

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

JULY 16, 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 7:00 p.m., at 19423 Lockridge Drive, Spring, Texas 77373, on Tuesday, July 16, 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: Mike Plunkett 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, P.E. and Caitlin Bobb, EIT of Vogt Engineering, L.P., engineer for the District ("Engineer"); Michael Others of McCall, Gibson & Company, PLLC, auditor for the District ("Auditor" and/or "McCall Gibson"); Andrew P. Johnson III and Laura McKenery, attorneys and Marisa L. Roberts, Legal Assistant of Johnson Petrov LLP, attorney for the District ("Attorney"); 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 June 18, 2019, a copy of which was previously distributed to the Board. Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board approved the minutes of the regular meeting held on June 18, 2019, as presented.

2. Auditor's Report. Mr. Others presented a draft of the audit for the fiscal year ended March 31, 2019, copies of which are attached hereto as Exhibit "A." Mr. Others reported that the Auditor will issue a clean opinion and that McCall Gibson will file the audit with the TCEQ as required. He also noted that the District has one (1) year of operational reserves. He then responded to questions from the Board.

Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board approved the audit for fiscal year ended March 31, 2019, and authorized the legally required filing of the audit.

3. Constable's Report. A representative of the Harris County Constable's Office ("HCCO") was not present at tonight's meeting. Mr. Mark Wells, the District's appointed liaison was also not present at tonight's meeting. The President stated that the Constable's have been very active in the subdivision.

4. 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 "B." She also reported there was no unclaimed property to report.

Ms. Long next reported that TexPool is paying 2.3812% interest and the net asset value is 1.00012%.

Upon motion by Director Jensen, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, the Board 1) approved the Bookkeeper's Report, Investment Report, Tax Assessor-Collector's Report, and Energy Usage Report, as presented, 2) authorized the payment of checks numbered 12009 through 12033 from the Operating Account; and 3) authorized the payment of one (1) check numbered 2391.

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

Mr. Plunkett reported the average daily flow at the sewer plant during the previous month was 97,000 G.P.D., and no permit excursions were noted. He also reported the pumped to billed ratio was 94.14% at the water plant. He also reported that the TCEQ inspection on the water facilities went okay and the TCEQ has requested Eagle Water to provide the well approval letters for both wells. He also reported that the Waste Water Treatment Plant ("WWTP") repairs are still pending.

He presented the delinquent account list and reported that thirty-six (36) delinquency notices were sent out to customers and twenty-four (24) remain unpaid to date.

Director Fritsche asked Mr. Plunkett to clarify what Eagle Water considers to be a "emergency" and how the weekend calls are prioritized. Mr. Plunkett stated that Eagle Water tries to determine what can wait until regular business hours (example: a slow leak) and what would need immediate attention (example: a sewer back-up or gushing water) so as to limit the costs of over-time charged.

Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report and approved termination of the accounts on the delinquent list.

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

Mr. Van Dusen reviewed his report with the Board. He discussed the Option 2, which would be renovating the WWTP, compared to Option 3, which would be replacing with a new WWTP. Vogt Engineering recommends replacing the WWTP because the difference in the estimated costs between Option 2 and Option 3 is approximately \$300,000 and a brand new WWTP would be expected to have lower maintenance costs.

Mr. Van Dusen reported that he received a proposal from SWCA Environmental Consultants for a wetland delineation survey in the amount of \$8,850.00, and he requested the Board's authorization to proceed. He stated the estimated time to complete the survey would be approximately 1-1/2 month's time. The Board postponed this until they could review the written proposal.

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

7. Update on Spring Independent School District (Spring ISD).

a. Mr. Johnson updated the Board regarding a meeting with Gary Hutton of Spring ISD. He stated that the District's engineers, Mr. Van Dusen and Ms. Bobb, and Directors Fritsche and Evans also attended. Director Fritsche stated that they informed Spring ISD that the District is in need of rehabilitating its facilities, and the District will need Spring ISD to pay its pro rata share for such capital improvements. Mr. Hutton stated that he would bring this to the school board's attention at their next regular meeting.

Mr. Johnson made the following recommendations to the Board: 1) amend the District's Rate Order; 2) Prepare an Out-of-District Service Agreement with Spring ISD; 3) Send a letter to Spring ISD. Mr. Johnson presented a draft letter to send to Spring ISD.

Upon motion by Director Cooper, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, the Board authorized Johnson Petrov to revise the letter to Spring ISD in accordance with the discussion and to send the letter to Spring ISD.

b. Update on Annexation and Service to DreamLab Development Tract.

Mr. Johnson presented a draft Annexation, Service and Financing Agreement (the "Agreement") with DreamLab for the Board's review. The Board requested that Mr. Johnson include a requirement for an eight (8') wood fence along the western edge of the DreamLab property that borders residential homes. Mr. Johnson stated that he will add the requirement to the deed restrictions required by the Agreement. Mr. Johnson fully reviewed the Agreement with the Board and answered questions from Directors.

Mr. Johnson reviewed the annexation process with the Board as well as several options the District would have to increase revenues. He stated that the District would need to hold a Bond Election in November for approximately \$15 million in bonds for facility repairs over 20 plus years, and he recommended an unlimited Maintenance Tax Election, whereby the Board would have the ability to transfer the cost of operating the District from the residents to commercial customers. Mr. Johnson next stated if the District accepts the maintenance of the detention pond the District could potentially pass on the estimated annual costs of maintenance (\$20,000.00) by increasing the water rates for the apartment complex. Mr. Johnson also discussed options for a potential new water well, a new WWTP, and reimbursement to the Developer.

Mr. Johnson explained the breakdown of the costs of a maintenance tax of \$0.37 of \$100 on a \$175,000 assessed value of a home, would reflect a cost of \$647.50 per year or \$54.00 per month to the homeowner.

Director Cooper made a motion to call a special meeting to be held on Wednesday, July 24, 2019 at 3:00 p.m. for the purpose of calling a Bond Election and Maintenance Tax Election and approving the Agreement. The motion was seconded by Director Richardson, after full discussion and with Directors Cooper, Fritsche, Jensen and Richardson voting aye and Director Evans voting nay, the Board called a special meeting for the purpose of calling a Bond Election and a Maintenance Tax Election and approving the Agreement.

8. Amending Rate Order. Director Fritsche reported that upon his review of the District's rate order, he determined two (2) major sources of revenue for the District, which are the residential customers of the District and Spring ISD. He also discussed monthly minimums being charged and explained the "readiness to serve" by providing water and sewer services upon demand, that the Board would need to modify the rate order in order to cover the operating cost for providing such services. A copy of Director Fritsche's report is attached hereto as Exhibit "E." Director Cooper and Director Fritsche requested that the agenda for the special meeting include discussion and amendment of the District's Rate Order.

9. Public Comment.

Mrs. Jensen asked what was WCID 99's credit rating. Mr. Johnson explained that the District had not received a credit rating and was unlikely to receive one for the next bond issuance, if applicable, because it has been many years since the District issued debt.

Mr. Niccum asked if Harris County would pay for the wetlands survey. Mr. Van Dusen responded, no.

Mrs. Kimbrough asked if the school's water bill have tiered rates. Mr. Johnson responded, yes.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 9:14 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

July 16, 2019

Num	Name	Description	Amount
12009	Billy R Fritsche	Director Fee	-138.52
12010	Charles L Richardson	Director Fee	-118.52
12011	Monte L Cooper	Director Fee	-138.52
12012	Timothy P. Evans	Director Fee	-138.52
12013	Charles L Richardson	Director Fee	-184.70
12014	Center Point Energy	Utilities	-37.05
12015	Direct Waste Solutions	Garbage Collection	-9,213.00
12016	DLD Services	STP Maintenance	-1,500.00
12017	DXI Industries, Inc.	Chemicals	-421.97
12018	Eagle Water Management, Inc.	Operator Fee	-8,891.24
12019	ETI Bookkeeping Services	Bookkeeping Fee	-765.00
12020	Lawns & More	Mowing	-540.00
12021	McCall Gibson Swedlund Barfoot PLLC	Auditor Fee	-8,000.00
12022	Neil Technical Services Corp	STP Maintenance	-5,430.00
12023	North Harris County Regional Water Author	NHCRWA Fee	-18,553.15
12024	Reliant Energy 1 499 574-0	Utilities	-26.23
12025	Reliant Energy 1 500 965-7	Utilities	-1,818.25
12026	Reliant Energy 1 505 184-0	Utilities	-1,771.48
12027	Verizon	Telephone	-63.06
12028	Vogt Engineering	Engineering Fee	-8,175.00
12029	Waste Connections of Texas	STP Dumpster	-222.71
12030	David Anderson	Customer Deposit Refund	-250.00
12031	Dolores Galloway	Customer Deposit Refund	-61.50
12032	Green Real Estate Group LLC	Customer Deposit Refund	-250.00
12033	William Gottschalk	Customer Deposit Refund	-57.26
Total			-66,765.68

PASSED AND APPROVED on the 20th day of August, 2019.



Secretary
Board of Directors

EXHIBITS:

- A - Audit Report FYE 3/31/19.
- B - Bookkeeper's Report, Investment Report,
Tax Assessor-Collector's Report, Energy Report
- C - Operations Report
- D - Engineer's Report
- E - Director Fritsche's Review of the Rate Order

Minutes recorded by Marisa L. Roberts
Johnson Petrov LLP
Regular Session July 16, 2019

[DISTRICT SEAL]

