

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 15, 2023

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, August 15, 2023, 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:

Billy Ray Fritsche	President
Thomas Riddle	Vice President
George Galindo	Secretary
Rick Ghinelli	Director
Terry Wright	Director

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Cathi Wilbanks of ETI Bookkeeping Services, bookkeeper for the District ("ETI"); Debbie Bessire of Equi-Tax, Inc., tax assessor-collector for the District ("Equi-Tax"); Zachary A. Petrov, attorney for the District and Marisa Roberts, Legal Assistant ("Johnson Petrov" and/or "Attorney"); Mike Plunkett of Eagle Water Management, Inc., operator for the District ("Operator" and/or "Eagle Water"); Sergio Van Dusen, P.E. and Tyler Reeves, EIT of Vogt Engineering, L.P., engineer for the District ("Engineer" and/or "Vogt"); and Lt. Flores, and Deputy D. Richardson of the Harris County Constable's Office ("HCCO"); Teresa Ghinelli and Debbie Wells, residents of the District and Kyler Correia, owner of property in the District.

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. Public Comment. Ms. Wells, Vice President of the Civic Club spoke in support of the District's plan to replace the fence at the Water Plant, noting that it would be a great asset. Ms. Ghinelli, who is also a member of the Civic Club also spoke in support of the new fence.

Next, Mr. Correia approached the Board requesting leniency on the assessed penalties to 18648 Casper Drive.

2. Minutes. The Board reviewed the minutes of the regular meeting of July 18, 2023 and the minutes of the special meeting of August 9, 2023, copies of which were previously distributed to the Board.

Upon motion by Director Riddle, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved minutes of the regular meeting of July 18, 2023 and the minutes of the special meeting of August 9, 2023.

3. Request to Reduce Penalty Assessed Against 18648 Casper for Rate Order Violations.

Mr. Petrov reviewed the past violation issues with the Board and stated that the property is now in compliance with the City's plating regulations. The Board then requested to discuss the matter further under Executive Session later in the meeting.

4. Constable's Report. Deputy Richardson reviewed the July Constable's Report with the Board.

Director Riddle reviewed the Security Subcommittee Memorandum on Security Review and Recommendations to the Board, a copy of which is attached hereto as Exhibit "A." Director Riddle stated that there has been increased activity and calls to the apartments since October 2022 by approximately 40%. Director Riddle also stated that the upcoming contract renewal cost has increased by 5%.

Deputy Richardson next stated that the apartment complex has a courtesy officer that started approximately two months ago.

The Board next discussed amending the District's Rate Order in order to increase the monthly rate for sewerage service at the Apartment Complex by \$3.00, in order to offset the increased costs for security. Action on the Rate Order was taken under agenda item 10e.

Upon motion by Director Ghinelli, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved the Constable's Report and the request for 2 total officers for the next contract year.

5. Bookkeeper's Report/Investment Report/Energy Usage Report. Ms. Wilbanks presented to and reviewed with the Board the Bookkeeper's Report, Investment Report, and Energy Usage Report for the previous month, copies of which are attached hereto collectively as Exhibit "B."

Next, Ms. Wilbanks reported that TexPool interest rate has increased and is paying 5.1239% interest and the net asset value is 0.99974%.

Upon motion by Director Riddle, seconded by Director Ghinelli, after full discussion and with all Directors present voting aye, the Board: 1) approved the Bookkeeper's Report, with certain revisions, Investment Report, and Energy Usage Report; and 2) authorized the payment of checks numbered 13587 through 13611 from the Operating Account, including and an invoice from Johnson Petrov and an invoice from McCall Gibson, which will be reflected on next month's report.

6. Tax Assessor-Collector Report. Ms. Bessire also presented and reviewed the Tax Assessor-Collector's Report, a copy of which is attached hereto as Exhibit "C."

a. Ms. Bessire reported that 95.2% of the 2022 taxes had been collected as of July 31, 2023. She also reported Wells Fargo has released securities and a levy is no longer necessary. She also stated that she expects to receive the Harris County Appraisal District certified values by next month's meeting.

Upon motion by Director Ghinelli, seconded by Director Riddle, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor-Collector Report, including payment of two (2) checks.

7. Delinquent Tax Attorney Report. There was no report to present at this time.
8. Operation's Report. Mr. Plunkett presented the Operations Report, a copy of which is attached hereto as Exhibit "D."

Mr. Plunkett stated that the North Harris County Regional Water Authority has entered Stage 1 of the Drought Contingency Plan for water conservation measures. At this time, Stage 1 is voluntary. Mr. Plunkett stated that he will have a message posted on the District's Website notifying residents.

Mr. Plunkett then reported the total monthly pumpage for June was 8,610,000 gallons and the average daily flow at the sewer plant during the previous month was 99,000 GPD, which is 44% of current capacity. Mr. Plunkett also reported the pumped to billed ratio was 89.04% at the water plant. There were no excursions for the month of July.

Mr. Plunkett next presented the Monthly Light Fixture Review, a copy of which is attached to the Operator's Report.

Mr. Plunkett presented and reviewed the disconnection list of seventeen (17) accounts.

Mr. Plunkett stated that Well Pump Motor and Booster Bump #1 are back in service.

Next, he presented a customer letter requested a partial credit because she did not receive Trash Service. Mr. Plunkett recommended that the Board deny such a request at this time.

Upon motion by Director Galindo, seconded by Director Riddle, after full discussion and with all Directors present voting aye, the Board, after confirming with the Operator that notice had been delivered by the Operator to each person on the list notifying them that they could appear before the Board to discuss termination of services and that services could be terminated at any time after this meeting, and determining that no one appeared at the meeting for such purpose, the Board: 1) approved the termination list and authorized the Operator to terminate service as required by the Rate Order to all customers who remain unpaid; and 2) approved the Operations Report. The Board took no action on giving a partial credit as requested by a customer.

9. Engineer's Report. The Engineer's Report was presented and reviewed by Mr. Van Dusen, a copy of which is attached as Exhibit "E". Mr. Van Dusen responded to questions from the Board.

Mr. Van Dusen reported that he received two (2) bids on the new Water Treatment Plant ("WTP") and the lowest qualified bidder was Sitecon Services, Inc. in the amount of \$2,789,150. Mr. Van Dusen recommended that the Board award the contract to Sitecon Services, Inc.

Next, Mr. Van Dusen stated that after the completion of the WTP there will be bond funds remaining and he would like to Board to consider those funds for Sanitary Sewer Rehabilitation work.

Upon motion by Director Galindo, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board accepted the Engineer's recommendation to award the WTP contract to Sitecon Services, Inc. in the amount of \$2,789,150.

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

10. New Business:

a. Contract Change Orders. Director Fritsche presented and reviewed with the Board a memorandum regarding contract change orders, a copy of which is attached hereto as Exhibit "F". Discussion ensued. Director Fritsche recommended amending Section 8.02 Classification of Duties Performed by a Director, of the District's Ethics Policy, to include authorizing a Director or Committee to approve a change order(s) not to exceed \$1,200.00 on an assigned project or contract purchase order if the expenditure advances the timeline of the project or avoids the cost of a special meeting. Additionally, the Board increased the hourly fee from \$50.00 to \$75.00, the daily maximum from \$100.00 to \$150.00 and the monthly maximum from \$300.00 to \$450.00.

Lastly, the Board increased the per diem amount from \$150 to the amount set by the Texas Ethics Commission, currently \$221, per Board Meeting. Mr. Petrov noted that the annual cap that a director may receive remains at \$7,200 per the Texas Water Code.

Upon motion by Director Galindo, seconded by Director Riddle, after full discussion and with all Directors present voting aye, the Board approved amending the District's Ethic's Policy as follows: 1) authorizing a Director or Committee to approve a change order(s) not to exceed \$1,200.00 on an assigned project or contract purchase order if the expenditure advances the timeline of the project or avoids the cost of a special meeting, 2) approved increasing the hourly fee from \$50.00 to \$75.00, the daily maximum from \$100.00 to \$150.00 and the monthly maximum from \$300.00 to \$450.00; and 3) approved increasing the per diem amount from \$150 to the amount set by the Texas Ethics Commission, currently \$221, per Board Meeting.

b. Legislative Update. Mr. Petrov presented to and reviewed with the Board, a memo entitled "Legislative Update for the 88th Texas Legislature (2023)", a copy of which is attached hereto as Exhibit "G". Mr. Petrov summarized the actions of the recently concluded legislative session, with particular attention to changes in law that directly affect the District.

c. Amendment to Ethics Policy. Discussed above under Item 10.a..

d. Engagement of Arbitrage Compliance Specialists, a copy of which is attached hereto as Exhibit "H". Mr. Petrov presented an Engagement Letter from Arbitrage Compliance Specialists. Mr. Petrov stated that Arbitrage Compliance Specialists verify that the District tax-exempt bonds are in compliance with arbitrage rebate and yield restriction regulations. Mr. Petrov noted that the cost may come out of the District's Debt Service Fund.

Upon motion by Director Riddle, seconded by Director Galindo, after full discussion and with all Directors present voting aye, the Board approved the Engagement of Arbitrage Compliance Specialists.

e. Review of Rate Order, amend if necessary. Discussed during the Constable's Report.

Upon motion by Director Fritsche, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved amending the District's Rate Order by increasing the monthly rate for sewerage service at the Apartment Complex by \$3.00 per unit.

11. Old Business:

Improvements at Water Production Site (19423 Lockridge Dr.). Director Riddle presented and reviewed with the Board a Memorandum titled Production Site Improvement Subcommittee, a copy of which is attached hereto as Exhibit "I." Director Riddle stated that the fence quote in the amount of \$19,728.00.

- a. District Bulletin Board. Installment pending installation of the new fence.
- b. Dresher Gate/Detention Pond meeting/West Boundary Fence with Fidelis and Dreamlabs. Discussed under Engineer's Report.
- c. Easements for Dunn and Miller properties. Mr. Petrov presented and reviewed with the Board an Order Declaring Public Necessity as well as a Real Estate Purchase Contract, copies of which are attached hereto as Exhibit "J".

Upon motion by Director Galindo, seconded by Director Riddle, after full discussion and with all Directors present voting aye, the Board approved the Order Declaring Public Necessity and the Real Estate Purchase Contract.

- d. Audit Committee. None.

12. Executive Session. The President called an Executive Session, closed to the public, pursuant to Section 551.071 of the Texas Government Code concerning Consultation with Attorney on pending contemplated litigation or settlement offer; was called by the President as of 8:57 p.m. Everyone departed the meeting with the exception of the Board, Zachary A. Petrov, Sergio Van Dusen, Tyler Reeves and Marisa Roberts.

As of 9:17 p.m., the President declared the Executive Session was closed and open session resumed in which members of the public were given the opportunity to return to the meeting.

No action was taken in Executive Session.

The Board then appointed Directors Fritsche and Riddle to review the penalties assessed against 18648 Casper for Rate Order violations and report back to the Board a recommendation on whether to reduce the penalty previously assessed by the Board.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 9:19 p.m.

PASSED AND APPROVED on the 19th day of September, 2023.



Secretary
Board of Directors

EXHIBITS:

- A - Security Subcommittee Memorandum
- B - Bookkeeper's Report, Investment Report, Energy Report
- C - Tax Assessor Collector Report
- D - Operations Report
- E - Engineer's Report
- F - Contract Change Orders
- G - Legislative Update
- H - Engagement of Arbitrage Compliance Specialists,
- I - Memorandum titled Production Site Improvement Subcommittee
- J - Order Declaring a Public Necessity and Real Estate Purchase Contract

Minutes recorded by Marisa Roberts
Johnson Petrov LLP
Regular

Session

