

MINUTES OF MEETING OF BOARD OF DIRECTORS

August 3, 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 August 3, 2022, at 11:30 a.m. at 3455 Fellows Rd, Houston, TX 77047. A roll call was taken of the persons present:

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

All members of the Board were present, except Director Smith, thus constituting a quorum. Ms. Isabel Mata of Wheeler & Associates (“Wheeler”), tax assessor and collector for the District; Mr. Carlous Smith and Mr. Laney Brown, of Si Environmental, LLC (“Si”), operator of the District’s facilities; Mr. Matthew Kelley of MK Engineering (“MK”), engineer for the District; Ms. Kaity Malek of Norton Rose Fulbright US LLP (“NRF”), Paralegal for the District; Ms. Kandy Pfeffer of Elite Bookkeeping LLC, bookkeeper for the District; Ms. Juanita Williams, Building Manager for the District; Mr. Dustin Hannah and Ms. Annette Stevens, Best Box representatives, and Mr. Mike Smith, 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.** President Smalls called the meeting to order.

**1. Opening Prayer.** Director Washington opened the meeting with a prayer.

**2. Public Comments.** Ms. Stevens and Mr. Hannah, representatives of Best Box, introduced themselves to the Board. Mr. Hannah discussed with the Board the Best Box project, stating that it’s a storage facility based out of St Louis. He discussed the water needs for the facility. Ms. Stevens stated that the contract would be for allocating out of the ground water source and Best Box would be paying for any disincentive fees should they be the issue to have one. She further stated that Best Box would be willing to pay any associated fees by the operator and engineer to do a usage service. President Smalls inquired about the anticipated use for water during construction. Mr. Hannah stated that the biggest water usage would be to wet down the site, but he does not have the exact numbers. He stated that Best Box would need a temporary 1” meter for construction. Discussion ensued.

**3. Adopt Order Calling Director’s Election.** This item was deferred until the August 17, 2022 meeting.

**4. Detention Facilities Report.** President Smalls stated that she is currently working with the District’s engineer to search for vendors and move forward with the bidding project. She stated that she will further discuss this at the next meeting.

**5. Trash Services Report.** There was nothing to report at this time.

**6. Security at District Facilities.** It was stated that the cameras in the various places are in and running.

**7. Review Interlocal Agreement with Harris-Galveston Subsidence District and take any necessary actions.** Mr. Wilson stated that he spoke with the general manager of the Harris-Galveston Subsidence District (“HGSD”) regarding the purchase of water. He stated that the purchased water cannot be used all within a year. Mr. Wilson stated that the HGSD has offered the District 900 students to support for this year’s Interlocal Agreement. He then stated that if the District can find another District with credits available to purchase then they can be purchased directly for use. Extensive discussion ensued. Upon motion by Director Washington, seconded by Director Watson, after full discussion and the question being put to the Board, the Board voted, to approve the Interlocal Agreement with Harris-Galveston Subsidence District for 900 students.

**8. Consider and approve Application for Use of Surplus Funds by the TCEQ.** Mr. Kelley presented to and reviewed with the Board the Application for the use of 2009 surplus funds by the TCEQ, a copy of which is hereto attached as Exhibit C. He discussed with the Board the use of the remaining 2009 surplus funds. Upon motion by Director Watson, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted, 3-1 with Director Babers abstaining, to approve the Application for Use of Surplus Funds by the TCEQ.

**9. Review and approve Rate Order Amendment.** Mr. Wilson stated that this is a ratification from the last meeting when the Board amended the District’s rate order to provide the new trash rate. Upon motion by Director Washington, seconded by Director Watson, after full discussion and the question being put to the Board, the Board voted, 3-1 with Director Babers abstaining, to approve the rate order amendment.

**10. Review report by Tax Assessor and Collector’s Report and authorize payment of certain bills.** Mr. Gilmore presented to and reviewed with the Board the Tax Assessor and Collector’s Report and the Delinquent Tax Report, a copy of which is attached hereto as Exhibit D.

We will be moving our accounts to Frost Bank due to Allegiance giving random fees and not being up to par with customer service.

Ms. Mata presented 7 checks and one wire for Board approval. Discussion ensued.

Ms. Mata reported that 99.4% of the District’s taxes have been collected as of July 31, 2022.

Upon motion by Director Watson, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted to accept the Tax Assessor and Collector’s Report and to authorize payment of checks from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector’s Report, and approve sending the delinquent accounts to uncollectables.

Ms. Mata discussed the delinquent tax report, stating that there are no new installments at this time. Discussion ensued.

**11. Review Bookkeeper's Report and Investment Report and authorize payment of bills.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report, the Investment Report, and the Operating Budget, copies of which are attached hereto as Exhibit E.

Ms. Pfeffer provided a summary of all accounts.

Ms. Pfeffer presented checks for Board approval. Discussion ensued regarding the additional checks presented for approval.

Ms. Pfeffer reviewed the debt service fund.

Ms. Pfeffer reviewed the investment report. She stated that there are no CD's up for renewal at this time.

Ms. Pfeffer reviewed the District's three month budget. Extensive discussion ensued.

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 accept the Bookkeeper's Report, to authorize payment of the checks in the report and for the purposes listed therein, and to approve the Investment Report.

**12. Review and approve Operations Report and authorize repairs.** Mr. Smith presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit F.

Mr. Smith reported that the District's accountability for the month is 99.33%.

Mr. Smith discussed the progress of the aerator repair. He stated that he will reach out to companies for quotes on the repair and bring the proposals to the next meeting.

Mr. Smith reported on the District's reoccurring maintenance items.

Mr. Smith and the Board discussed the delinquent accounts. He stated that there are 42 account to turn into collections in the amount of \$12,927.11.

Upon motion by Director Washington, seconded by Director Babers, after full discussion and the question being put to the Board, the Board voted unanimously to (1) approve the Operations Report; (2) approve the delinquent cut off list and the 42 collections in the amount of \$12,927.11; (3) have SI move forward with bring quotes for the aerator repair not to exceed \$3,500, if the aerator needs to be replaced and to contact the Board.

**13. Review Engineer's Report.** Mr. Kelley presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit G.

Mr. Kelley reported that the Morningside project will be moving to the advertising and bidding phase this month or next.

Mr. Kelley reported that MK is still waiting on approval from COH regarding the Lift Station rehabilitation.

Mr. Kelley reported that MK is wrapping up the report and will bring to the Board for review.

Mr. Kelley stated that Frost Construction has completed the sidewalk repair. He stated that MK is currently working with them to determine the cause of a slow drain in the riser room.

Mr. Kelley reported that Iron Access' additional 60 day request will be over next week and they do not look to be complete at this time.

Mr. Kelley extensively discussed the Water Well No. 1 options with the Board. He stated that options two and three would potentially need to be sent out for bids, but he could try to reach out to the TCEQ and expedite this project stating that it would be emergency repair project due to Well #2 producing sand. Upon motion by Director Washington, seconded by Director Watson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and have MK move forward with sending an emergency letter to the TCEQ regarding the replacement of Well #1 with option 3.

The Board discussed the Best Box presentation that was given during public comments. Director Washington stated that he does not think that the District should entertain moving forward with the company at this time due to the current water usage issues that the District is facing. Discussion ensued.

**14. Approve minutes of July 6, 2022 and July 20, 2022.** The proposed minutes of the July 6, 2022 meeting, previously distributed to the Board, were submitted for consideration and approval. Upon motion by Director Watson, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted, 3-1 with Director Babers opposed, to approve the minutes of the July 6, 2022 regular meeting, as presented.

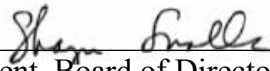
The proposed minutes of the July 20, 2022 meeting, previously distributed to the Board, were submitted for consideration and approval. Upon motion by Director Washington, seconded by Director Watson, after full discussion and the question being put to the Board, the Board voted, 3-1 with Director Babers abstaining, to approve the minutes of the July 20, 2022 regular meeting, as revised.

**15. Adjournment/Future Agenda Items.** The Board discussed adding a budget amendment to the next meeting's agenda. Upon motion by Director Babers, seconded by Director Washington, after full discussion and the question being put to the Board voted to have this item added to the agenda.

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 September 7, 2022

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors