

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

April 8, 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, April 8, 2019, at 3:00 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:

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, except Director Cooper, 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; Ms. Renae Ely, paralegal, of Coats Rose, attorney for Heatherloch MUD; Mr. Nate Jackson, P.E., of Jones|Carter, engineer for Heatherloch MUD; Mr. Steve Haskins of Protocol Bookkeeping, Inc. (the "Bookkeeper"), bookkeeper for the District; Ms. Pam Madrigal, P.E., of AEI Engineering, Inc. ("AEI" or the "Engineer"), engineer for the District; Mr. Karl Skarboszewski of Texas Operations & Professional Services ("TOPS" or the "Operator"), operator for the District; Ms. Pat Hall of Equi-Tax, Inc. (the "Tax Assessor"), tax assessor/collector for the District; Mr. Bill Blich of Blich Associates, Inc., financial advisor 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; and Ms. Regina D. Adams and Ms. Monica A. Garza, attorney, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley LLC ("RBAP"), attorneys for the District. A sign-in sheet is attached hereto.

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 March, copies of which are attached hereto. Mr. Skarboszewski stated that recent inspections and testing indicate that the STP is operating satisfactorily.

Mr. Skarboszewski then reported that the District passed the most recent bio monitoring test.

Mr. Skarboszewski noted that, in order to increase the water hardness in the effluent, TOPS has purchased lime to add to the on-site Lift Station. Mr. Skarboszewski stated that TOPS will continue to monitor the effluent results until a good dosage rate is obtained.

Mr. Skarboszewski next reported that sludge pressing will occur the following week.

Mr. Skarboszewski then reported that preventative maintenance on the chlorinator and chemical feed equipment has been completed.

Mr. Skarboszewski went on to report that TOPS will be performing the semi-annual preventative maintenance and load bank test on the STP generator in the near future.

Regarding the replacement of two (2) of the three (3) STP on-site Lift Station pumps, Mr. Skarboszewski reported that the two (2) new Lift Station pumps have recently been shipped from Sweden.

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.

Ms. Madrigal reported that the Board previously awarded the construction contract to RP Constructors, Inc. ("RP") for the secondary clarifier project in the amount of \$1,635,825.00. Ms. Madrigal stated that Harris County (the "County") has approved the construction plans. Ms. Madrigal stated that the pre-construction conference is scheduled for April 10th.

Ms. Madrigal then reminded the Board that AEI had encountered an issue during the County's review of the plans for the secondary clarifier project. Ms. Madrigal reported that the STP site re-plat was submitted for review on March 4th to both the County and the City of Houston (the "City"). Ms. Madrigal noted that the STP site is being re-platted as one (1) restricted reserve instead of two (2), which eliminates any issues with expanding the basins in the future. Ms. Madrigal went on to report that the surveyor is addressing the County and City comments and AEI expects to present the final re-plat for execution at the May Board meeting.

Ms. Madrigal then reported that Heatherloch MUD's sanitary sewer line pipe bursting project is underway and progressing well. Ms. Madrigal stated that the contractor plans to mobilize later in April to begin pipe bursting the sanitary sewer lines along Strack Road.

Ms. Madrigal next reported that the Board previously authorized AEI to proceed with design of Clarifier No. 1 Rehabilitation and Recoating and design and construction of the STP motor control center (the "MCC") replacement and building modifications. Ms. Madrigal stated that AEI has initiated design of the Clarifier No. 1 Rehabilitation and Recoating and intends to advertise for bids following the completion of the Secondary Clarifier project. In regards to the STP MCC replacement design and building modifications, Ms. Madrigal reported that AEI is currently coordinating with the electrical and structural subcontractors and will then have a more specific timeline. Ms. Madrigal then requested authorization for AEI and the electrical subcontractor to evaluate the District's STP capital improvement plan (the "CIP"), design costs, CIP budgeted items and STP maintenance costs. Ms. Madrigal stated that it will cost between \$5,000 and \$7,000 to perform such evaluation.

A discussion ensued regarding whether AEI performs safety inspections upon completion of STP construction projects. Ms. Madrigal agreed to bring a proposal in May for performing STP construction project safety inspections.

Ms. Madrigal then reviewed with the Board a summary of the current equivalent single family connection (the "ESFC") breakdown for the District and Heatherloch MUD. In response to a comment from Mr. Spire, Ms. Madrigal stated that she will update the ESFC summary.

Upon motion by Director Sklenka, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Projects Report and authorize AEI and its electrical subcontractor to perform an evaluation of the District's STP CIP, design costs, CIP budgeted items and STP maintenance costs for a cost not to exceed \$7,000.

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

In response to questions from the Heatherloch MUD Board members, Mr. Skarboszewski reminded the Board that it previously authorized Accurate Meter to inspect the District's interconnect with Heatherloch MUD to investigate whether a repair or replacement of the interconnect meter is necessary. Mr. Skarboszewski stated that Accurate Meter has since excavated the waterline in order to prepare a cost estimate for the repair/replacement of the interconnect meter and installation of a vault around the interconnect meter. Mr. Skarboszewski noted that Accurate Meter has indicated that the only feasible option is to replace the interconnect meter vault with a new vault that includes two (2), six inch (6") meters. Mr. Skarboszewski added that Accurate Meter estimated the purchase price for such meter vault is \$23,500 and approximately \$4,000 to install same. A discussion ensued. Ms. Madrigal stated that she will provide Jones|Carter with correspondence regarding Heatherloch MUD's share of the interconnect meter vault costs.

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

STP BOOKKEEPING REPORT

Mr. Haskins then presented to and reviewed with the Board and the Heatherloch MUD Board the STP Bookkeeping Report and budget, a copy of which is included with the District's Bookkeeping Report.

An extensive discussion ensued regarding the Operator's mark-up cost of 15% on subcontractor invoices. In response to a request from a Heatherloch MUD Director, Ms. Adams stated that her office will provide Heatherloch MUD's attorney with a copy of the District's current Services Agreement with TOPS.

Upon motion by Director Warner, seconded by Director Sklenka, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Bookkeeping Report.

Mr. King then informed the Board and Operator that there was an oil leak at the electrical transformer in his backyard that backs up to the District's Water Plant ("WP") on Benfer Road recently. Mr. King stated that the transformer has been replaced.

The Heatherloch MUD representatives, Mr. Jackson and Ms. Ely exited the meeting at this time.

PUBLIC COMMENTS

There were no public comments at this time.

DIRECTOR COMMENTS

Director Griffith then reported on his attendance at the recent North Harris County Regional Water Authority (the "NHCRWA") Board of Directors meeting on April 1st.

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 Handojo, seconded by Director Warner, after full discussion and the question being put to the Board, the Board voted the three (3) votes in favor, and one (1) abstention, with Director Sklenka abstaining, to approve the item(s) on the Consent Agenda, as follows:

1. March 11, 2019 regular and special meeting minutes; and
2. Tax Assessor/Collector's Report, a copy of which is attached hereto, including the checks included for payment.

BOOKKEEPER'S REPORT

Mr. Haskins presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto. A discussion ensued regarding the quality of work performed by Storm Water Solutions, LLC ("SWS") in connection with the drainage improvement project at Donut Lake. It was the consensus of the Board to withhold check no. 11444 to SWS until such time as AEI is satisfied with the quality of work performed on the Donut Lake drainage improvement project.

Upon motion by Director Handojo, seconded by Director Warner, after full discussion and with all Directors present voting, the Board approved the Bookkeeper's Report, including authorizing payment of the checks listed in the Bookkeeper's Report: General Fund Account Expenses totaling \$253,168.14 (checks numbered 11396 through 11399, 11418 through 11423, and 11428 through 11450, and 21047 through 21049; HRF Account Expenses of \$59,478.46 (checks numbered 3930, 3931 and 3948 through 3972); STP Account Expenses of \$35,698.16 (checks numbered 2861 through 2872); and Capital Projects Account Expenses of \$39,157.04 (checks numbered 160 through 162).

REGULAR AGENDA

WATER SUPPLY SYSTEM AND SANITARY SEWER COLLECTION SYSTEM OPERATIONS AND MAINTENANCE REPORT (-CONT-)

Mr. Skarboszewski then further reviewed with the Board the WP and Sanitary Sewer Collection System Operations Report and related Operations Manager's Report for the month of March, copies of which are attached hereto. Mr. Skarboszewski noted that the water accountability ratio for the prior month was 81%.

Mr. Skarboszewski stated that, as reported earlier in the meeting, Accurate Meter had excavated the District's water line in order to prepare a cost estimate for the repair/replacement of the District's interconnect meter with Heatherloch MUD and installation of a vault around the interconnect meter. Mr. Skarboszewski went on to state that Accurate Meter has estimated that the cost to purchase

and install a new meter vault is \$27,500 and he will provide a proposal from Accurate Meter for same at the May Board meeting. In response to a request from Ms. Adams, Mr. Skarboszewski stated that he will provide RBAP with the proposal prior to the May Board meeting for review.

Mr. Skarboszewski then reported that TOPS has completed the annual preventative maintenance on the WP chlorinator and chemical feed pump equipment.

Mr. Skarboszewski next reported that TOPS discovered an issue with incoming power to the WP on April 5th. Mr. Skarboszewski stated that CenterPoint Energy was contacted and they made necessary repairs to the lines between the transformer and the weather head. Mr. Skarboszewski noted that the WP generator supplied power to the WP for approximately five (5) hours.

Mr. Skarboszewski stated that there are 73 accounts recommended for termination of service this month.

Ms. Adams then reported that the NHCRWA was recently contacted by representatives of Champions Municipal Utility District ("Champions MUD") regarding a request for a separate water line to provide surface water to Champions MUD due to internal ongoing water quality issues. An extensive discussion ensued. Mr. Skarboszewski noted that no historical testing, which is performed on a monthly basis, has indicated any water quality issues with the surface water provided to Champions MUD through the shared surface water line.

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.

APPROVE AND AUTHORIZE DISTRIBUTION OF 2018 DRINKING WATER QUALITY REPORT AND POSTING ON DISTRICT'S WEBSITE (DUE JULY 1)

Mr. Skarboszewski noted that he will present a draft of the District's proposed 2018 Drinking Water Quality Report at the May Board meeting.

Mr. Haskins exited the meeting at this time.

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 then reminded the Board that when the Operator attempted to drain the north ground storage tank (the "GST") for the roof replacement project, additional issues with the SCADA settings and alarms were identified. Ms. Madrigal stated that the warranty inspection was held on Friday, February 15th with the Operator and contractor and five (5) items were identified as still not being operational or complying with the parameters of the SCADA system design. Ms. Madrigal went on to report that the contractor has corrected the items identified during the warranty inspection, but there still appears to be some programming issues with the SCADA system. Ms. Madrigal noted that AEI has scheduled a site visit with an electrical subcontractor for April 9th in an effort to troubleshoot the programming issue(s).

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 \$499,900.00. Ms. Madrigal reported that the north Ground Storage Tank (GST) roof is set and CFG is working on setting the roof vents, ladders and additional piping. Ms. Madrigal stated that the contractor's schedule indicates that they will have the north GST back online within 30 days. Ms. Madrigal went on to report that once the north GST is operational, work on the south GST will be delayed until October.

Ms. Madrigal then reported that AEI has received the Texas Commission on Environmental Quality (the "TCEQ")-approved and recorded District 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 stated that AEI will include the Sanitary Control Ordinance information in the WP site plat and will present same for execution at the May Board meeting.

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 on February 22nd and received comments on March 28th. Ms. Madrigal stated that AEI has requested that the TCEQ re-evaluate several of the items noted since the requested information was included in AEI's original submission.

Regarding the WP MCC and building for same (the "WP 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 WP MCC Project. Ms. Madrigal went on to report that the WP MCC Project plans have been submitted to the County and the City for agency approval and will be submitted to the TCEQ and Operator later in the week. Ms. Madrigal stated that AEI anticipates agency review will take two (2) months.

Ms. Madrigal then reported that the design of the Elevated Storage Tank ("EST") rehabilitation project is complete and AEI received approval of the plans from the TCEQ on February 19th. Ms. Madrigal went on to report that AEI plans to hold off on advertising for bids for the project until the Fall. Ms. Madrigal noted that AEI is contacting several coating contractors to request information related to recent costs for adding a logo to the EST as well as reviewing the inclusion/replacement of some of the EST valves.

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 previously completed televising 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 noted that AAA Pipe has started to distribute notices to District residents regarding the anticipated commencement of the smoke testing. Ms. Madrigal anticipates the smoke testing to begin within the following week.

Regarding necessary drainage improvements for the District's property located north of the WP, Ms. Madrigal reminded the Board that it previously awarded the contract for installation of a drainage system and regrade of the District's 1.8-acre tract of land to Four Seasons Development Co., Inc. ("Four Seasons") in the amount of \$26,401.00. Ms. Madrigal reported that a final inspection was held on April 3rd and Four Seasons completed the final grading and site clean-up. 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. 2 and Final in the amount of \$9,331.00, a copy of which is attached to the Engineer's Report (final contract amount \$26,401.00). Ms. Madrigal recommended approval and payment of Pay Estimate No. 2 and Final.

STATUS OF DRAINAGE IMPROVEMENTS AT DONUT LAKE, INCLUDING REPLACEMENT OF COLLAPSED DRAINAGE LINES

Regarding necessary drainage improvements to the Donut Lake property, Ms. Madrigal reminded the Board that, at the November 2018 Board meeting, the Directors awarded the contract for the drainage improvements and regrading at Donut Lake to SWS in the amount of \$13,581.40. Ms. Madrigal noted that the District also approved Change Order No. 1 in the amount of \$7,890.85 from SWS to replace the collapsed lines and restore the associated areas. Ms. Madrigal reported that SWS has replaced the collapsed drainage lines. Ms. Madrigal stated that AEI is coordinating with SWS regarding the final grading and site restoration work, which should be completed within the following week. Ms. Madrigal went on to present Pay Estimate No. 1 in the amount of \$13,578.40. A copy of Pay Estimate No. 1 is attached to the Engineer's Report. Ms. Madrigal noted that she is currently coordinating with SWS regarding some work quality issues. Ms. Madrigal recommended approval and payment of Pay Estimate No. 1, subject to her satisfaction that all SWS work quality issues have been addressed.

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

Regarding the previous request for service to the 0.86-acre tract of land on Benfer Road (the "Benfer Road Property"), Ms. Madrigal reminded the Board that at the October 2018 Board meeting, Mr. Helm, owner of the Benfer Road Property, and the Benfer Road Property's engineer, Mr. Aaron Rendon, P.E. of ATR Engineering ("ATR"), 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 then reported that AEI was contacted by the County after the March Board meeting and the County informed AEI that the County intended to clean out the Benfer Road ditches and upsize several of the undersized culverts in the same area. Ms. Madrigal went on to report that the County has since performed the cleaning of the ditches and is in the process of upsizing the culverts. Ms. Madrigal added that AEI has reviewed the correspondence submitted by Mr. Rendon in response to the District's letter to ATR regarding the District's approval of service for the Benfer Road Property. Ms. Madrigal stated that AEI has confirmed that Mr. Rendon's response includes the necessary information/drainage plan and therefore, AEI is recommending that the District accept the Benfer Road Property drainage plans, as submitted. Ms. Madrigal stated that AEI has issued a no objection letter to Mr. Helm, a copy of which is attached to the Engineer's Report.

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 reminded the Board that the Letter of Understanding (the "LOU") with the property owners has been executed. Ms. Madrigal recommended that, in light of the District's current operating budget, the scheduling of this project should be re-evaluated.

Ms. Madrigal then presented to and reviewed with the Board the updated CIP and Operating Fund Project summaries and related budgets, copies of which are attached hereto. Mr. Blich then presented to and reviewed with the Board a historical summary of the District's General Fund, including the projected reserve balance for the District, a copy which is attached hereto. After a brief

discussion, Mr. Blicht stated that if the District utilizes the current anticipated project cost of \$158,873 from the General Fund towards projects there will still be a sufficient General Fund reserve balance for fiscal year ending September 30, 2019.

Ms. Madrigal noted that the one (1)-year warranty inspection for the WP emergency generator is scheduled for November 14, 2019.

Upon motion by Director Warner, seconded by Director Sklenka, 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. 2 and Final in the amount of \$9,331.00 for the drainage improvement project; 3) approve and authorize execution of the Certificate of Acceptance in connection with the drainage improvement project; 4) authorize payment of Pay Estimate No. 1 in the amount of \$13,578.40 to SWS for the Donut Lake drainage improvement project, subject to AEI's satisfaction that any work quality issues have been addressed; and 5) accept the Benfer Road Property drainage plans.

Mr. Blicht then exited the meeting at this time.

DISCUSS RENEWAL OF INSURANCE AND REQUEST INSURANCE PROPOSALS, AS NECESSARY, INCLUDING AUTHORIZING ENGINEER TO PERFORM VALUATION OF THE DISTRICT'S FACILITIES

Ms. Christensen then explained that the District's current insurance policies expire on July 1, 2019, and, therefore, Board action authorizing procurement of insurance proposals is recommended. Ms. Christensen reminded the Board that the District's current insurance broker is Arthur J. Gallagher & Co. ("Gallagher & Co."). Upon motion by Director Griffith, seconded by Director Sklenka, after full discussion and the question being put to the Board, the Board voted unanimously to authorize RBAP to request an insurance proposal from Gallagher & Co. and authorize AEI to update the District's list of property values, as discussed.

REVIEW AND ACCEPT PROPOSAL FOR IMPLEMENTATION OF ONLINE DOCUMENT REPOSITORY

Ms. Adams then reminded the Board that Ms. Kristen Pepper of Pepper Well File Management ("Pepper Well") previously reviewed with the Board a proposal 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, a copy of which is attached hereto. Ms. Adams noted that Ms. Pepper subsequently provided a demonstration of an online repository to the Directors. Action on this item was tabled until the May Board meeting.

APPROVE CONTRACT FOR WEBSITE DEVELOPMENT WITH OFF CINCO

Ms. Adams reported that at the April special Board meeting, the Board accepted a proposal from Off Cinco for: 1) redesigning the District's website in a custom layout (\$4,800); 2) monthly hosting and unlimited maintenance (\$250/month); 3) updates to comply with the Americans with Disabilities Act (the "ADA") (\$900); 4) adding Google translation integration (\$100); and 5) making the necessary domain/hosting transfers (\$100). Ms. Adams then presented to the Board the Service Agreement with Off Cinco, but noted some recommended revisions to same. A discussion ensued.

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 approve and authorize execution of the Service Agreement with Off Cinco for: 1) redesigning the District's website in a custom layout (\$4,800); 2) monthly hosting and unlimited maintenance (\$250/month); 3) updates to comply with the ADA (\$900); 4) adding Google translation integration (\$100); and 5) making the necessary domain/hosting transfers (\$100), subject to receipt of a revised Service Agreement. A copy of the executed Service Agreement is attached hereto.

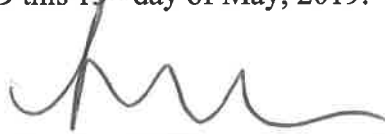
ATTORNEY'S REPORT, INCLUDING REVIEW OF MID-SESSION LEGISLATIVE UPDATE

Ms. Adams next reviewed the RBAP Legislative Update of the 86th Legislature (2019), a copy of which is on file in the records of the District.

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

No further action was taken, and the meeting was adjourned at 4:50 p.m.

PASSED, APPROVED and ADOPTED this 13th day of May, 2019.



(DISTRICT SEAL)

Secretary, Board of Directors

