

HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 116
MINUTES OF BOARD OF DIRECTORS MEETING

January 14, 2019

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 116 (the "District") met in regular session, open to the public, on Monday, January 14, 2019, at 3:35 p.m., at 5300 Coral Gables, located within the boundaries of the District, pursuant to the notice of said meeting, posted in accordance with Chapter 551, Texas Government Code; whereupon, the roll was called of the members of the Board, to-wit:

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| Les Griffith | President |
| Bob Warner | Vice President |
| Frank Sklenka | Secretary |
| Jeff Handojo | Asst. Secretary/Treasurer |
| Cheston Cooper | Asst. Treasurer |

All members of the Board were present, thus constituting a quorum. Others in attendance were: the following Heatherloch Municipal Utility District ("Heatherloch MUD") Board of Directors representatives: Ms. Gerry Wright and Messrs. Barry King, John Spire and John Marks; Mr. Cole Konopka, attorney, and Ms. Renae Ely, paralegal, of Coats Rose, attorneys for Heatherloch MUD; Mr. Justin Abshire, P.E., of Jones|Carter, engineers for Heatherloch MUD; Mr. Steve Haskins of Protocol Bookkeeping, Inc. (the "Bookkeeper"), bookkeepers for the District; Ms. Pam Madrigal, P.E., of AEI Engineering, Inc. ("AEI" or the "Engineer"), engineers for the District; Mr. Karl Skarboszewski of Texas Operations & Professional Services ("TOPS" or the "Operator"), operators for the District; Ms. Pat Hall of Equi-Tax, Inc. (the "Tax Assessor"), tax assessor/collectors for the District; Ms. Jamie O'Boyle, Administrative Assistant for the District and Huntwick Recreational Facilities ("HRF") Event Coordinator; Mr. Dale Hilpert, HRF Operations and Maintenance Coordinator; Ms. Cindy Whiteside, a resident of the District; and Ms. Regina D. Adams attorney, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorneys for 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.

WASTEWATER TREATMENT PLANT (THE "STP") OPERATIONS REPORT

Mr. Skarboszewski first reviewed the STP Operations Report and related STP Operations Manager's Report for the month of December, copies of which are attached hereto. Mr. Skarboszewski stated that recent inspections and testing indicate that the STP is operating satisfactorily.

Mr. Skarboszewski reported that he is still coordinating with CenterPoint Energy ("CenterPoint") to address the issues with the wiring of the electrical meter at the STP. Mr. Skarboszewski noted that the Operator is awaiting drier weather in order to make necessary repairs to the incoming power bar at the transformer.

Mr. Skarboszewski then reported that sludge pressing was presently being performed.

Mr. Skarboszewski stated that that the diffusers on the east end of Digester No. 3 are clogged. Mr. Skarboszewski added that after the next sludge haul, the Operator will clean the bottom of the tank to facilitate removal and cleaning of the diffusers.

Mr. Skarboszewski next reported that the Operator is scheduled to perform the quarterly top and bottom cleaning of the Lift Station later in the month.

Upon motion by Director Handojo, seconded by Director Cooper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Operations Report.

STP PROJECTS REPORT

Ms. Madrigal next presented to and reviewed with the Board, the STP Engineer's Report, a copy of which is attached hereto.

Regarding the construction of a secondary clarifier unit, Ms. Madrigal reported that AEI has finalized the plans and project bid documents and is ready to advertise for bids for the project. Ms. Madrigal stated that AEI is awaiting an official response from the Heatherloch MUD engineer regarding the project prior to advertising for bids. Ms. Madrigal requested authorization to advertise for bids for the Secondary Clarifier Project.

Ms. Madrigal next reminded the Board that AEI previously evaluated the requirements for the replacement of two (2) of the three (3) STP on-site Lift Station pumps and the Board had authorized the purchase of two (2) new Flygt Lift Station pumps. Ms. Madrigal stated that the Operator previously placed the purchase order for the two (2) new Lift Station pumps and the current delivery of the pumps is anticipated later in the month.

Ms. Madrigal then reported that Heatherloch MUD's sanitary sewer line pipe bursting project is currently on hold (awaiting materials).

Ms. Madrigal next presented to and reviewed with the Board the most recent STP capital improvement project ("CIP") list, a copy of which is attached hereto. Ms. Madrigal stated that, as discussed at the November and December Board meetings, due to the anticipated increase in flow and ongoing concerns with the age of the STP's electrical system, and as authorized by the Board. AEI accelerated the design and construction of the STP motor control center (the "MCC") replacement project and building improvements to 2019/2020 on the CIP. Ms. Madrigal requested Board authorization for AEI to proceed with design of Clarifier No. 1 Rehabilitation and Recoating and the MCC Replacement and Building Modifications.

In response to a question, Mr. Abshire stated that he plans to present the Heatherloch MUD Board with an updated CIP (which includes the STP projects and costs) at the next regularly scheduled Heatherloch MUD Board of Directors meeting for approval.

Upon motion by Director Warner, seconded by Director Handojo, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the STP Projects Report; 2) authorize AEI to advertise for bids for the Secondary Clarifier Project; and 3) authorize AEI to proceed with the design for the Clarifier No. 1 Rehabilitation and Recoating and the MCC Replacement and Building Modifications Project.

After additional discussion, the Heatherloch MUD Directors in attendance voted to: 1) authorize AEI to advertise for bids for the Secondary Clarifier Project; and 2) authorize AEI to proceed with the design for the Clarifier No. 1 Rehabilitation and Recoating and the MCC Replacement and Building Modifications Project.

STP BOOKKEEPING REPORT

Mr. Haskins then presented to and reviewed with the Board and the Heatherloch MUD Board of Directors the STP Bookkeeping Report and budget, a copy of which is included with the District's Bookkeeping Report. In response to a question, Mr. Haskins agreed to provide the Heatherloch MUD Board of Directors with all of the monthly STP invoices. Upon motion by Director Griffith, seconded by Director Handojo, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Bookkeeping Report.

The Heatherloch MUD representatives, Messrs. Abshire and Konopka and Ms. Ely exited the meeting at this time.

PUBLIC COMMENTS

There were no public comments at this time.

DIRECTOR COMMENTS

Director Griffith reported on his attendance at the recent Association of Water Board Directors – Texas Parks Committee meeting on January 4th and the North Harris County Regional Water Authority Board of Directors meeting on January 7th. Director Griffith then presented to and reviewed with the Board a summary of his attendance at such meetings, a copy of which is attached hereto.

CONSENT AGENDA

The Board reviewed the items reflected on the Consent Agenda. Director Griffith explained that this portion of the agenda deals with routine matters of the Board, and that no separate discussion of such items will occur unless a Director or a member of the public requests that an item be moved to the regular portion of the agenda.

Upon motion by Director Warner, seconded by Director Cooper, after full discussion and the question being put to the Board, the Board voted unanimously to approve the items on the Consent Agenda, as follows:

1. December 10, 2018 regular and special meeting minutes;
2. Tax Assessor/Collector's Report, a copy of which is attached hereto, including the checks included for payment; and
3. Bookkeeper's Report, a copy of which is attached hereto, including authorize payment of the checks listed in the Bookkeeper's Report: General Fund Account Expenses totaling \$213,622.37 (checks numbered 11313, 11339 through 11371 and 21032 through 21036); HRF Account Expenses of \$11,455.59 (checks numbered 3886 and 3900 through 3919); the STP Account Expenses of \$30,329.97 (checks numbered 2827 and 2835 through 2844); and Capital Projects Account Expenses of \$94,913.84 (checks numbered 145 through 148).

REGULAR AGENDA

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED ("FYE") SEPTEMBER 30, 2018.

Ms. Adams reported that the auditor plans to present a draft of the audit for FYE September 30, 2018 at the February 11th Board meeting.

AUTHORIZE PREPARATION AND SUBMITTAL OF CONTINUING DISCLOSURE REPORT

This item was tabled, subject to approval of the draft audit for FYE September 30, 2018.

ANNUAL REVIEW OF DISTRICT'S POST-ISSUANCE TAX-EXEMPT DEBT COMPLIANCE POLICIES

Ms. Adams stated that she is not recommending any changes to the District's Post-Issuance Tax-Exempt Debt Compliance Policies at this time.

AUTHORIZE FILING OF FINANCIAL AND TAX-RELATED INFORMATION WITH TEXAS COMPTROLLER PURUANT TO TEXAS LOCAL GOVERNMENT CODE SECTIONS 203.062 AND 403.0241 FOR THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE ("SPDPID")

Ms. Adams then reported that the Texas Local Government Code, Sections 203.062 and 403.0241, require the annual filing of certain financial and tax-related information by all special purpose districts in the Texas Comptroller's SPDPID. Ms. Adams noted that such information must be filed with the Texas Comptroller annually by April 1st or a fine will be incurred. Upon motion by Director Handojo, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Attorney to file the required financial and tax-related information with the Comptroller by April 1, 2019.

Mr. Haskins exited the meeting at this time.

WATER SUPPLY SYSTEM AND SANITARY SEWER COLLECTION SYSTEM OPERATIONS AND MAINTENANCE REPORT

Mr. Skarboszewski then reviewed with the Board the Water Plant ("WP") and Sanitary Sewer Collection System Operations Report and related Operations Manager's Report for the month of December, copies of which are attached hereto. Mr. Skarboszewski noted that the water accountability ratio for the prior month was 81%. Mr. Skarboszewski stated that after last month's billing, the Operator identified an undetermined amount of water that had not been billed. Mr. Skarboszewski added that TOPS contacted the operators for Heatherloch MUD and Champions Municipal Utility District and began inspecting storm sewers for a main line break. Mr. Skarboszewski explained that the Heatherloch MUD operator located a main break going into the drainage ditch on Wunderlich Drive. Mr. Skarboszewski noted that after Heatherloch MUD receives its bill for interconnect usage for the current month, TOPS will determine the amount of water lost.

Mr. Skarboszewski stated that, on December 28th, the District's system experienced low pressure due to the Ground Storage Tank ("GST") No. 1 sensor line being clogged and giving false readings to the controls. Mr. Skarboszewski reported that TOPS cleared the line and monitored the WP until everything returned to normal. Mr. Skarboszewski recommended that the sensor line for GST no. 1 be relocated from the floor to 18 inches (18") above the floor to reduce clogging.

Mr. Skarboszewski then reported that Booster Pump No. 3 has been pulled to seal a failure. Mr. Skarboszewski stated that the repairs are estimated to cost \$3,500.

Mr. Skarboszewski next stated that TOPS has purchased and will install the external tank level gauges.

Mr. Skarboszewski went on to report that, on January 3rd, the Operator responded to a sewer stoppage at 13334 Bibb Drive. Mr. Skarboszewski stated that the lateral line was jetted and the blockage was cleared. Mr. Skarboszewski reported that, on January 8th, the Operator responded to the same address for the same issue. Mr. Skarboszewski stated that the Operator cleared the line again and then televised the line to determine the source of the blockage. Mr. Skarboszewski noted that root infiltration was located at the 45 degree bend to the main line. Mr. Skarboszewski informed the Board that the Operator will excavate and make the necessary repairs later in the week.

In response to a question, Mr. Skarboszewski reported that the isolation valve survey has been completed.

Mr. Skarboszewski stated that there are 36 accounts recommended for termination of service this month.

Upon motion by Director Handojo, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to approve the WP Operations Report, authorize the necessary repairs to Booster Pump No. 3 and authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order.

ENGINEERING AND DISTRICT PROJECTS REPORT

Ms. Madrigal next presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto.

Ms. Madrigal reminded the Board that it previously awarded the contract for the WP emergency generator project to McDonald Electric, Inc. ("McDonald") in the amount of \$424,469. Ms. Madrigal reported that the new generator unit has been installed and that McDonald completed the punch list items identified during the final inspection. Ms. Madrigal went on to report that AEI has issued a Certificate of Completion, a copy of which is attached to the Engineer's Report. Ms. Madrigal presented to and reviewed with the Board a Certificate of Acceptance for approval. Ms. Madrigal went on to present Pay Estimate No. 6 and Final in the amount of \$41,859.90. A copy of Pay Estimate No. 6 and Final is attached to the Engineer's Report (final contract amount \$418,599.00). Ms. Madrigal recommended approval and payment of Pay Estimate No. 6 and Final.

Ms. Madrigal then reported that when the Operator attempted to drain the GST for the roof replacement project, additional issues with the SCADA settings and alarms were identified. Ms. Madrigal noted that the contractor has been notified and will be working on the issues this week. After discussion, it was the consensus of the Board to request an extension of the one (1) year warranty for the WP and STP PLC Upgrades (SCADA) Project, which expires on February 7th.

Ms. Madrigal then reminded the Board that it previously awarded the contract for the WP No. 1 GST roof replacement project to CFG Industries, LLC ("CFG") in the amount of \$499,900. Ms. Madrigal reported that CFG mobilized earlier in the week and started demolition of the roof on the south tank (closest to the on-site buildings). Ms. Madrigal noted that only one (1) GST will be taken down at a time. Ms. Madrigal stated that, based on CFG's schedule, the work for each GST is approximately 45 to 55 days with a project completion date of June 26, 2019. Ms. Madrigal went on to present Pay Estimate No. 1 in the amount of \$46,350. A copy of Pay Estimate No. 1 is attached to the Engineer's Report. Ms. Madrigal recommended approval and payment of Pay Estimate No. 1.

Ms. Madrigal next stated that the WP site plat is ready for execution, upon approval by the Texas Commission on Environmental Quality (the "TCEQ") of the District's Order Establishing Rules and Regulations Regarding Sanitation and Pollution Control of the Areas in Proximity to District Water Plant Facilities (the "Sanitary Control Ordinance") and sanitary sewer control easement exception application for Water Well ("WW") Nos. 1 and 3. Ms. Madrigal reminded the Board that AEI had previously provided RBAP with the updated exhibits for WW Nos. 1 and 3. Ms. Adams noted that her office submitted the revised Sanitary Control Ordinance and exhibits to the TCEQ on December 3rd and was informed earlier in the day that the Sanitary Control Ordinance has been provided to TCEQ management for review. Ms. Madrigal noted that once the Sanitary Control Ordinance and accompanying application is approved by the TCEQ, AEI will update and present the plat for execution.

Regarding the TCEQ's requirement for WW historical data, Ms. Madrigal stated that AEI completed the submission of the WW historical data to the TCEQ and the end of December. Ms. Madrigal noted that AEI was able to obtain the 36-hour pump test data and chemical analysis from the original WW drilling and, therefore, a variance request is no longer necessary.

Regarding the WP MCC and building for same (the "MCC Project"), Ms. Madrigal reminded the Board that it previously authorized a change in project scope in connection with the \$1,200,000 approved in the Series 2017 Bonds for wastewater system rehabilitation projects to pay for the unforeseen necessary construction of the MCC Project. Ms. Madrigal went on to report the design of the new MCC Project is underway and AEI plans to have the project ready for advertising for bids by May or June 2019.

Ms. Madrigal then reported that the design of the Elevated Storage Tank ("EST") rehabilitation project is complete and AEI has submitted plans to the TCEQ for review and approval. Ms. Madrigal stated that AEI plans to advertise the project for bids in February 2019 with construction to commence after the GST roof replacement project is complete.

Ms. Madrigal then reminded the Board that it previously awarded the contract for the sanitary sewer smoke-testing project to AAA Flexible Pipe Cleaning ("AAA Pipe") in the amount of \$67,500.62. Ms. Madrigal reported that AAA Pipe completed televising of the 18-inch (18") and 24-inch (24") sanitary sewer lines and submitted the related inspection reports to AEI, which have been reviewed. Ms. Madrigal stated that no recommendations for rehabilitation on this portion of the sanitary sewer system is required at this time. Ms. Madrigal noted that AEI is coordinating with AAA Pipe to schedule the smoke testing portion of the project.

Regarding necessary drainage improvements for the District's property located north of the WP, Ms. Madrigal reminded the Board that at the November Board meeting the Directors awarded the contract for installation of a drainage system and regrading of the District's 1.8-acre tract of land to Four Seasons Development Co., Inc. ("Four Seasons") in the amount of \$24,401.00. Ms. Madrigal reported that Four Seasons has mobilized and is in the process of installing the new E-inlet and drainage connection to the existing manhole. Ms. Madrigal then presented to and reviewed with the Board a photograph of the

excavated portion of the 1.8-acre tract where the E-inlet has been installed, a copy of which is attached to the Engineer's Report. Ms. Madrigal stated that the adjacent property owner, Mr. Frank Jolly, has requested that the District remove the tree abutting the new drainage line. The Directors agreed to have the top of the tree removed. Ms. Madrigal then explained that during excavation, Four Seasons identified a CenterPoint high pressure natural gas line on the District's property that appears to have been constructed on District property without obtaining an easement from the District. An extensive discussion ensued and the attorney was asked to communicate with CenterPoint regarding the need for an easement.

Regarding necessary drainage improvements to the Donut Lake property, Ms. Madrigal reminded the Board that at the November Board meeting the Directors awarded the contract for the drainage improvements and regrading at Donut Lake to Storm Water Solutions, LLC ("SWS") in the amount of \$13,581.40. Ms. Madrigal reported that SWS has mobilized and started work on re-grading the swale near the dog park and uncovering the existing inlets and has started cleaning the lines. Ms. Madrigal stated that as SWS commenced cleaning of the drainage lines, two (2) of the lines collapsed. An extensive discussion ensued.

STATUS OF RECEIPT OF DRAINAGE PLAN AND COMPLIANCE WITH DISTRICT'S POLICIES FOR BENFER ROAD DEVELOPMENT

Regarding a request for service for the development of a 0.86-acre tract of land located on Benfer Road (the "Benfer Road Property"), Ms. Madrigal reminded the Board that at the October 2018 Board meeting, Mr. Marc Helm, owner of the Benfer Road Property, and the Benfer Road Property's engineer agreed to coordinate with AEI regarding the required drainage analysis and prepare and submit a written drainage plan to the District for review prior to AEI's issuance of a plan approval letter on behalf of the District. Ms. Madrigal stated that AEI has not yet received a drainage plan from Mr. Helm or the Benfer Road Property engineer for review and approval. Ms. Madrigal stated that AEI will continue to attempt to coordinate with them regarding the drainage plan and status of the project.

WATER LINE IMPROVEMENTS TO SERVE 13303 CHAMPION FOREST DRIVE

Regarding the re-design of the three-inch (3") water line which serves the dental office complex at 13303 Champion Forest Drive, Ms. Madrigal stated that she provided Dr. Coker with the revised exhibit/map depicting the water and sanitary sewer line layout for distribution to the affected property owners. Ms. Madrigal went on to state that she is still awaiting receipt of the executed Letter of Understanding from the property owners.

Ms. Madrigal then reported that AEI has reviewed the current parking situation at Donut Lake and has developed a couple of options for expansion for the Board's consideration. A summary of the parking expansion options is attached to the Engineer's Report. A discussion ensued. Ms. Madrigal agreed to obtain cost estimates for the parking options presented.

Ms. Madrigal noted that the one (1)-year warranty inspection for the WP and STP PLC Upgrades (SCADA) is scheduled for February 7, 2019 and the one (1)-year warranty inspection for the WP emergency generator is scheduled for November 14, 2019.

Upon motion by Director Handojo, seconded by Director Cooper, after full discussion and the question being put to the Board, the Board voted unanimously to: 1) approve the Engineer's Report; 2) authorize payment of Pay Estimate No. 6 and Final in the amount of \$41,859.90 for the WP emergency generator project; 3) approve and authorize execution of the Certificate of Acceptance in connection with the WP emergency generator project; 4) authorize Ms. Madrigal to prepare correspondence to Jaimar Automation and its surety requesting an extension of the one (1) year warranty for the WP and

STP PLC Upgrades (SCADA) Project due to the ongoing issues identified; 5) authorize payment of Pay Estimate No.1 in the amount of \$46,350 for the WP No. 1 GST roof replacement project; 6) authorize AEI to coordinate removal of the top of the tree that is in close proximity to the E-inlet construction on the District's property; 7) authorize RBAP to request a Utility Easement for CenterPoint's high-pressure gas line located on the District's 1.8-acre tract of land; and 8) authorize AEI to coordinate the necessary repairs to the two (2) collapsed drainage lines at Donut Lake at a cost not to exceed \$5,000.

REVIEW DROUGHT CONTINGENCY PLAN ("DCP")

Ms. Madrigal next reported that the TCEQ previously submitted a letter requesting review of the District's DCP by May 1, 2019. Ms. Madrigal stated that she will review and update the District's current DCP, if necessary, upon receipt and review of the NHCRWA's DCP.

DISCUSS STATUS OF PREPARATION OF REQUEST FOR PROPOSALS FOR ONLINE DISTRICT REPOSITORY, ELECTRONIC MEETING PACKETS AND WEBSITE MANAGEMENT, AND TAKE NECESSARY ACTION ON SAME

Ms. Adams reminded the Board that her office previously prepared a draft request for proposals for: 1) the uniform digitization of all District documents; 2) the creation of a digital environment in which the Board and consultants can access District data; and 3) the creation of electronic Board meeting packets (the "RFP") and provided same to Directors Sklenka and Handojo for review. Director Sklenka then presented to and reviewed with the Board a proposed scope of the projects for the RFP, a copy of which is attached hereto. A discussion ensued. The Board requested that the attorney update the RFP based on Director Sklenka's proposed scope, submit the RFP to Pepper Well File Management, BoardBook and present the proposals received to the Board at an upcoming meeting.

ATTORNEY'S REPORT

STATUS OF APPROVAL OF SANITARY CONTROL ORDINANCE BY TCEQ FOR WW NOS. 1 AND 3

Ms. Adams noted that this item was discussed earlier in the Board meeting.

After a brief discussion, it was the consensus of the Board to hold the next HRF special meeting at 2:15 p.m. on February 11, 2019.

Ms. Adams stated that she had nothing further to report.

No further action was taken, and the meeting was adjourned at 5:35 p.m.

PASSED, APPROVED and ADOPTED this 11th day of February, 2019.



Asst. _____
Secretary, Board of Directors