

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

MAY 21, 2019

The Board of Directors (the "Board" or "Directors") of Harris County Water Control and Improvement District No. 99 (the "District") met in regular session, at 6:30 p.m., at 19423 Lockridge Drive, Spring, Texas 77373, on Tuesday, May 21, 2019, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

| | |
|--------------------------|---|
| Monte Lee Cooper | President |
| Billy Ray Fritsche | Vice President |
| Tim Evans | Assistant Secretary |
| Ed Jensen | Secretary/Treasurer/Investment Officer |
| Charles Leroy Richardson | Director/Operations Maintenance Officer |

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Doug Jacobson of Eagle Water Management, Inc., operator for the District ("Operator" and/or "Eagle Water"); Karen Long of Equi-Tax, Inc., tax assessor-collector and bookkeeper for the District ("Equi-Tax"); Sergio Van Dusen and Caitlin Bobb, EIT of Vogt Engineering, L.P., engineer for the District ("Engineer"); Andrew P. Johnson III and Zachary A. Petrov, attorneys and Marisa L. Roberts, Legal Assistant of Johnson Petrov LLP, attorney for the District ("Attorney"); Ray Young, P.E. of WaterEngineers, Inc. ("Water & Wastewater Treatment Consultant"); Mary Dubois of Acclaim Energy Advisors; and several residents of the District and members of the public (see Sign-In Sheet).

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

1. Minutes. The Board reviewed the minutes of the regular meeting held on April 19, 2019, a copy of which was previously distributed to the Board. Upon motion by Director Jensen, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting held on April 16, 2019.

2. Constable's Report. Deputy Z. Ryan presented an oral written report and updated the Board regarding the recent activities in the District. He also responded to questions from the Board.

3. Bookkeeper's Report/Investment Report/Tax Assessor-Collector's Report/Energy Usage Report. Ms. Long presented to and reviewed with the Board, the Bookkeeper's Report, Investment Report, Tax Assessor-Collector's Report, and Energy Usage Report for the previous month, copies of which are attached hereto collectively as Exhibit "A." She also reported there was no unclaimed property to report.

a. Ms. Long next reported that TexPool is paying 2.4367% interest and the net asset value is 0.99996%. She also presented and reviewed the Energy Usage Report.

Upon motion by Director Fritsche, seconded by Director Jensen, after full discussion and the question being put to the Board, all members of the Board present voted to 1) approve the Bookkeeper's Report, Investment Report, Tax Assessor-Collector's Report, and Energy Usage Report, as presented, 2) authorize the payment of checks numbered 11944 through 11974 from the Operating Account; and 3) authorize the payment of one (1) check numbered 2389 from the Tax Account.

4. Operator's Report. Mr. Jacobson presented the Operations Report, a copy of which is attached hereto as Exhibit "B," and responded to questions from the Board.

a. Mr. Jacobson reported the average daily flow at the sewer plant during the previous month was 80,000 G.P.D. He also reported the pumped to billed ratio was 96.55% at the water plant, and no permit excursions were noted.

He reported five (5) delinquency notices were sent out to customers and five (5) remain unpaid to date.

Next, Mr. Jacobson next circulated the 2018 Consumer Confidence Report (CCR), a copy of which is attached to the Operator's Report. Ms. Roberts stated in prior years, the Board had the CCR posted to the District's website and included a message on the customer invoice regarding how to obtain a copy of the CCR. Ms. Roberts stated she would post the CCR on the District's website and forward a copy to the Board by email.

Upon motion by Director Fritsche, seconded by Director Jensen, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report and authorized Johnson Petrov to post the CCR on the District's website and authorized Eagle Water to include a message on the customer invoice regarding how to obtain a copy of the CCR.

5. Engineer's Report. The Engineer's Report was presented and reviewed by Mr. Van Dusen, a copy of which is attached as Exhibit "C".

Mr. Van Dusen reviewed his report with the Board. He provided a chart regarding critical maintenance items and requested the Board to make a decision to implement a solution soon.

He also discussed the bid and timeline for the Lemm Gulley Slope Stabilization Project and stated this project could be delayed until the fall and rebid at that time.

Next, Mr. Ray Young reviewed his findings and recommendations for alternative improvements at the Wastewater Treatment Plant ("WWTP"). A copy is attached to the Engineer's Report. Mr. Young recommended Option #2 in the amount of \$675,131 and recommended the District implement a maintenance schedule. The Board requested Mr. Young provide them with a 20-year maintenance cost schedule. Mr. Young answered questions from the Board and exited the meeting at this time.

Upon motion by Director Fritsche, seconded by Director Jensen, after full discussion and the question being put to the Board, all members of the Board approved the Engineer's Report.

6. Financial Analysis of Options.

a. Mr. Johnson stated that Mr. Howell could not present due to a scheduling conflict. Mr. Johnson presented and reviewed Mr. Howell's written report, a copy of which is attached

hereto as Exhibit "D." Mr. Johnson recommended that the Board appoint a committee to work with the Operator and Engineer on a rate analysis, including determining tax exemptions; fees and/or options paid by the school and consideration for adding a contingency for future projects. Director Fritsche volunteered to work with the Operator and Engineer on the rate analysis. Director's Evans and Jensen stated they were not in favor of a bond election and asked about other options. Director Evans inquired about scheduling a Town Hall Meeting with the residents, to which Mr. Johnson stated he agrees with scheduling a Town Hall Meeting with the residents, but recommended the Board have a bond workshop and that the Board needs to come together on whether they are in agreement with annexing Dreamlab, including application to the City and moving forward with a bond election. He also stated that a Proforma of Rates would show potential projected income from the apartments, Spring ISD and Out-of-District customers.

b. Next, Ms. Dubois, explained the current market conditions and the impact of same to the Board and discussed the potential savings as a result of the market backwardation. A copy of her report is attached hereto as Exhibit "E." She recommended they go with a 48 month term contract from Hudson Energy not exceed 5% of the estimated rate of 0.04430, effective August 1, 2020.

Upon motion by Director Jenson, seconded by Director Fritsche, after full discussion and the question being put to the Board, all members of the Board authorized Acclaim to obtain 48 month term contract from Hudson Energy not exceed 5% of the estimated rate of 0.04430, effective August 1, 2020.

c. Mr. Johnson requested authorization from the Board to continue discussions with DreamLabs. The Board concurred.

d. Next, Ms. Roberts presented a proposal from The Texas Network, LLC for website services. A copy of the proposal is attached hereto as Exhibit "F." Discussion ensued.

Upon motion by Director Evans, seconded by Director Richardson, after full discussion and the question being put to the Board, all members of the Board accepted the proposal from the Texas Network, LLC for website services.

7. Public Comment.

Mrs. Evans asked what the estimated cost of an annexation is and would the District be responsible for paying it. Mr. Johnson responded saying that the estimated cost of an annexation is \$12,000 to \$15,000 and that the developer is responsible for paying all of the costs of an annexation.

Next, Mrs. Evans stated, if the District increased the rates to the school district and the school district raise their tax rate to the District, wouldn't that be considered double taxation to the District's residents.

Mr. Wells thanked Mr. Johnson for his efforts and stated that the District missed other commercial opportunities in prior years. He stated if the District had considered them years ago, they might not be in the current financial situation. He also stated that he and many other residents were in full support of a bond election.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 8:34 p.m.

Pay the Bills: As previously approved by the Board, the following bills were paid:

Checks Written on Operations Account #0751-690363

**Harris County WCID #99 GOF
Checks Presented
May 21, 2019**

| Num | Name | Description | Amount |
|--------------|---|-------------------------|-------------------|
| 11944 | Billy R Fritsche | Director Fee | -138.52 |
| 11945 | Charles L Richardson | Director Fee | -300.22 |
| 11946 | Monte L Cooper | Director Fee | -138.52 |
| 11947 | Timothy P. Evans | Director Fee | -138.52 |
| 11948 | Center Point Energy | Utilities | -32.92 |
| 11949 | CFI Services Inc | WP Maintenance | -433.06 |
| 11950 | Direct Waste Solutions | Garbage Collection | -9,250.00 |
| 11951 | DXI Industries, Inc. | Chemicals | -304.84 |
| 11952 | Eagle Water Management, Inc. | Operator Fee | -12,810.33 |
| 11953 | ETI Bookkeeping Services | Bookkeeping Fee | -700.00 |
| 11954 | G-M Inspection Services, Inc. | WP Maintenance | -1,100.00 |
| 11955 | Harris County Treasurer | Security | -5,764.00 |
| 11956 | Johnson Petrov LLP | Legal Fee | -11,738.26 |
| 11957 | Lawns & More | Mowing | -360.00 |
| 11958 | Magna Flow Environmental, Inc. | Sludge Hauling - STP | -2,695.00 |
| 11959 | North Harris County Regional Water Author | NHCRWA Fee | -16,397.15 |
| 11960 | Reliant Energy 1 499 574-0 | Utilities | -18.59 |
| 11961 | Reliant Energy 1 500 965-7 | Utilities | -1,479.04 |
| 11962 | Reliant Energy 1 505 184-0 | Utilities | -1,794.92 |
| 11963 | Source Point Solutions, Inc. | STP Maintenance | -976.00 |
| 11964 | Verizon | Telephone | -63.06 |
| 11965 | Vogt Engineering | Engineering Fee | -8,163.75 |
| 11966 | Waste Connections of Texas | STP Dumpster | -222.71 |
| 11967 | Dedrick Joseph Dalcour | Customer Deposit Refund | -158.88 |
| 11968 | Guillermo Alberto Martinez | Customer Deposit Refund | -57.76 |
| 11969 | John Robert Baxendale II | Customer Deposit Refund | -116.10 |
| 11970 | Kathleen Elizabeth Flowers | Customer Deposit Refund | -150.00 |
| 11971 | Meredith Wood | Customer Deposit Refund | -80.24 |
| 11972 | Shirley Wolfe Whalen | Customer Deposit Refund | -250.00 |
| 11973 | Taylor Allen Chalk | Customer Deposit Refund | -189.06 |
| 11974 | William Redmond Jr | Customer Deposit Refund | -150.00 |
| Total | | | -76,171.25 |

PASSED AND APPROVED on the 18th day of June, 2019.



Secretary
Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, Investment Report,
Tax Assessor-Collector's Report, Energy Report
- B - Operations Report
- C - Engineer's Report
- D - Financial Advisor's Analysis of Options
- E - Acclaim Energy Advisors Report
- F - The Texas Network, LLC Proposal

**Minutes recorded by Marisa L. Roberts
Johnson Petrov LLP
Regular Session May 21, 2019**

[DISTRICT SEAL]

