

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

May 13, 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, May 13, 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, thus constituting a quorum. Others in attendance were: Mr. Frank Jolley, resident of the District; the following Heatherloch Municipal Utility District ("Heatherloch MUD") Board of Directors representatives: Ms. Gerry Wright and Mr. John Spire; Mr. Cole Konopka, attorney, and Ms. Renae Ely, paralegal, of Coats Rose, attorney for Heatherloch MUD; Mr. Justin Abshire, 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, attorneys, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley LLC ("RBAP"), attorney 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 April, copies of which are attached hereto. Mr. Skarboszewski stated that recent inspections and testing indicate that the STP is operating satisfactorily.

Mr. Skarboszewski next reported that the Return Activated Sludge ("RAS") Pump No. 3 failed and has been pulled for necessary repairs. Mr. Skarboszewski added that RAS Pump No. 2 will be utilized until RAS Pump No. 3 is reinstalled. In response to a question, Mr. Skarboszewski stated that the last time that a RAS Pump was repaired it cost approximately \$6,500.

Mr. Skarboszewski then reported that the most recent bio monitoring test passed. Mr. Skarboszewski noted TOPS has changed the gear oil at the Clarifier. Mr. Skarboszewski stated

that Blower No. 7 is no longer working properly and Blower No. 1 has been pulled and installed with the Blower No. 7 motor.

Regarding the replacement of two (2) of the three (3) STP on-site Lift Station pumps, Mr. Skarboszewski noted that the two (2) new Lift Station pumps are scheduled to be delivered May 28th. 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.

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 STP Operations Report and authorize the necessary repairs to the RAS Pump No. 3 at a cost not to exceed \$7,000.

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 the pre-construction meeting for the project was held on April 10th and the Notice to Proceed was issued on April 20th. Ms. Madrigal noted that the anticipated project completion date is January 15, 2020. Ms. Madrigal added that AEI is currently reviewing the submittals and RP anticipates mobilizing on-site during the first (1st) week of June.

Ms. Madrigal reported that the STP site re-plat for the Secondary Clarifier project has been approved by the County and the City of Houston (the "City"). Ms. Madrigal presented the re-plat for execution.

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 commence with pipe bursting the sanitary sewer lines along Strack Road on May 14th and should take approximately three (3) weeks.

Ms. Madrigal stated 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 anticipates finalizing the plans by August and intends to advertise for bids following the completion of the Secondary Clarifier project.

Ms. Madrigal then reported that AEI is currently coordinating with an electrical and structural sub-consultant in connection with the MCC replacement and STP building modification project. Ms. Madrigal stated that, upon receiving additional information from the sub-consultants, AEI will provide a final construction schedule. A discussion ensued.

Ms. Madrigal next reported that AEI is in the process of preparing an updated STP Capital Improvement Projects summary and plans to present same to the Board at the June or July Board meeting.

Ms. Madrigal then reviewed with the Board a summary of the current equivalent single family connection breakdown for the District and Heatherloch MUD.

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: 1) approve the STP Projects Report; and 2) approve and authorize execution of the STP re-plat.

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.

In response to a question, Ms. Madrigal stated that she will begin providing the Board and Heatherloch MUD with a summary of the construction and engineering costs in connection with the Secondary Clarifier project.

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 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 then reported on his attendance at the recent North Harris County Regional Water Authority Board of Directors meeting on May 3rd.

Director Warner next reported on his attendance at the Green Medians Joint Powers Board quarterly meeting. Director Warner stated that the sidewalk repair project along FM 1960 has been completed.

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 unanimously to approve the item(s) on the Consent Agenda, as follows:

1. April 1, 2019 special meeting minutes and April 8, 2019 regular and special meeting minutes; and
2. 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 \$263,022.28 (checks numbered 11418 through 11471 and 21050 through 21053); HRF Account Expenses of \$52,543.25 (checks numbered 3972 through 3993); the STP Account

Expenses of \$23,846.84 (checks numbered 2871 through 2880); and Capital Projects Account Expenses of \$19,702.84 (checks numbered 163 and 164); and

3. Tax Assessor/Collector's Report, a copy of which is attached hereto, including the checks included for payment.

REGULAR AGENDA

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

Mr. Skarboszewski then reviewed with the Board the WP and Sanitary Sewer Collection System Operations Report and related Operations Manager's Report for the month of April, copies of which are attached hereto. Mr. Skarboszewski noted that the water accountability ratio for the prior month was 98%.

Ms. Hall exited the meeting at this time.

Mr. Skarboszewski next reminded the Board that Accurate Meter had previously excavated the District's water line in order to prepare a cost estimate for the repair or replacement of the District's interconnect meter with Heatherloch MUD and installation of the meter vault. Mr. Skarboszewski presented to and reviewed with the Board cost estimates from Accurate Meter and Park USA for the purchase and installation of a new meter and vault. Mr. Skarboszewski stated that Accurate Meter has provided a cost estimate in the amount of \$30,300 for the purchase and installation of a new meter and vault. Mr. Skarboszewski went on to report that Park USA provided a cost estimate in the amount of \$22,025 for the purchase of a magnetic-style meter and vault and installation of same. Copies of the proposals are attached to the Operations Report. A discussion ensued. Ms. Madrigal stated that AEI will provide a recommendation letter to Heatherloch MUD in connection with the purchase and installation of a new meter and vault.

Mr. Skarboszewski next reported that Heatherloch MUD went off the interconnect on May 7th and TOPS plans to invoice Heatherloch MUD for interconnect usage later in the week.

Mr. Skarboszewski then reported that Booster Pump No. 4 failed recently during a period of high usage. Mr. Skarboszewski stated that TOPS has pulled the pump and obtained a proposal from EMS in the amount of \$11,038.85 to rebuild the pump (not including labor to pull and re-install).

Mr. Skarboszewski went on to report that the new pressure switches for the SCADA system have been installed.

Mr. Skarboszewski stated that there are 65 accounts recommended for termination of service this month. A discussion ensued.

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 WP Operations Report; 2) accept the proposal from Park USA and authorize the purchase and installation of a new interconnect meter and vault, subject to approval by Heatherloch MUD to split the cost of same, and authorize AEI to send a recommendation letter to Heatherloch MUD regarding same; 3) accept the proposal from EMS and authorize the rebuilding of Booster Pump No. 4; and 4) authorize termination of service to the delinquent accounts in accordance with the provisions of the District's Rate Order .

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

Mr. Skarboszewski then reviewed with the Board a draft of the District's proposed 2018 CCR, a copy of which is attached hereto. Mr. Skarboszewski reminded the Board that such report is required to be delivered to the District's customers by no later than July 1, 2019. Mr. Skarboszewski added that the District is in full compliance with all water quality requirements of the Texas Commission on Environmental Quality (the "TCEQ").

Upon motion by Director Warner, seconded by Director Sklenka, and after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the District's 2018 CCR and authorize TOPS to distribute same to the District's customers with notice of the posting of same on the District's website.

Mr. Jolley entered 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 reported that the contractor for the SCADA system has resolved the outstanding items identified during the final warranty inspection. Ms. Madrigal stated that AEI is recommending that the District close-out the one (1)-year warranty review and finalize the acceptance certificate for the SCADA system project.

Ms. Madrigal then reminded the Board that it previously awarded the contract for the WP No. 1 Ground Storage Tank ("GST") roof replacement project to CFG Industries, LLC ("CFG") in the amount of \$499,900.00. Ms. Madrigal reported that the north GST roof work is complete and CFG is in the process of placing the north GST back in service. Ms. Madrigal noted that there are still a few exterior items that need to be addressed, but such items will not interfere with placing the north GST back in service later in the week. Ms. Madrigal went on to report that once the north GST is operational, work on the south GST will be delayed until October. A discussion ensued. Ms. Madrigal agreed to further inspect the north GST facilities based on comments from Director Warner.

Messrs. Jolley and Haskins exited the meeting at this time.

Ms. Madrigal then reported that AEI previously received 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 has included the Sanitary Control Ordinance information in the WP site plat and is presenting same for execution.

Regarding the TCEQ's requirement for WW historical data, Ms. Madrigal stated that AEI received letters from the TCEQ related to the approval of the completion data for WW Nos. 1 and 3 on April 23, 2019, copies of which are attached to the Engineer's Report. Ms. Madrigal added that AEI followed up with the TCEQ Houston Regional Office regarding violation notices that the District also received and received verbal confirmation that all violations had been resolved. Ms. Madrigal stated that AEI is awaiting receipt of the official letter from the TCEQ regarding same.

Regarding the WP MCC replacement 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 had been submitted to the County and the City for agency approval and AEI has received comments. A discussion ensued regarding some design issues for the WP MCC Project. Ms. Madrigal stated that AEI is addressing the comments from the County.

Mr. Jolley reentered the meeting at this time.

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 wait to advertise for bids for the project until the Fall. Ms. Madrigal noted that AEI has received a reasonable cost estimate from a contractor (\$10,000) for painting a simple logo on the EST. Ms. Madrigal stated that AEI is updating the design to include the replacement of several tank valves and some of the electrical components.

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 completed approximately 80% of the smoke testing. Ms. Madrigal stated that there are only two (2) sections remaining and the project should be complete by the end of May. Ms. Madrigal added that she anticipates presenting recommendations to the Board at the July Board meeting.

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 for a total contract amount of \$21,472.25. Ms. Madrigal reported that SWS has completed all work and AEI is awaiting receipt of the final pay estimate.

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 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.

ADOPT RESOLUTION DECLARING OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM PROCEEDS OF A BOND ISSUE (WATER LINE IMPROVEMENTS TO SERVE 13303 CHAMPION FOREST DRIVE)

Ms. Adams stated that since the District plans to expend operating funds for costs related to the water line improvement project at 13303 Champion Forest Drive, the District is permitted to reimburse itself with future bond proceeds which may be issued, in part, for such project. 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 adopt the Resolution Declaring Official Intent to Reimburse Expenditures from Bond Proceeds, a copy of which is attached hereto.

Ms. Madrigal noted that the one (1)-year warranty inspections for the WP emergency generator is scheduled for November 14, 2019 and for the District's Drainage Improvement project is scheduled for April 3, 2020.

Ms. Madrigal then reported that she has contacted a company, Corolla, regarding the possibility of the District implementing their asset tracking system. Ms. Madrigal noted that such asset tracking system is GIS-based and would cost approximately \$15,000-\$20,000 to establish. A discussion ensued. Ms. Madrigal stated that she will obtain a proposal from Corolla for the Board's consideration at the June Board meeting.

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: 1) approve the Engineer's Report; 2) approve and authorize closing out the SCADA system project; and 3) authorize execution of the WP site plat map.

Mr. Blitch exited the meeting at this time.

PUBLIC COMMENTS

The President then recognized Mr. Jolley who expressed his concerns regarding the ongoing issues with standing water on the District's 1.8-acre property located north of the WP that abuts his residence. Mr. Jolley added that the District's recent drainage improvement project has not eliminated the standing water or related issues. A discussion ensued. Ms. Madrigal stated that she would meet with Mr. Jolley at the property in question the next day to further discuss the drainage issues on the District's property.

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 June Board meeting.

REVIEW INSURANCE PROPOSAL AND AUTHORIZE RENEWAL OF SAME

Ms. Adams next reviewed the District's insurance proposal prepared by Arthur J. Gallagher & Co. ("Gallagher & Co.") for the term July 1, 2019 to June 30, 2020. Ms. Adams noted that the premium increased by \$4,162 from \$25,970 to \$30,132. A discussion ensued regarding the increase in insurance values and whether the District should authorize additional Cyber Security insurance coverage. It was the consensus of the Board to table action on this item, pending receipt of a revised proposal from Gallagher & Co. that includes an option for Cyber Security insurance coverage.

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.

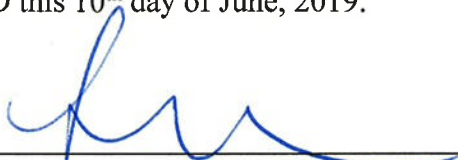
Ms. Adams stated that she had nothing further to report.

No further action was taken, and the meeting was adjourned at 4:40 p.m.

PASSED, APPROVED and ADOPTED this 10th day of June, 2019.

(DISTRICT SEAL)





Secretary, Board of Directors