

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

JULY 17, 2018

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, July 17, 2018, 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: Chris Oliver of Eagle Water Management, Inc., operator for the District ("Operator" and/or "Eagle Water"); Tina Buchanan of Equi-Tax, Inc., tax assessor-collector and bookkeeper for the District ("Equi-Tax"); Michael Others of McCall, Gibson & Company, PLLC, auditor for the District ("Auditor"); Sergio Van Dusen and Caitlin Bobb EIT of Vogt Engineering, L.P., engineer for the District ("Engineer"); Marisa L. Roberts, Legal Assistant of Johnson Petrov LLP, attorney for the District ("Attorney"); and several; residents of the District (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 June 19, 2018, a copy of which was previously distributed to the Board. Upon motion by Director Fritsche, seconded by Director Evans, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting June 19, 2018, as revised.

2. Bookkeeper's Report/Investment Report/Tax Assessor-Collector's Report/Energy Usage Report. Ms. Buchanan 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."

a. Ms. Buchanan next reported that TexPool is paying 1.8110% interest and the net asset value is 1.00000. She also presented and reviewed the Energy Usage Report.

b. Ms. Buchanan explained the revenue reported for Spring High School under the Summary and General Operating Fund sections of her report does not include the Regional Water Authority's fee.

Upon motion by Director Richardson, seconded by Director Fritsche 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 11674 through 11701 from the Operating Account; and 3) authorize the payment of one (1) check numbered 2379 from the Tax Account.

3. Auditor's Report. Mr. Others presented a draft of the audit for the fiscal year ended March 31, 2018, copies of which are attached hereto as Exhibit "B." Mr. Others reported that the Auditor issued a clean opinion and that McCall Gibson will file said audit with the TCEQ. He noted that the District has 13-14 months of operational reserves of \$744,964. He also responded to questions from the Board.

Upon motion by Director Jensen, seconded by Director Fritsche, after full discussion and the question being put to the Board, the Board voted to approve the audit for fiscal year ended March 31, 2018.

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

a. Mr. Oliver reported the average daily flow at the sewer plant during the previous month was 74,000 G.P.D. He also reported the pumped to billed ratio was 92.99% at the water plant. He also reported that the "stuck" meters were replaced.

Mr. Oliver next presented the Monthly Light Fixture Review, a copy of which is attached to the Operator's Report. He reported fifty-four (54) delinquency notices were sent out to customers while forty-one (41) remain unpaid to date.

Mr. Oliver stated that Mr. Ivan Rice (1007 Lynwood Rd) contacted Eagle Water stating that he received a high water bill and that a contractor doing work at his home left the water running. Mr. Rice is asking if the Board would discount the bill. Director Fritsche said he was in favor of discounting the bill. Discussion ensued.

Upon motion by Director Jensen, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, the Board approved Eagle Water to discount the bill by charging him the lower tier only for the amount over his normal monthly usage.

Next, Mr. Oliver reviewed the merchant services provided by Wells Fargo Bank, stating that there is a set-up fee of \$2,500 and a monthly maintenance fee that ranges between \$450 to \$600 plus a transaction fee; Compass bank would require the District open an account, they charge \$100 set-up fee and the monthly maintenance fee ranges between \$50 to \$100, depending on how many use the service, but they do not accept credit cards. Discussion ensued. Director Jensen offered to contact the banks for an actual contract and report back at the August meeting.

b. Smart Meters. The Board determined that the Smart meters was not an option due to the extensive cost. Mr. Oliver stated it would approximately cost \$50,000 to \$60,000 for replacing 136 meters. Discussion ensued regarding establishing a meter replacement policy. Director Fritsche stated he would work with Eagle Water on a meter replacement policy.

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

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

a. Mr. Van Dusen reviewed his report and updated the Board on activities in the District. He also discussed a park (recreational) easement that would run along Cypress Creek. He stated this would greatly benefit the District because Harris County would maintain it. He showed the Board photos of the erosion over the past 11 years. The Board was reminded that a representative of the Harris County Precinct 4 Parks Department had given a presentation over a year ago regarding their plans for a walking/bike trail along Cypress Creek and requested the District consider a park (recreational) easement. Discussion ensued. Director Cooper stated he would contact Harris County Parks representative and report back to the District.

Upon motion by Director Jensen, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, Board approved the Engineer's Report.

6. New Business/Annual Agenda.

a. Ethics Policy. Director Cooper tabled further discussion of the Ethics Policy. The Board discussed rotating the duties of posting the agenda and opening the gates/office for the monthly meetings. Mr. Oliver reminded the Board that Eagle Water could handle this for the District. Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, Board authorized Eagle Water to post the meeting agendas and open the gates/office for the monthly meetings.

b. Payment Options. See above under Operator's Report.

c. Analysis of Current Rate Order Revenues. Director Fritsche worked with Eagle Water to determine the projected revenue increase of the amended rate order passed by the Board on April 17, 2018. A copy of which is attached hereto as Exhibit "E". He reported an increase of \$105,000 for FYE 2019 and \$123,000 for each following year if the number of connections and purchased water volumes remain at the Harvey levels. He further noted that if the number of connections and purchased water volumes increase to the Pre-Harvey levels (FYE 2017), the projected revenue increase could reach \$145,000 per year. He does, however, note in his report that the District would need to consider an additional source of funding should they proceed with the Lemm Gully Project and WCID 110 interconnect.

Director Jensen stated that he would like to see the Board continue their discussions with the North Harris County Regional Water Authority for bringing water to the District in 2022. Discussion ensued. Ms. Roberts suggested that since those discussions occurred prior to Directors Fritsche and Richardson, perhaps Alan Petrov could update the Board on recent discussions with the NHCRWA at the August meeting and let the Board know what the next steps would be in order to proceed.

d. Smart Water Meters. See above under Operator's Report.

e. Harris County Flood Control Bond Election. Director Fritsche talked about HCFC's plans for a Bond Election and discussed his concerns for potential flood issues. He stated that Cypress Creek needs to be cleaned out so it would flow properly and prevent back flow. No action was taken.

7. Public Comment.

Kitty Duckett asked Eagle Water to explain the process for obtaining new water service.

Pam Kimbrough inquired about accurate meter reads. Director Cooper stated the Board is looking into implementing a policy on replacement meters. She also asked about the Green Space dedication v. eminent domain.

Debbie Jensen stated she was in support of greenways down Cypress Creek as well as collaborating with others on flood control.

Marsha Evans stated it appears that contractors are pulling sand from Cypress Creek for use on their construction projects.

Carol Young inquired about a levy built by Inverness Forest approximately 10 years ago.

Mary Rossiter stated she noticed an increase in her bill due to the assessment of the NHCRWA fees and what is the purpose of the fees and if anything could be done about the assessment of those fees. Director Fritsche stated the NHCRWA was established to provide surface water to customers.

Susie Paddock asked Eagle Water when the pressure tests would be performed, he responded, next week. She also asked Ms. Roberts if posting the agenda on the District's website satisfied the legal requirement. Ms. Roberts responded it must be posted in three (3) locations.

Mrs. Wells inquired about the documentation used to amend the Rate Order. Director Fritsche responded other water board orders were reviewed. Mrs. Wells asked for minutes of those water board meetings. Ms. Roberts clarified that a review of other District rate orders was used to determine the increase.

Henry Roth thanked the Board for his new water/sewer service connection. He also suggested that people drive around and pay attention to potential flood issues.

Annette Bethany talked about two articles in the paper regarding Lake Houston as well as flood issues.

Lastly, Director Cooper stated that members of the Board would attend the October Civic Club meeting.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 8:24 PM.

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

Checks Written on Operations Account #0751-690363

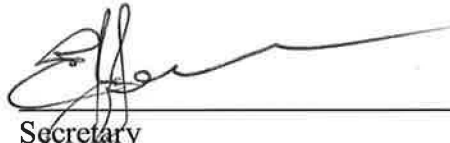
Harris County WCID #99 GOF

Checks Presented

July 2018

Num	Name	Description	Amount
11674	Calvin Landry	Customer Deposit Refund	-58.08
11675	Charlie Booker Martin III	Customer Deposit Refund	-10.66
11676	David Ames	Customer Deposit Refund	-154.52
11677	Eldon or Janet Monk	Customer Deposit Refund	-77.04
11678	Gene Odom	Customer Deposit Refund	-70.15
11679	Jennifer K Onwana	Customer Deposit Refund	-4.24
11680	Center Point Energy	Water Meter Maintenance	-32.97
11681	CFI Services Inc	WP Maintenance	-584.34
11682	DXI Industries, Inc.	STP/WP Operations & Maintenance	-418.62
11683	Eagle Water Management, Inc.	STP/WP Operations & Maintenance	-11,630.44
11684	ETI Bookkeeping Services	Bookkeeper Fee	-765.00
11685	Johnson Petrov LLP	Legal Fee	-2,814.45
11686	McCall Gibson Swedlund Barfoot PLLC	2018 Interim Audit Fee	-8,000.00
11687	Neil Technical Services Corp	STP Maintenance	-1,922.00
11688	North Harris County Regional Water Author	WP Purchased Waer	-22,545.40
11689	Reliant Energy 1 499 574-0	WP Purchased Water	-14.73
11690	Reliant Energy 1 500 965-7	WP Electricity	-2,151.33
11691	Reliant Energy 1 505 184-0	STP Electricity	-1,866.28
11692	Source Point Solutions, Inc.	STP Electricity	-540.00
11693	Verizon	STP Maintenance	-62.91
11694	Vogt Engineering	Engineer Fee	-9,951.25
11695	Waste Connections of Texas	STP Dumpster	-188.83
11696	Larg Management Group LLC	Deposit Refund	-6,239.40
11697	Billy R Fritsche	Director Fee	-138.52
11698	Charles L Richardson	Director Fee	-138.52
	Edward J Jensen	Director Fee	0.00
11699	Monte L Cooper	Director Fee	-138.52
11700	Timothy P. Evans	Director Fee	-138.52
11701	Charles L Richardson	Director Fee	-184.70
			-70,841.42

PASSED AND APPROVED on the 21st day of August, 2018.



Secretary
Board of Directors

EXHIBITS:

- A - Bookkeeper's Report, Investment Report,
Tax Assessor-Collector's Report, Energy Report
- B - Audit Report for FYE March 31, 2018
- C - Operations Report
- D - Engineer's Report
- E - Analysis of Current Rate Order Revenues

Minutes recorded by Marisa L. Roberts
Johnson Petrov LLP
Regular Session July 17, 2018

