

MINUTES OF SPECIAL MEETING
HEATHERLOCH MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS

13 June 2022

STATE OF TEXAS
COUNTY OF HARRIS

The Board of Directors (the "Board") of Heatherloch Municipal Utility District (the "District") of Harris County, Texas, met in special session open to the public, with the Board of Directors of Harris County Water Control and Improvement District No. 116, on the 13th day of June, 2022, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Barry I. King	President
Cecile Ceylan	Vice President
Gerry Wright	Secretary
John Marks	Treasurer
Wayne Verrett	Assistant Vice President/Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were the attendees as listed on the minutes of the meeting of the Board of Directors of the Harris County Water Control and Improvement District No. 116, a copy of which is attached as an exhibit hereto.

The Board hereby adopts the portion of the minutes of the Harris County Water Control and Improvement District No. 116 Board that pertains to the joint session meeting as the minutes for the District. The Directors present took no action other than participation in the discussion of the meeting with the Directors of Harris County Water Control and Improvement District No. 116.

(SEAL)


Secretary, Board of Directors



HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 116

MINUTES OF BOARD OF DIRECTORS MEETING

June 13, 2022

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, June 13, 2022, at 3:00 p.m., at 5300 Coral Gables, Houston, Texas 77069, 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
H. Marc Helm	Secretary
Robert Bell	Asst. Secretary/Treasurer
Timothy Jackson	Asst. Treasurer

All members of the Board were present, except Director Helm, thus constituting a quorum. Others in attendance were the following: Heatherloch Municipal Utility District ("Heatherloch") Board of Directors representatives: Ms. Gerry Wright, Ms. Cecile Ceylan and Messrs. Barry King, Wayne Verrett and John Marks; and Ms. Pam Madrigal, P.E., of Quiddity Engineering, LLC, engineer for Heatherloch; Ms. Jennifer Abad of Municipal Accounts and Consulting, L.P. ("MAC"), bookkeeper for the District; Mr. Mike Kurzy, P.E., of AEI, Inc., a Baxter & Woodman Company ("AEI" or the "Engineer"), engineer for the District; Messrs. Karl Skarboszewski and Joel Massie 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; 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. Monica A. Garza, attorney, and Ms. Carla Christensen, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), attorney 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.

PUBLIC COMMENTS

There were no public comments at this time.

WASTEWATER TREATMENT PLANT ("STP") REPORTS

STP OPERATIONS REPORT

Mr. Skarboszewski introduced Mr. Joel Massie who will be taking Mr. Skarboszewski place in the near future.

Mr. Skarboszewski first reviewed the STP Operations Report and related STP Operations Manager's Report for the month of May. Mr. Skarboszewski noted that the STP is operating satisfactorily.

Mr. Skarboszewski next reported that TOPS replaced a two (2)-inch reduced pressure zone assembly ("RPZ") for the chemical feed system and installed a one (1)-inch RPZ for the safety shower.

Mr. Skarboszewski then reported that TOPS de-ragged the Return Activated Sludge ("RAS") pump nos. 2 and 3 multiple times in the previous month. Mr. Massie also reported that RAS pump no. 3 was pulled multiple times by HAHN due to electronic control failures.

Mr. Skarboszewski went on to report that the customer as 14119 Hambleton Drive requested that the District remove a tree(s) and various limbs that are on the District's property and hanging over the fence of her property. A discussion ensued. Mr. Skarboszewski stated that he will request cost estimates to have the trees and limbs removed.

Upon motion by Director Bell, seconded by Director Jackson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Operations Report and authorize TOPS to have the trees and limbs removed near 14119 Hambleton Drive, as requested.

STP PROJECTS REPORT

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

Mr. Kurzy reminded the Board that it previously awarded the STP Motor Control Center ("MCC") replacement and building modifications project (the "STP MCC and Building Project") to W.W. Payton Corporation ("W.W. Payton") for \$940,000. Mr. Kurzy reported that W.W. Payton completed the project and related punch list items and the one (1)-year warranty period for the project will expire on April 18, 2023.

Mr. Kurzy then reminded the Board that, at a previous meeting, it had awarded the construction contract for the STP headworks, mechanical screen and aeration basin ("STP Headworks Project") (with Alternate Nos. 2 and 3) to R.P. Constructors, Inc. ("R.P. Constructors") in the amount of \$1,100,080.00. Mr. Kurzy stated that AEI has reviewed the contractor submittals for the long lead-time items, including the mechanical screen. Mr. Kurzy noted that a construction schedule has been requested from R.P. Constructors and they plan to mobilize in August.

Mr. Kurzy went on to report that AEI held an internal kick-off meeting last month in connection with the Blower Improvements and Building Modifications ("Blower Improvements/Building") Project. Mr. Kurzy stated that AEI is initiating the final design for the project and creating plans/specifications in accordance with the following schedule: 1) 90% plans/specifications to be complete by August 24th; 2) final plans/specifications to be complete by October 17th; and 3) bid solicitation and award for the Blower Improvements/Building Project to be completed on November 18th.

Mr. Kurzy next reported that the STP permit will expire on April 16, 2023 and the permit renewal application must be filed with the Texas Commission on Environmental Quality ("TCEQ") office 180 days before the expiration date. Mr. Kurzy reminded the Board that they previously

authorized preparation and submittal of the STP permit renewal. Mr. Kurzy noted that TOPS has ordered the lab testing that is required.

Mr. Kurzy then stated that AEI is finalizing the application and asset attributes for the District's asset inventory and condition assessment. Mr. Kurzy noted that data will be collected using the District's Geographic Information System ("GIS") account and AEI will begin with the STP assets later this month.

Mr. Kurzy then reviewed with the Board a summary of the May 2022 equivalent single-family connection breakdown for the District and Heatherloch.

Upon motion by Director Warner, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the STP Engineer's Report.

STP BOOKKEEPING REPORT

Ms. Abad then presented to and reviewed with the Board and Heatherloch the STP Bookkeeping Report, a copy of which is attached hereto.

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

DIRECTOR COMMENTS

Director Griffith next reported on his attendance at the most recent North Harris County Regional Water Authority ("NHCRWA") meeting held on June 6, 2022.

Director Warner stated that the quarterly Green Medians Joint Powers Board meeting was last month. Director Warner stated that he has nothing to report on the Green Medians matters at this time.

The Heatherloch representatives, with the exception of Mr. King, exited the meeting at this time.

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 Bell, 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. May 9, 2022 special and regular meetings minutes;
2. Bookkeeper's Report, including: payment of checks listed in the Bookkeeper's Report: General Fund Account Expenses (and transfers) totaling \$278,638.18 (checks numbered 13176 through 13206); HRF Account Expenses of \$30,522.25 (checks numbered 5113 and 5131 through

5156); the STP Account Expenses of \$61,257.22 (checks numbered 4060 through 4070); and Capital Projects Account Expenses of \$36,191.24 (checks numbered 1023 and 1024); and

3. Tax Assessor/Collector's Report.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Hall went on to report that she has received the 2022 preliminary value information from the Harris County Appraisal District and the District's preliminary value is \$373,032,406 (not including personal property), which is an increase of approximately 20% from the District's 2021 value.

REGULAR AGENDA

REVIEW REQUEST FROM MR. BARRY KING REGARDING RELOCATION OF THE WATER METERS AT 14701 BENFER ROAD AND TAKE ANY NECESSARY ACTION REGARDING SAME

Ms. Garza then reminded the Board that at the previous meeting they reviewed correspondence from Mr. Barry King, a District resident at 14701 Benfer Road, requesting clarification from the District in connection with the location of the water meter(s) serving his business and the adjacent property, a copy of which is attached hereto. Mr. Skarboszewski stated that it would cost approximately \$1,200 to relocate the two (2) meters that serve 14701 Benfer Road and 14615 Benfer Road. A discussion ensued after which the Board agreed that the meters serving 14701 Benfer Road and 14615 Benfer Road should be relocated at the District's expense. Upon motion by Director Warner, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to relocate the two (2) meters serving 14701 Benfer Road and 14615 Benfer Road.

ANNUAL REVIEW OF DIRECTOR FEES OF OFFICE AND EXPENSE REIMBURSEMENT POLICY (THE "REIMBURSEMENT POLICY")

The Board then reviewed the Reimbursement Policy, a copy of which is attached hereto. Ms. Garza stated that she is not recommending any changes to the District's Reimbursement Policy at this time. No action was taken by the Board 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 May, copies of which are attached hereto. Mr. Skarboszewski noted that the water accountability ratio for the prior month was 95%.

Mr. Skarboszewski next reported that TOPS serviced the WP well pump motors and performed well production tests in the last month.

In response to a question from Ms. Garza, Mr. Skarboszewski reported that Accurate Meter is in the process of replacing all of the District's smart meter endpoints.

The Board then reviewed the summary of the delinquent water accounts, a copy of which is attached hereto.

Upon motion by Director Warner, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the WP Operations Report and authorize termination of service to the delinquent accounts in accordance with District's Rate Order.

ENGINEERING AND DISTRICT PROJECTS REPORT

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

Mr. Kurzy next reminded the Directors that they previously awarded the construction contract for the WP MCC replacement and building for same (the "WP MCC and Building Project") to McDonald Municipal and Industrial ("McDonald") with a base bid amount of \$697,469. Mr. Kurzy reported that work on the project and the SCADA improvements are complete. Mr. Kurzy stated that all remaining equipment has been placed in service and appears to be working properly, but AEI will still need to confirm that the email alarms are sending proper notifications and troubleshoot any related issue that may arise. Mr. Kurzy noted that AEI still needs to ensure that the radio system works in full foliage of summer.

Mr. Kurzy next reminded the Board that it previously authorized AEI to create a District GIS map in connection with the District's Asset Management Policy. Mr. Kurzy stated that AEI continues to coordinate with TOPS and update the GIS.

Mr. Kurzy reminded the Board that the Water Distribution System Replacement, Phase 1 (booster pump, piping and building rehabilitation, and driveway improvements) and the Water Distribution System/Dental Office project were combined into one (1) comprehensive project ("Water Distribution Project – Phase I"). Mr. Kurzy stated that AEI previously submitted the plans for the Water Distribution Project – Phase I to the applicable governmental agencies for review and has received and addressed comments from Harris County and the City of Houston (the "City"). Mr. Kurzy noted that AEI is still coordinating with the City to resolve the issue of the water line extension serve the Champion Forest Dental Offices. Mr. Kurzy reported that AEI expects to submit the plans with the latest revisions to the City for signatures next week. Mr. Kurzy stated that AEI plans to advertise for the project upon receipt of City approval.

Mr. Kurzy went on to remind the Board that it previously awarded the construction contract for the WP No. 1 Improvement Project (with Alternate Nos. 4 and 8) to W.W. Payton in the amount of \$615,000.00. Mr. Kurzy reported that W.W. Payton continues to make progress at the site. Mr. Kurzy stated that AEI is working through some issues with the sound wall around the Booster Pumps as the location of the sound wall has caused some concern with operations. Mr. Kurzy then presented to and reviewed with the Board photographs and a summary of options for the sound wall, a copy of which is attached to the District Engineering Report. A discussion ensued. It was the consensus of the Board to backfill the trench originally planned for the sound wall. Mr. Kurzy went on to review with the Board Pay Estimate No. 2 in the amount of \$21,600 from W.W. Payton. Mr. Kurzy reported that Pay Estimate No. 2 represents payment for work completed on the demolition of the existing booster pump building, replacement of Booster Pump No. 5 and installation of the well discharge piping and

system programming modifications. Mr. Kurzy recommended approval of Pay Estimate No. 2 from W.W. Payton in the amount of \$21,600, a copy of which is attached to the Engineer's Report.

Mr. Kurzy next reported that the one (1) year warranty for Phase V of the Sanitary Sewer Rehabilitation ("SS Rehab") project expired on January 26, 2022. Mr. Kurzy stated that the contractor completed the re-televising of the sanitary sewer lines and AEI has reviewed the tapes to determine if there are any issues that need to be addressed. Mr. Kurzy noted that they are missing a section of the tapes and awaiting receipt of same to review. Mr. Kurzy stated that once AEI reviews the video of the missing section, AEI can close out the warranty on this project.

Upon motion by Director Warner, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and approve and authorize payment of Pay Estimate No. 2 from W.W. Payton in connection with the WP No. 1 Improvement Project.

REVIEW AND APPROVE WATER LINE EASEMENTS FOR CHAMPIONS FOREST PROFESSIONAL CENTER AT 13303 CHAMPIONS FOREST DRIVE

Ms. Garza then stated that her office continues to coordinate with the owners of the Champions Forest Professional Center in order to obtain the necessary water line easements in connection with the Water Distribution Project – Phase I. Ms. Garza reported that the manager of the Champions Forest Professional Center is in the process of locating the necessary owners to execute the necessary water line easement documents. A discussion ensued.

REVIEW INSURANCE PROPOSALS AND AUTHORIZE RENEWAL OF SAME (EXPIRES JULY 1, 2022)

Ms. Garza next reviewed the District's insurance proposal prepared by Arthur J. Gallagher & Co. ("Gallagher & Co.") for the term July 1, 2022 to July 1, 2023. Ms. Garza noted that the premium increased by \$4,570 from \$40,742 to \$45,312 due to property value increases. A discussion ensued regarding the options available to the District to reduce the 2022 insurance premium. Further discussion ensued regarding the District's liability in connection with Mr. Hilpert serving as the HRF Operations and Maintenance Manager. Upon motion by Director Warner, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to accept the insurance proposal submitted by Gallagher & Co. A copy of the executed proposal is attached hereto.

DISTRICT ELECTRONIC COMMUNICATIONS REPORT, INCLUDING STATUS OF ONLINE DOCUMENT REPOSITORY

The Board then reviewed the District's website report for the month of May, a copy of which is attached hereto.

REVIEW OF ARBITRAGE REBATE 5th YEAR REPORTS FOR \$5,625,000 SERIES 2017 BONDS (APRIL 18, 2017 TO APRIL 18, 2022)

Ms. Garza then briefly reviewed with the Board the Arbitrage Rebate and Yield Restriction Compliance Service Program Report (the "Arbitrage Report") in connection with the Series 2017 Bonds, a copy of which is attached hereto. Ms. Garza noted that no action is required at this time.

Upon motion by Director Bell, seconded by Director Jackson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Arbitrage Report.

ADOPT RESOLUTION AUTHORIZING APPLICATION FOR TCEQ APPROVAL OF AN EXTENSION OF TIME FOR REMAINING TCEQ AUTHORITY FROM BOND APPLICATION REPORT NO. 8 (THE "APPLICATION")

Ms. Garza stated that the District previously issued its \$3,210,000 Unlimited Tax and Revenue Bonds, Series 2020, on October 20, 2020, which left \$3,290,000 of the \$6,500,000 in TCEQ-approved bonds remaining unissued. Ms. Garza stated that the District will need to submit a second Application to the TCEQ as the remaining TCEQ bond authorization will expire July 23rd. Ms. Garza requested that the Board approve and authorize submitting the Application to the TCEQ for a one (1) year extension of such remaining bond authority. Upon motion by Director Griffith, seconded by Director Bell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Application and authorize submission of same to the TCEQ.

ATTORNEY'S REPORT, INCLUDING:

STATUS OF PROPOSED NHCRWA DIRECT SURFACE WATER INTERCONNECTION TO CHAMPIONS MUD AND POTENTIAL IMPACTS ON THE DISTRICT AND TAKE NECESSARY ACTIONS ON SAME

Ms. Garza reminded the Board that they previously reviewed an exhibit showing the proposed location of the new surface water line and agreed that: 1) the NHCRWA construct the direct surface water line and connection to Champions MUD; and 2) RBAP inquire with the NHCRWA regarding whether they have explored any potential alternative routes for the surface water line construction since the proposed route and related construction would be quite disruptive to the District's residents. Ms. Garza noted that the NHCRWA is currently negotiating a financing agreement with Champions MUD. An extensive discussion ensued. Mr. Kurzy noted that AEI has not yet received the proposed plans from the NHCRWA for the construction of the direct surface water line to serve Champions MUD.

Ms. Garza stated that she has nothing further to report at this time.

ANNUAL REVIEW OF CONSULTANTS' CONTRACTS AND TAKE NECESSARY ACTION ON SAME

There was no additional discussion on this matter at this time. Director Warner stated that he has a question for the District's attorney regarding consultants'/vendor's contracts and would like to discuss such matter in Executive Session.

Director Griffith then stated that the Board would be going into Executive Session to deliberate the matter listed above as a matter of attorney-client privilege, pursuant to Section 551.071, Texas Government Code.

All members of the Board present, Ms. Garza, and Ms. Christensen, convened into Executive Session at 4:01 p.m.

RECONVENE IN OPEN SESSION

Director Griffith then reconvened the meeting in open session at 4:19 p.m., at which time no action was taken by the Board.

No further action was taken, and the meeting was adjourned at 4:20 p.m.

PASSED, APPROVED and ADOPTED this 11th day of July 2022.

(DISTRICT SEAL)


Secretary, Board of Directors