

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

JULY 24, 2019

The Board of Directors (the "Board" or "Directors") of Harris County Water Control and Improvement District No. 99 (the "District") met in *special* session, at 3:00 p.m., at 19423 Lockridge Drive, Spring, Texas 77373, on Wednesday, July 24, 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, with the exception of Directors Jensen and Evans, thus constituting a quorum. Also attending all or portions of the meeting were: Sergio Van Dusen, P.E. and Caitlin Bobb, EIT of Vogt Engineering, L.P., engineer for the District ("Engineer"); Andrew P. Johnson III, Laura McKenery, and Zachary Petrov, 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. Annexation, Service and Financing Agreement with DreamLab Development, L.L.C. (the "Agreement")

Mr. Johnson presented the final Agreement for the Board's approval, reviewed the Agreement with the Board and answered questions from the Board.

Mr. Johnson asked the Board if everyone understood the terms of the Agreement, and if there were no further questions, he requested the Board's approval of the Agreement.

Upon motion by Director Cooper, seconded by Director Fritsche, after full discussion and with all Directors present voting aye, the Board approved the Agreement.

2. Order Amending District's Rate Order.

Director Fritsche reported that his review of the current Rate Order reflected a shortfall in the revenues generated from the Spring ISD in comparison to what the residents are paying a per ESFC basis and he recommended that the commercial base rate be modified to cover the minimal operational costs for providing such services. He also recommended a new rate category for Out-of-District high use customers to also include a base rate to cover the minimal operational and maintenance costs for providing such services.

Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board amended the current Rate Order by

modifying the commercial base rate to cover the minimal operational costs and to add a new rate category for Out-of-District high use customers to also include a base rate to cover the minimal operational and maintenance costs for providing water and sewer services.

3. Order Calling Bond and Maintenance Tax Election.

Mr. Johnson presented to and reviewed with the Board the Order Calling Bond and Maintenance Tax Election (the "Election Order"), a copy of which is attached hereto as Exhibit "A". The Board discussed authorization for an "unlimited" maintenance and operations tax versus a cap on the maintenance and operations tax rate. Director Fritsche suggested a cap on the maintenance and operations tax of \$0.40 per \$100 assessed valuation. Mr. Johnson explained how the new property tax laws passed by the State Legislature would restrict all local governmental entities on the percentage that maintenance and operations taxes may be increased. He explained the benefit of having a maintenance tax, and how the burden could potentially be shifted to commercial customers, potentially lowering the water rates being paid by the residents of the District.

Mr. Van Dusen presented to the Board his bond engineers' report for the bond election, which included the estimated costs of District projects and incidental expenses in the amount of approximately \$16,000,000.

Upon motion by Director Cooper, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board approved the Election Order calling 1) a \$16,000,000 tax bond authorization election for water, sewer, and drainage facility projects and refunding; and 2) an election for a maintenance and operations tax not to exceed \$0.40 per \$100 of assessed valuation.

4. SWCA Environmental Consultants Wetland Study Proposal.

Next, Mr. Van Dusen distributed and reviewed the SWCA Environmental Consultants ("SWCA") Wetland Study Proposal in the amount of \$8,850.00, a copy of which is attached hereto as Exhibit "B". Mr. Van Dusen requested the Board to authorize Vogt Engineering to engage SWCA to conduct the wetland survey.


Upon motion by Director Fritsche, seconded by Director Richardson, after full discussion and with all Directors present voting aye, the Board approved Vogt Engineering to engage SWCA to conduct the wetland survey in the amount of \$8,850.00.

5. Public Comment.

Mr. Wells asked Mr. Johnson to explain how the maintenance tax is calculated. Mr. Johnson responded by saying that the average home in the District is $\$175,000 \times 100 = \$1,750 \times \$0.37 = \647.50 per year. The District could lower its water bills to the residents in an amount equal to the maintenance tax depending on the maintenance tax. Benefits of the maintenance tax would be seen with users that do not use a lot of water, but have a high valuation, like retail stores that only have a small bathroom and may be built on the DreamLab property on the other side of the apartments.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 4:25 p.m.

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



Secretary
Board of Directors

EXHIBITS:

- A - Order Calling Bond and Maintenance Tax Election
- B - SWCA Environmental Consultants Wetland Study Proposal

Minutes recorded by Marisa L. Roberts
Johnson Petrov LLP
Special Session July 24, 2019

[DISTRICT SEAL]

