

MINUTES OF MEETING OF BOARD OF DIRECTORS
September 7, 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 September 7, 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, 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. John Howell of the GMS Group, financial advisor for the District; M. Rodriguez with Constables Office; and Mr. Mike Smith, Ms. Jalisa Jordan and Ms. Carla Wing residents 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 Watson opened the meeting with a prayer.

2. Public Comments (3 minutes). Ms. Jordan introduces herself and Ms. Wing stating that they work for Gram Management in association with Brunswick Place. She stated that there is an easement that potentially belongs to the District. She reported that the easement is currently being maintained by the landscaper that was hired but it is no longer in their budget to continue maintaining. President Smalls inquired about the location and stated that it does not belong to the District and that they would need to contract Harris County Precinct 1. Discussion ensued.

Mr. M. Smith stated that he has concerns regarding the landscaping within his neighborhood and the District not being manicured properly. He inquired about who was in charge of maintaining the overgrowth of foliage at the District facilities. Director Washington stated that he will look into his concerns.

Director Smith joined the meeting at this time.

3. Security at District Facilities. There was nothing to report at this time.

4. Consider Financial Advisor's tax rate recommendation for 2022 Tax Rate. Mr. Howell presented and reviewed a tax rate analysis for the District, a copy of which is attached hereto as Exhibit B.

Mr. Howell reported the highest tax rate to be levied without exposing the District to a rollback election is \$0.85. Mr. Howell stated he recommends publishing a tax rate of \$0.79.

Mr. Howell reported that a penny of MUD taxes is worth \$70,000 in revenue to the District and is \$18 to the average homestead.

5. Adopt Order Designating Officer to Calculate and Publish Tax Rate for 2022. Mr. Wilson presented and reviewed the Order Designating Officer to Calculate and Publish Tax Rates, a copy of which is attached hereto as Exhibit C. Discussion ensued. 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 publish a tax rate of \$0.79 consisting of \$0.35 for debt service and \$0.44 for maintenance and operation expenses and to authorize the tax assessor to publish the tax rate.

6. Review Tax Assessor and Collector Report and authorize payment of bills. Ms. Mata 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.

Ms. Mata presented 9 checks and one wire for Board approval. Discussion ensued.

Ms. Mata reported that 99.52% of the District's taxes have been collected as of August 31, 2022.

Ms. Mata discussed with the Board the delinquent tax accounts, stating that there are two accounts that are eligible for water termination. Discussion ensued.

Upon motion by Director Washington, seconded by Director Babers, after full discussion and the question being put to the Board, the Board voted, 4-1, with Director Watson opposing the delinquent tax termination list, 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 and to terminate the water of the two eligible delinquent accounts.

7. 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.

Ms. Pfeffer reviewed the debt service fund.

Ms. Pfeffer reviewed the investment report. She stated that there are nine CD's up for renewal and that she will further discuss the renewals at the next meeting.

Ms. Pfeffer reviewed the District's four month budget. Discussion ensued.

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 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.

8. Review Operator's Report and authorize necessary repairs. Mr. Smith presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit F.

Mr. C. Smith reported that the District's accountability for the month is 97.83%.

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

Mr. C. Smith stated that there are two manholes that need to be finished. He stated that Si is waiting on the cuplinks to arrive and that they should be here by the end of October.

Mr. C. Smith reported that there are two digestors that need to be drained and cleaned. He presented to the Board two bids from Magna Flow in the amount of \$21,000 and Sprint Waste in the amount of \$46,896. Extensive discussion ensued regarding the bids.

Mr. C. Smith reported on the quote for the driveway at well 1, stating that Si has confirmed that it is 8" commercial concrete. Discussion ensued regarding the pricing for pouring the entire driveway. Mr. C. Smith stated that he will bring back quotes at the next meeting.

Mr. Brown discussed with the Board the potential replacement of digital smart meters that have gone out. He stated that Si can replace the meters with new smart meters or with meters that are not digital. Discussion ensued. Mr. Brown stated that Si will look into pricing and report back at the next meeting.

Director Washington stated that he has noticed throughout the District there are several fire hydrants with caps that are off and need to be replaced. He further stated that there are several hydrants that will also need to be repainted. Mr. C. Smith stated that Si will move forward with an inspecting the hydrants for repainting and replacement of the caps. He stated that he will bring quotes for repainting of the hydrants to the next meeting.

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 (1) approve the Operations Report; and (2) approve the quote from Magna Flow in the amount of \$21,000.00.

9. Review Engineer's Report and take any necessary actions. 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, stating that advertising and construction will begin at end of year.

Mr. Kelley reported on the lift station rehab, stating that the City approved the plans and should be releasing it in a few weeks. He stated that if approved by the Board, MK will move forward with advertising.

Mr. Kelley stated that Frost Construction and Grey Mechanical is continuing to work on the condensation issues within the District's building.

Mr. Kelley reported that Iron Access is 50% complete and is continuing to work on the fencing at the District's building.

Mr. Kelley reported on the ground water reduction plan, stating that no contract has been sent yet and that MK is waiting on the City of Houston to send one over.

Mr. Kelley reported on Well #1, stating that the design phase is complete and solicitation will be sent tomorrow. He stated that he should have bid approvals by the next meeting.

Upon motion by Director Smith, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted to approve the engineer's report and to approve MK to move forward with bidding on the lift station once plans have been received.

10. Approve Continuing Disclosure Report and filing with EMMA. This item was deferred.

11. Review and approve the Harris County Joint Election Contract. Mr. Wilson presented to and reviewed with the Board the draft Harris County Joint Elections Contract, a copy of which is hereto attached as Exhibit G. He stated that the approval of this draft contract will allow the District to fully enter into the contract to hold an election with the County. 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 contract in form, waiting for the final amount.

12. Approve minutes of August 3, 2022 and August 17, 2022. The proposed minutes of the August 3, 2022 meeting, previously distributed to the Board, were submitted for consideration and approval. Upon motion by Director Watson, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted, 4-1 with Director Babers opposed, to approve the minutes of the August 3, 2022 regular meeting, as presented.

The proposed minutes of the August 17, 2022 meeting, previously distributed to the Board, were submitted for consideration and approval. Upon motion by Director Watson, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted, 4-1 with Director Babers opposed, to approve the minutes of the August 17, 2022 regular meeting, as presented.

13. Discuss the health and safety for the District building. President Smalls stated that at the last meeting the Board discussed the apparent need to enhance the safety of the building and tenants. She stated that as a result we will now have a deputy attend all meetings and post a sign not allowing weapons in the building. Extensive discussion ensued regarding having a deputy present at the meetings. Upon motion by Director Watson, seconded by Director Washington, after full discussion and the question being put to the Board, the Board voted to approve the signage regarding weapons to be posted on the buildings window.

14. Other. President Smalls reported that she is working on updating the mowing contract and will send it out for bids soon. She stated that in the meantime the company that mows the District's facilities will also maintain the channels.

15. Executive session pursuant to Section 551.071 for the purpose of a private consultation with the Board's attorney on matters in which the attorney's duty to the governmental body requires confidentiality under the Rules of Professional Conduct of the State Bar of Texas. The President opened discussion to an executive session under Section 551.071 of the Open Meetings Act for a private consultation with its attorneys. Upon motion by Director Watson, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted unanimously at 1:17 p.m. to enter into executive session pursuant to Section 551.071, Texas Gov't Code, for private consultation with its attorney on a matter in which the duty of the attorney to the Board under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas requires confidentiality. The following persons in attendance: the Directors, Mr. Wilson, Ms. Malek, Mr. Kelley and Deputy Rodriguez. Upon motion by Director Babers, seconded by Director Watson, after full discussion and the question being put to the Board, the Board voted unanimously to reconvene in public session at 1:42 p.m.

Upon motion by Director Washington, seconded by Director Smith, after full discussion and the question being put to the Board, the Board voted to have legal and engineering move forward with exploring and obtaining additional information for the Board to consider about the Best Box overtures and bringing it to the next meeting.

16. Adjournment/Future Agenda Items. There was nothing further to discuss.

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 October 5, 2022



President, Board of Directors

ATTEST:



Secretary, Board of Directors