of existence of emergency or public necessity making the convening at one location of a quorum of the government body difficult or impossible and permitting a meeting by teleconference pursuant to Section 551.125 of the Texas Open Meetings Act.** Upon motion by Director Watson, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to find the existence of an emergency or public necessity, i.e., Delta variant of COVID-19, making the convening at one location of a quorum of the government body difficult or impossible and permitting a meeting by teleconference pursuant to Section 551.125 of the Texas Open Meetings Act.
- 3. Public Comments.** There were no public comments at this time.
- 4. Report by Harris County Constable, Precinct No. 7.** There was nothing to report at this time.
- 5. Review Operator’s Report and authorize necessary repairs.** Mr. Smith stated that on Monday, April 18th at well #1, Si found that the well motor needs to be replaced. He further

stated that Si is currently gathering quotes at this time for repairs and will present to the Board at a later date. Discussion ensued regarding the cost of the repair.

President Smalls inquired about establishing the sludge pick-up request for Magna Flow. She stated that the District would like documentation of the calls and times of service. Discussion ensued.

Upon motion by Director Watson, seconded by Director Smith, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the Operator's Report.

6. Review Engineer's Report and take any necessary actions. Mr. Kelley presented and reviewed the engineer's report, a copy of which is attached hereto as *Exhibit B*.

Mr. Kelley reported that agency review is taking place for the lift station rehabilitation plans. He further stated that the District has received approval from the Texas Commission on Environmental Quality ("TCEQ") and is awaiting approval from the other agencies.

Mr. Kelley noted that he has reviewed the developer documents for the 2021 bond application report and is ready to move forward with speaking to the District's financial advisor regarding the reimbursement. President Smalls inquired about the status of NPH on withdrawing their protest of taxes. Mr. Kelley stated that he spoke with the NPH and found that they have not submitted the claim at this time. Discussion ensued.

Mr. Kelley reported on the Harris Galveston Subsidence District ("HGSD") and City of Houston ("COH") usage. Discussion ensued regarding the District's surface water issue and setting up a meeting to discuss these issues with the HGSD and COH.

Mr. Kelley extensively discussed with the Board the areas of concern with respect to water plants #1 and #2. President Smalls inquired about maintenance and applications that could help slow down the corrosion of the plants and piping. Mr. Kelley stated that over time material will wear off but this is typically what happens to these tanks and piping. Discussion ensued.

Mr. Kelley further stated that none of the recommended repairs are major emergency repairs, but he wanted to bring these issues before the Board. He stated that water plant #2 needs to be rehabbed before water plant #1 within the next 2 years due to the corrosion.

President Smalls inquired about a chlorine blast previously at the groundwater storage tank. She stated that she assumed the interior would be in better condition due to the blast in July 2021. Mr. Kelley stated that due to an oils in the tank, it will never be completely white again even after cleanings. President Smalls stated that once the District receives the information on the sewer and manhole issues, the District will then prioritize the jobs.

Mr. Kelley reported that he would like to address the District building contractor matters in executive session. The Board agreed.

Upon motion by Director Watson, seconded by Director Smith, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the Engineer's Report.

7. Review Supplemental Bookkeeper's Report and take any necessary action.

Ms. Pfeffer reviewed a copy of the supplemental bookkeeper's report, a copy of which is attached hereto as *Exhibit C*.

Ms. Pfeffer presented 13 checks for Board approval, noting two additional checks written after the report. Discussion ensued regarding the checks presented.

Ms. Pfeffer reported on the District's investments. She stated that there are two CDs maturing in April. Extensive discussion ensued regarding the CD renewal terms. Director Watson recommended renewing the CDs for 6 months in the highest rate available in hopes that the market will increase during that time.

Ms. Pfeffer reported on the District's budget, stating that there were a few items that went over budget.

Upon motion by Director Watson, seconded by Director Washington, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the Supplemental Bookkeeper's Report, to authorize payment of the expenditures listed therein, to invest the funds from the maturing investments in CDs at the highest rates available.

8. Authorize Bookkeeper to open an account with Logic or explore additional options. Director Smith requested to defer this agenda item until the District can have other companies discuss options on investments. Discussion ensued. Upon motion by Director Smith, seconded by Director Watson, after full discussion and having had the question put to the Board, the Board voted unanimously to authorize the bookkeeper to obtain quotes from various banks and 3rd party companies and bring back to the board.

9. Discuss General Manger Report and take any necessary action. President Smalls presented and reviewed a copy of the General Manager's Report, a copy of which is attached hereto as *Exhibit D*.

President Smalls reported on various ongoing issues related to the City of Houston pressure issue and water quality concern.

Ms. Carter reported on the community wide event scheduled on June 4th. She stated that there are various companies attending this event. President Smalls stated that volunteers will be needed for this event to help hand out food and other various activities. President Smalls further reported on the other various items regarding the District Administration Building.

Upon motion by Director Watson, seconded by Director Smith, after full discussion and having had the question put to the Board, the Board voted 4-0, with President Smalls abstaining, to approve the General Manager's report.

Director Babers left the meeting at this time.

10. Discuss commercial water rate and take any necessary action. The Board extensively discussed the commercial and non-profit connection water rate amounts in the District's Rate Order, a copy of which is attached hereto as *Exhibit E*.

President Smalls discussed separating the commercial and non-profit, leaving the non-profit rate at four times the single family rate and raise the commercial rate to twelve times the single family rate.

The Board discussed the commercial and non-profit connection sewer rate amounts. President Smalls discussed raising the rates for commercial connections to six times the single-family rate instead of four times the rate.

The Board discussed the Out-of-District water and sewer rates to nine times the amount.

Upon motion by Director Washington, seconded by Director Watson, after full discussion and having had the question put to the Board, the Board voted unanimously to approve the amended commercial water and sewer rates within the District's Rate Order, as discussed.

11. Review and amend Rate Order. This agenda item was approved during agenda item 10.

12. Review and revise Ethics Policy. This agenda item was tabled.

13. Committee Progress Reports. This agenda item was tabled.

14. Approve minutes of March 2, 2022 and March 16, 2022. This agenda item was tabled.

15. Review Consultant Contracts and take any necessary action. This agenda item was tabled.


16. Adjournment/Future Agenda Items. The Board unanimously decided that the May meeting dates will be held 100% in person at the District's administration building.

17. Executive session pursuant to Section 551.071, Texas Gov't Code, to confer with attorney regarding matters where the duty of the attorney to the Board requires confidentiality. Upon motion by Director Washington, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously to enter into Executive Session at 2:00 p.m. pursuant to Section 551.071 Texas Gov't Code, to discuss a matter in which the duty of the governmental body under the Rules of Professional Conduct requires confidentiality. At this time all persons left the meeting, except the Board members, Mr. Wilson, Ms. Malek and Mr. Kelley. Upon motion by Director Watson, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted unanimously to enter into public session at 2:27 p.m. Ms. Malek reported that no persons were waiting to enter the meeting, and no motions were made upon the conclusion of executive session.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
THE MEETING WAS ADJOURNED.

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The foregoing minutes were passed and approved by the Board of Directors on May 4, 2022.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

