

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

August 20, 2020

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 Thursday, August 20, 2020, at 6:00 p.m., via video and telephonic conference, as permitted by the March 16, 2020, Declaration by the Governor of the State of Texas which suspended certain provisions of Chapter 551, Texas Government Code. The roll was called of the 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, thus constituting a quorum.

Also present at the meeting were: Cindy Grimes with Municipal Accounts & Consulting, LP, the District’s Bookkeeper (“MAC”); David Smalling with Robert W. Baird & Co. Incorporated (“Financial Advisor” or “Baird”), the District’s Financial Advisor; David Dybala with Jacobs Engineering Group, Inc. (“Jacobs”), the District’s Engineer; Breah Campbell with Environmental Development Partners (“EDP”), the District’s Operator; Dwayne Grigar with Fort Bend County Precinct No. 1; Eugene Koh and Kevin Murray, members of the public; and Michael R. Willis and Tamara Sharkey of Sanford Kuhl Hagan Kugle Parker Kahn LLP (“SK Law”), the District’s Attorney.

The meeting was called to order at 6:00 p.m. and the following business was transacted.

1. HEAR FROM PUBLIC (MATTERS ON THE AGENDA)

The Board noted there were no members of the public present who wished to address the Board concerning matters on the Agenda at this time.

Supervisor Fleck joined the meeting in progress.

2. DISCUSS 2020 TAX LEVY AND CALL PUBLIC HEARING

The Board recognized Mr. Smalling and considered the Tax Rate Analysis prepared by Baird. The Financial Advisor recommends a debt service tax rate of \$0.59 per \$100 of assessed valuation and an operation and maintenance tax rate of \$0.41 per \$100 of assessed valuation for a total tax rate of \$1.00 per \$100 of assessed valuation. Mr. Willis reminded the Board the process of setting the tax rate has two steps. The first step is to establish a proposed tax rate, call a public hearing on the proposed tax rate, and authorize publication of notice of the proposed tax rate and public hearing in a newspaper of general circulation in Fort Bend County. The second step is to conduct the public hearing and officially set the tax rate.

Mr. Willis and Mr. Smalling discussed legislative updates from SB 2 with the Board, including Sections 49.23601 through 49.23603 of the Texas Water Code. After discussion, the Board determined that the District is continuing to develop and should be classified under Section 49.23603.

Upon a motion made by Supervisor Medina, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to (1) establish its intent to set and levy (i) a debt service tax rate for 2020 in the amount of \$0.59 per \$100 of assessed valuation, and (ii) an operation and maintenance tax of \$0.41 per \$100 of assessed valuation for a total tax rate of \$1.00 per \$100 of assessed valuation, (2) to call a public hearing on the proposed tax rate for Thursday, September 17, 2020, at 6:00 P.M. at the regular meeting place of the Board, and (3) to authorize publication of the proposed tax rate and public hearing.

At this time, Mr. Smalling left the meeting.

3. BOOKKEEPER'S REPORT

The Board then 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. Ms. Grimes noted the three fees of office from the special meeting on August 12, 2020 have been added.

B. Review Investment Report.

The Board reviewed the investment report.

C. Review Collateral Pledge Report.

The Board reviewed the Collateral Pledge report.

D. Amended Budget for Fiscal Year Ending December 31, 2020.

The Board reviewed an amended budget for fiscal year ending December 31, 2020.

Upon motion duly made by Supervisor Casher, seconded by Supervisor Medina, and after full discussion, the Board voted unanimously to approve (i) the Bookkeeper's Report and authorize the payment of the checks and invoices listed therein and (ii) the amended budget.

4. TAX REPORT

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

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

5. ENGINEER'S REPORT

The Board recognized Mr. Dybala, who presented the Engineer's Report, a copy of which is on file in the official records of the District, as follows:

A. Status of Projects

- Fresno Gardens North Subdivision Wastewater Collection System
 - Mr. Dybala reports the project was completed in July of 2020 and is awaiting TWBD approval.
 - Mr. Dybala presented to the Board for approval Pay Estimate No. 8 (final) from R Construction Company ("R Construction") in the amount of \$350,967.28, subject to the final approval of the TWBD, and Invoice No. 8 (final) from Geotest Engineering, Inc. ("Geotest") in the amount of \$1,706.35, as well as approval of the Certificate of Final Completion, District's Acceptance of Project Completion Certificate, and Change Orders No. 1 and 2, and recommended approval.
 - Mr. Dybala also requested the Board appoint a representative officer to execute the closeout documents once the TWDB has granted approval.
- Fresno Gardens North Subdivision Wastewater Plumbing Contract
 - Mr. Dybala reported four bids for the project were received on July 30, 2020 and the project was awarded to T Construction, LLC ("T Construction") with a bid amount of \$293,981.00.
 - Mr. Dybala presented the Geotest proposal for providing material testing services during construction for an estimated amount of \$14,962.00.
 - Mr. Dybala requested the Board appoint two representatives to execute the construction contracts once complete, including the provision of acceptable bonds and insurance.
 - Mr. Dybala anticipates the pre-construction meeting in the coming week and for construction to begin September 2020 for completion in December 2020/January 2021.
- Gateway Acres Subdivision Wastewater Collection System
 - The construction project will be on hold until completion of Trammel Fresno Road widening project and securing a new loan.
 - Jacobs is completing the project construction drawings for agency review. Mr. Dybala informed the Board the CAD document is expected in August from Landtech, Inc. ("Landtech") for a detailed topographic survey, which is in progress, along Trammel Fresno Road, from approximately Jan St. to Kansas St. (approximately 1.25 miles long for the full ROW width).
- 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 and securing a new loan.
 - The Landtech survey proposal discussed above will also be used for this project.
- Gateway Acres Subdivision Wastewater Plumbing Contract
 - Townhall meetings will be conducted once the public wastewater lines for this area are under construction.

- Water Plant #2
 - Final construction drawings are complete and were approved by TCEQ this month. Once the contract documents are approved, they will be submitted for TWBD for its approval to advertise the project.
 - Jacobs anticipates approval in September of 2020 and then advertising for the project can commence.
 - October – December 2020 – Advertising, Awarding, and Contract Execution
 - January 2021 – March 2022 – Construction
 - District Estimated Water Connection Timeline (FBCFWSD#1 WP#1 Connection Capacity = 1,750)
 - End of 2020=1,675
 - End of 2021=1,750
 - Anticipate completing District’s WP#2 by end of 2021 or early 2022.

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

- The Board noted that no action was necessary at this time.

C. Authorize solicitation/advertisement of bids for construction of water system and wastewater system projects as necessary

- The Board noted that no action was necessary at this time.

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

1. Project One Year Warranty Expiration Dates

- Fresno Gardens North Wastewater Collection System warranty expires June 17, 2021.

2. 2015 TWDB DFUND Loan

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

3. 4th TWBD DFUND Loan

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

4. 2020 TCEQ Loan

- The anticipated loan amount is approximately \$10,450,000 and would fund the following projects: Gateway Acres Subdivision Wastewater Collection System, Fresno Ranchos Subdivision Lift Station and Force Main project, and certain costs related to the District’s share of an Expansion of the City of Arcola (the “City” or “COA”) Wastewater Treatment Plant.
- The bond application report is in process and Jacobs is currently waiting for additional information from COA.

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.

E. Projections for District Water and Wastewater Projects

- Need to update information every January and July. Mr. Dybala presented the updated exhibits for the website and project display boards.

F. Discuss Emergency Preparedness Plan

- Jacobs and EDP will review the EPP in April of each year to determine if changes are necessary.

G. Requests for Water and Sanitary Sewer Service

- **Water Service**
 - Mr. Dybala reviewed the status of non-residential applications for water service, updates on applications in process, and pending connections.
- **Wastewater Service**
 - Mr. Dybala reviewed the status of non-residential applications for wastewater service and pending connections.

H. Trammel Fresno Road Widening Project

- EDP is preparing the final waterline adjustment list to present to the Board.

I. Potential Emergency Water Interconnect with Brazoria County Municipal Utility District No. 21

- Brazoria County Municipal Utility District No. 21 (“BC MUD 21”) is interested in pursuing an interconnect once the District completes Water Plant No. 2 with a 50/50 cost split.

J. Emergency Water Interconnect with Charleston Municipal Utility District

- The proposed interconnect with Charleston Municipal Utility District (“Charleston MUD”) is waiting for TCEQ approval. Jacobs received a copy of the final emergency interconnect agreement. A pre-construction meeting was reportedly conducted on March 17, 2020. Mr. Dybala spoke with COA consultants who informed him the project has not yet finished, but once it is complete, record drawings will be provided to the District.

K. Consider Water Service to NalcoChampion

- Mr. Dybala noted the customer was informed it can apply for District water service that can be used to fill water tanks for fire event use.

L. Status of COA Water Plant

- Mr. Dybala anticipates the City water plant to be complete by the end of 2021.

M. Status of COA WWTP Expansion Project (0.675 mgd to 0.95 mgd)

- The Board responded to the City stating the District’s interest in participating in the proposed expansion and reserving a capacity of 100,000 gpd. As discussed at prior meetings, COA is finalizing the estimate and Jacobs will present the District’s estimated share when the estimate is available.

N. FM 521 Roadway Widening Project

- Provided record drawings to Dannenbaum and a utility coordination meeting is expected in the coming months to discuss impact on District facilities.

O. Water Plant No. 1 Inspection

- Both hydropneumatics tanks require recoating of internal surfaces, a ground storage tank requires recoating, and some piping and equipment will need to be replaced per EDP’s inspection report. A repair schedule and plan will be presented once final reports are received and the project is anticipated to begin in winter of 2020.

Upon motion made by Supervisor Medina, and seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Certificate of Final Completion, District’s Acceptance of Project Completion Certificate, and Change Orders No. 1 and 2.

Upon motion made by Supervisor Fleck, and seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve (i) subject to the final approval of the TWBD, Pay Estimate No. 8 (final) from R Construction in the amount of \$350,967.28; (ii) Invoice No. 8 (final) from Geotest in the amount of \$1,706.35, and (iii) award the Fresno Gardens North Subdivision Wastewater Plumbing Contract construction contract to T Construction in the amount of \$293,981.00.

Upon motion made by Supervisor Casher, and seconded by Supervisor Fleck, and after full discussion, the Board voted unanimously to authorize Supervisors Fleck and Casher, and Supervisor Hamilton as an alternate, to execute on behalf of the District any required documents to effectuate the Certificates of Completion, Change Orders, and T Construction contract approved above.

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

6. 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.

A. Repairs to Water and Wastewater systems

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

- Installed residential taps and meters at six locations;
- Completed top clean of wet well for Lift Station No. 1; and
- Repaired two fire hydrants.

Ms. Campbell reported the reflective collars for the fire hydrants, as discussed at previous meetings, have been ordered and installation is anticipated next month.

Ms. Campbell next discussed with the Board the status of back-charges billed to Base Construction for damages caused in connection with the road project and potential additional actions for collection.

Ms. Campbell then reported the status of an emergency well repair for Water Plant No. 1 is underway and the District's water is currently being provided pursuant to the interconnect with Fort Bend Municipal Utility District No. 23. Ms. Campbell informed the Board a well inspection in the amount of \$10,000.00 was authorized to identify the source of the blockage for emergency repairs. Ms. Campbell reported repair estimates are ranging between \$50,000.00 – \$80,000.00 depending on recommendations, and an insurance claim for the well repair has been filed.

B. Requests for Water Taps

Ms. Campbell did not report any requests at this time.

C. Delinquent Water Accounts and Service Terminations

Ms. Campbell provided a list of customers that received a delinquent letter by mail and are subject to disconnection of service. Ms. Campbell, in response to questions from the Board, discussed the higher fees for certain accounts and reported that certain accounts also contained a payment plan for tap fees from connecting to the District's water system.

Upon a motion duly made by Supervisor Fleck, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to (1) approve the Operator's Report; (2) authorize SKLaw to send a collection letter to Base Construction; and (3) approve the termination list and account write-offs.

7. 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 meeting held on July 16, 2020 were presented for approval.

Upon motion duly made by Supervisor Medina, seconded by Supervisor Fleck, the Board voted unanimously to approve the minutes of the meeting held on July 16, 2020, as presented.

B. Discuss Regional Facilities Contract

Mr. Willis noted the TCEQ inspection of the Regional Wastewater Treatment Plant, as discussed at previous meetings, is still being reviewed with the City of Arcola for a potential issue on ESFCs. Once resolved, Mr. Willis will update the Board.

C. Resolution Regarding Annual Review of Investment Policy

Mr. Willis presented to the Board a Resolution Regarding Annual Review of Investment Policy.

Upon a motion made by Supervisor Fleck, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Resolution Regarding Annual Review of Investment Policy.

D. Fresno Gardens North Resident Connections

The Board next recognized Mr. Murray and discussed his response letter regarding his removal from the construction contract for failure to respond. Mr. Murray repeatedly stated he felt the cost of the connection for his father's property was excessive. The Board reminded Mr. Murray (i) he had missed the sign up period to be included in this project and the Board permitted his inclusion on the condition he pay the costs of connection to the District's water system for his father's property (which is in the area designated for the clean-up phase of the project); (ii) EDP has informed him the cost is an estimate only and may decrease based on actual costs of the work as well as that the amount is not due upfront and a payment plan can be established; (iii) the cost is based on the District's rate order; (iv) and, due to his failure to respond to attempts to contact him, the contract is now final and his properties cannot be added except through a change order, the costs of which he will be solely responsible for. The consensus of the Board was no changes are to be made to the contract at this time and Mr. Murray is responsible for the costs should he connect the properties to the District's water system.

At this time, Supervisor Medina left the meeting.

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

8. REGIONAL PLANT COMMITTEE REPORT

Supervisor Hamilton then presented the Regional Plant Committee Report.

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

9. HEAR FROM THE PUBLIC.

The Board recognized Eugene Koh, who addressed the Board concerning an agreement between himself and R Construction for the use of his property at 4098 W. Davis Road for dirt disposal related to the District's contract with R Construction, as discussed at previous meetings. Mr. Koh discussed the status of the dispute, and again requested Mr. Dybala and Mr. Willis, during closeout for the Fresno Gardens North Wastewater Collection System, review the District's contracts with R Construction and see if there are any provisions that could prevent paying the reserved amounts until R Construction acts on the issues caused by the dirt disposal on Mr. Koh's property. Mr. Willis and Mr. Dybala informed Mr. Koh the TWBD will be reviewing the project prior to the next regular meeting.

There being no further business to come before the Board, upon a motion duly made and seconded, the Board voted unanimously to adjourn.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK.]

PASSED, ADOPTED, and APPROVED this September 17, 2020.

