

**MINUTES OF THE MEETING OF
FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

November 15, 2018

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

The Board of Supervisors (the “Board”) of Fort Bend County Fresh Water Supply District No. 1 of Fort Bend County, Texas (the “District”), met in regular session, open to the public, on November 15, 2018, commencing at 6:00 p.m. at the Mustang Community Center, 4521 FM 521 North, Fresno, Fort Bend County, Texas, inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to wit:

Paul Hamilton	-	President
Greg Fleck	-	Vice President
Calvin Casher	-	Secretary
Rodrigo Carreon	-	Assistant Secretary
Rosa Linda Medina	-	Assistant Secretary

All members of the Board were present, except Supervisor Carreon, thus constituting a quorum.

Also present at the meeting were: David Dybala with Jacobs Engineering Group, Inc. (“Jacobs”), the District’s Engineer; Cyndy Grimes with Municipal Accounts & Consulting, LP, the District’s Bookkeeper (“MAC”); Brea Campbell with Environmental Development Partners, the District’s Operator (“EDP”); Dwayne Grigar with Fort Bend County Precinct No. 1; members of the public, the names of whom are on file in the official records of the District; and Ryan LaRue and Michael R. Willis of Sanford Kuhl Hagan Kugle Parker Kahn LLP (“SKLaw”), the District’s Attorney.

The meeting was called to order and the following business was transacted:

1. PUBLIC HEARING ON PROPOSED STRATEGIC PARTNERSHIP AGREEMENT

The President first opened the meeting to a public hearing on a proposed Strategic Partnership Agreement ("SPA") between the District and the City of Houston ("Houston"). Mr. Willis advised that this is the first of two such public hearings required before the District can adopt the SPA; and further stated that Houston has conducted its required hearings.

Noting that there were no members of the public present who wished to comment on the proposed SPA, and upon motion duly made and seconded, the Board voted unanimously to close the public hearing.

2. BOOKKEEPER’S REPORT

The Board next considered the Bookkeeper’s Report presented by Ms. Grimes, a copy of which is on file in the official records of the District, and the invoices and checks presented for payment as follows:

A. Approval of Bills.

The Board reviewed the bills presented for payment.

B. Review Investment Report.

The Board reviewed the investment report.

C. Review Collateral Pledge Report.

The Board reviewed the Collateral Pledge report.

D. Budget for Fiscal Year Ending December 31, 2019.

Ms. Grimes then presented to the Board a draft budget for the fiscal year ending December 31, 2019. The Board deferred action on this matter.

Upon motion duly made by Supervisor Medina, seconded by Supervisor Fleck, and after full discussion, the Board voted unanimously to approve the Bookkeeper's Report and authorize the payment of the checks and invoices listed therein.

3. TAX REPORT

Ms. Grimes then presented to the Board the Tax Report.

Upon motion duly made by Supervisor Casher, seconded by Supervisor Medina, the Board voted unanimously to approve the Tax Report, as presented.

4. ENGINEER'S REPORT

The Board recognized Mr. Dybala, who presented the Engineer's Report as follows:

A. Status of Projects

1. Marbill Estates and a Portion of Ridgewood Estates Subdivisions and North and South Teague Road Water and Wastewater Plumbing Contract

- Fresno Gardens North Subdivision Wastewater Collection System
 - Jacobs has finalized construction plans, and is working with agencies for final approval. Mr. Dybala anticipates having approvals completed by the December Board meeting. Subsequently, construction contract documents will be sent to the TWDB for approval to advertise the project. Mr. Dybala anticipates advertising the project in January or February.
 - Final construction plans include decommissioning the old Halliburton lift station. Jacobs will not advertise the project until this issue is resolved with the City of Arcola.
- Fresno Gardens North Subdivision Wastewater Plumbing Contract
 - Townhall meetings will take place next year. Planning with consultants will take place in the next couple of months on ways to improve the plumbing project process. Afterwards, Jacobs will discuss methods to improve the project process with the Board for its consideration.

- Gateway Acres Subdivision Wastewater Collection System
 - Jacobs is completing the project construction drawings for agency review. The construction project will be on hold until completion of Trammel Fresno Road widening project. A new TWDB CWSRF Loan needs to be secured to complete the project.

- Fresno Ranchos Subdivision Wastewater Lift Station and Force Main
 - Jacobs is completing the construction drawings for agency review. Construction of the new project will be on hold until completion of Trammel Fresno Road widening project. A new TWDB CWSRF Loan needs to be secured to complete project.

- Gateway Acres Subdivision Wastewater Plumbing Contract
 - Townhall meetings will be conducted once the public wastewater lines for this area are under construction

- FM 521 Sanitary Sewer Extension
 - Mr. Dybala presented Invoice No. 3 in the amount of \$970.90 from Geotest Engineering for material testing services. Mr. Dybala recommended payment of the invoice. Upon motion duly made and seconded, the Board voted unanimously to approve Invoice No. 3.
 - Mr. Dybala discussed various issues concerning the project, including: (a) contract time - The Project should have been substantially completed on October 27th. Per the contract, liquidated damages are \$1,000 per day; (b) contractor performance - Mr. Dybala presented photographic illustrations of poor contractor performance, and advised that the sanitary sewer line and related manholes were installed incorrectly, likely needing complete replacement. Mr. Dybala further noted that the contractor has previously had to correct defective work. Mr. Dybala presented the options for the correction of the issues, and requested direction from the Board.

- Water Plant #2
 - Jacobs is preparing project construction plans, and anticipates submitting to review agencies in December or January.
 - Status of 5' water line easement along Renfro-Burford Road - metes and bounds description with exhibit is being prepared for the easement conveyance document.
 - Status of TWDB's Approval to use Surplus DFUND Loan Funds - The TWDB approved to use surplus TWDB DFUND loan funds for project, but the funds cannot be accessed until the Environmental Assessment is approved.
 - Status of Environmental Assessment ("EA") – The TWDB is finalizing the environmental determination for the project. Mr. Dybala anticipates the EA will be approved by the December meeting.
 - Status of Sanitary Control Easement - Metes and bounds descriptions with exhibits for three tracts of land involved with the easement were provided to District Attorney.
 - District Est. Water Conn. Timeline (FBCFWSD#1 WP#1 Connection Capacity 1,600)
 - o End of 2018=1,480
 - o End of 2019=1,540
 - o End of 2020=1,600
 - o Anticipate completing District's WP#2 by end of 2020

B. Authorize Engineer to prepare plans and specifications for water and wastewater systems projects as necessary

- The Board noted that no action was necessary.

C. Report on status of project funding and take necessary action related thereto

1. Project One Year Warranty Expiration Dates

- Marbill Estates Subdivision / Portion of Ridgewood Estates Subdivision / North and South Teague Road Water and Wastewater Service Lines – 01/03/19

2. 2015 TWDB DFUND Loan

- Jacobs anticipates using remaining funds for Water Plant No. 2 project.

3. 2009 TWDB CWSRF Loan

- Jacobs anticipates using remaining funds for Fresno Gardens North Subdivision Wastewater Collection System project.

4. Fourth TWDB Loan and Third TWDB CWSRF Loan

- 4th TWDB DFUND Loan
 - Jacobs is waiting on the Bookkeeper to determine the amount remaining in the District's current DFUND loan. Once this is determined, the engineering and environmental sections of the application will be updated, if necessary, and provided to the District Attorney for submission to the TWDB. It is estimated that the new loan amount will be \$1.64M and will be used to cover the additional costs to complete the Water Plant No. 2 project.
- 3rd TWDB CWSRF Loan
 - Jacobs is waiting on the Bookkeeper to determine the amount remaining in the District's current CWSRF loan. Once this is determined, the engineering and environmental sections of the application will be updated, if necessary, and provided to the District Attorney for submission to the TWDB. It is estimated that the loan amount will be \$12.55M and will be used to cover the additional costs to complete the Fresno Gardens North Subdivision WW System, Gateway Acres Subdivision WW System, Fresno Ranchos LS and FM project, and an expansion to the CoA Wastewater Treatment Plant (from 0.25MGD to 0.425MGD).

5. Fort Bend County CDBG Funds

- Jacobs recommends applying for community development block grant funds once the Gateway Acres Subdivision Wastewater plumbing project is underway.

D. Projections for District Water and Wastewater Projects

- Need to update information every January and July. Exhibits were not updated as no changes to existing exhibits were needed.

E. Discuss Emergency Preparedness Plan

- Emergency Preparedness Plan will be reviewed in April 2019 to determine if any updates are required.

F. Requests for Water and Sanitary Sewer Service

- **Water Service**
 - Mr. Dybala reviewed the status of non-residential applications for water service. In connection therewith, the Supervisor Casher moved that the District cover the expense of plugging the Fire Department's existing water wells. Such motion was seconded by Supervisor Medina, with Supervisor Hamilton abstaining. The motion was duly passed.
- **Wastewater Service**
 - Mr. Dybala reviewed the status of non-residential applications for wastewater service.

G. Trammel Fresno Road Widening Project

- Mr. Dybala reported that all prior approved adjustments to the waterline along Trammel Fresno Road have been completed.

H. Potential Emergency Water Interconnect with Brazoria County Municipal Utility

District

No. 21

- Mr. Dybala reported that he had communicated with LJA, District Engineer for Brazoria County Municipal Utility District No. 21 (“BCMUD 21”), regarding a possible emergency water interconnect. BCMUD 21 is interested in pursuing an interconnect once the District completes Water Plant No. 2.

H. Potential Emergency Water Interconnect with FBMUD 141

- The project has been completed and record drawings provided to the District and EDP.

I. CoA WWTP Discharge Permit Renewal

- The existing permit expired on September 1, 2018. Per CoA, the renewal application is currently under review by the TCEQ.

Upon motion made by Supervisor Medina, and seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Engineer’s Report.

5. OPERATOR’S REPORT/TERMINATION OF SERVICE

Next, the Board recognized Ms. Campbell, who submitted to and reviewed with the Board the Operator’s Report, a copy of which is on file in the official records of the District.

Ms. Campbell reported substantial system repairs and maintenance as follows:

- Installed residential taps and meters at six (6) locations;
- Installed commercial tap and meter at one (1) location;
- Repaired five service line leaks;
- Backcharged a customer for a rental meter that was not returned;

1. 4719 Althea Lane - Leak Adjustment Request

Ms. Campbell presented a customer request for an adjustment due to a water leak for the period of 09/05 to 10/04. Based upon the District's Rate Order, the customer qualifies for an adjustment totaling \$179.00 to the water portion of the bill.

2. TCEQ Homeland Security Contact Form

EDP completed the Homeland Security Contact Form and submitted it to the TCEQ on the District's behalf.

3. Delinquent Water Accounts and Service Terminations

Ms. Campbell provided a list of customers that received a delinquent letter by mail and are subject to the disconnection of service.

Upon a motion duly made by Supervisor Casher, seconded by Supervisor Fleck, and after full discussion, the Board voted unanimously to approve the Operator's Report and approve the termination list.

6. ATTORNEY'S REPORT

The Board recognized Mr. Willis, who presented the Attorney's report as follows:

A. Approval of Minutes

The proposed minutes of the meetings held on October 18, 2018, were presented for approval.

Upon a motion made by Supervisor Fleck, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the minutes of the meetings held on October 18, 2018, as presented.

B. Report on Certificates of Convenience and Necessity ("CCNs")

No action was taken in connection with the Certificates of Convenience and Necessity.

C. Regional Plant Committee Report

Supervisor Hamilton presented to the Board the Regional Plant Committee Report.

Upon a motion made by Supervisor Medina, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Regional Plant Committee Report.

D. Regional Facilities Contract

No action was taken in connection with the Regional Facilities Contract.

E. Five Year Financing Plan

No action was taken in connection with the Five-Year Financing Plan.

F. Application to Texas Water Development Board for Project and Issuance of Bonds, Series 2019

Mr. Willis presented to the Board a Resolution Authorizing Application to the Texas Water Development Board for Financial Assistance and Designating Authorized Representative for Such Purpose (the "Resolution"), as well as the related Application Affidavit (the "Affidavit"), in connection with the Application to the Texas Water Development Board for Project and Issuance of Bonds, Series 2019. Mr. Willis noted this is a DFund application, for financing necessary to complete Water Plant No. 2.

Upon motion duly made by Supervisor Casher, seconded by Supervisor Fleck, the Board voted unanimously to approve the Resolution and the Affidavit.

G. Discuss Strategic Partnership Agreement with the City of Houston and the City of Pearland, including status of inventory of commercial businesses

Mr. Willis updated the Board concerning the SPA with Houston, and noted that the second public hearing will be held on Thursday, November 29, 2018 at 6:00 p.m. at the Mustang Community Center. Upon holding the second hearing, the Board may approve the SPA. Mr. Willis had no update on the SPA with the City of Pearland.

The Board noted no action was necessary.

H. Depository Pledge Agreement with BBVA Compass Bank

Mr. Willis then presented to the Board a proposed Depository Pledge Agreement with BBVA Compass Bank (the "DPA").

Upon motion duly made by Supervisor Fleck, seconded by Supervisor Medina, the Board voted unanimously to approve the DPA.

7. HEAR FROM THE PUBLIC

At this time, the Board opened the meeting to comments from the public.

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PASSED, ADOPTED, and APPROVED this December 20, 2019

Rosa Linda Medina
Secretary

[SEAL]