

MINUTES OF MEETING OF BOARD OF SUPERVISORS
APRIL 2, 2019

THE STATE OF TEXAS §
COUNTY OF HARRIS §
MEMORIAL VILLAGES WATER AUTHORITY §

The Board of Supervisors (the “Board”) of Memorial Villages Water Authority (the “Authority”) met in regular session, open to the public, on April 9, 2019, at the Authority’s office at 8955 Gaylord, Houston, Harris County, Texas at 7:00 p.m., whereupon the roll was called of the members of the Board, to wit:

Grover S. Grimes, President
Gary Schenk, Vice President
Will Wilson, Secretary/Treasurer
Veronica Roa, Supervisor
Chris Gowan, Supervisor
Alan Daughtry, Supervisor
Randolph Ewing, Supervisor

Persons Attending. All members of the Board attended the meeting, except for Supervisors Ewing and Roa. Also attending were Mr. Michael Montgomery, General Manager of the Authority; Mr. John Davis and Mr. Norman Gutierrez of Langford Engineering, Inc. (“Langford”), Engineer for the Authority; Ms. Shaila Sreedharan, paralegal, of Norton Rose Fulbright US LLP, attorneys for the Authority; and Ms. Kathryn Smith, resident of the Authority.

Call to Order. The President called the meeting to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting of which are attached hereto as Exhibit “A,” and the following business was transacted:

- 1. Public Comments.** There were no public comments.
- 2. Approve minutes of the March 5, 2019 regular meeting.** Proposed minutes of the regular meeting of March 5, 2019, previously distributed to the Board, were submitted for consideration and approval. Upon motion by Supervisor Gowan, seconded by Supervisor Daughtry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of March 5, 2019, as presented.
- 3. Engage auditor for fiscal year ending April 30, 2019.** Mr. Montgomery presented to and reviewed with the Board a letter of engagement from Roth & Eyring, PLLC, a copy of which is attached hereto as Exhibit “B.” He explained that the Authority had entered into a two-year engagement with the auditor, but that the auditor had requested that the Authority approve their engagement for the second year.

Upon motion by Supervisor Daughtry, seconded by Supervisor Gowan, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Roth

& Eyring, PLLC to audit the Authority's financial statements as of and for the year ended April 30, 2019.

4. Status report and consideration of actions deemed necessary to facilitate sale of a portion of the Creekside Water Plant Property. Mr. Montgomery reported on the possible sale of the Creekside Water Plant property, stating that in order to proceed with the sale, the Board will have to declare the property as surplus and they can then proceed with a public or private sale. Mr. Montgomery reported that the water plant property and the Smith's property will have to be replatted in order to proceed. Discussion ensued regarding possible issues with replatting the property. Mr. Montgomery reported that the City of Hunter's Creek Village ("City") requires that information will be provided to the planning and zoning committee for approval, at which point the Authority will be able to proceed with the sale.

The President recognized Ms. Smith, who presented a letter regarding the proposed purchase, a copy of which is attached hereto as Exhibit "C." She stated that based on deadlines provided by the City, she will have to submit a payment in the amount of \$1,300 by April 5, 2019 in order to begin the approval process. Discussion ensued and President Grimes asked Ms. Smith if she understood that the \$1,300 might be wasted based on the requirements of the City. Ms. Smith stated that she understood. Additional discussion ensued regarding the April 5, 2019 deadline.

The Board next discussed the possible sale price of the property and any possible need for the property by the Authority in the future. Mr. Montgomery and Mr. Davis confirmed that the land will not be needed in the future.

The Board next discussed the fence that will eventually be built around the Creekside water plant once construction is complete. Mr. Montgomery reported on the tree that is on the Smith property and the erection of the fence around the tree. Extensive discussion ensued. Ms. Smith also reported that CenterPoint will mark the gas line for the Smith property.

Upon motion by Supervisor Daughtry, seconded by Supervisor Wilson, after full discussion and the question being put to the Board, the Board voted unanimously to declare 507 square feet of the Creekside water plant property as surplus property.

The Board discussed granting access to the Smith's surveyor to enter the Creekside water plant property. Upon motion by Supervisor Daughtry, seconded by Supervisor Gowan, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Smith's surveyor to enter the Creekside water plant property.

Mr. Montgomery requested that the Board consider an appropriate price for the property and noted Ms. Smith's minimum of \$10 per square foot. Extensive discussion ensued regarding the value of the land and the price per square foot of various properties in the Authority. After discussion, the Board agreed to offer a price between \$15 to \$25 per square foot.

Supervisor Wilson entered the meeting during discussion of this item.

5. Status report on the construction of the Creekside Water Plant Improvements project and consideration of Pay Estimate No. 6 and Change Order No. 1. Mr. Gutierrez presented to and reviewed with the Board Change Order No. 1 in the amount of \$34,800, a copy

of which is attached hereto as Exhibit "D." He discussed the items included in the Change Order No. 1.

Upon motion by Supervisor Schenk, seconded by Supervisor Gowan, after full discussion and the question being put to the Board, the Board voted unanimously to approve Change Order No. 1 in the amount of \$34,800.

Mr. Gutierrez presented to and reviewed with the Board Pay Estimate No. 6 in the amount of \$723,636, a copy of which is attached hereto as Exhibit "E." He reported that the project is 73.15% complete. Mr. Gutierrez provided an update on the status of the project, noting that the tanks are completed. Mr. Davis noted that the tanks need to be disinfected and will then be painted and Mr. Gutierrez reported that the booster pump station is approximately 98% complete. Discussion ensued regarding the filling of the tanks.

Upon motion by Supervisor Daughtry, seconded by Supervisor Wilson, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 6 to W.W. Payton Corporation in the amount of \$723,636.

6. Status report on the 2018-2019 Waterline Replacement Project. Mr. Gutierrez presented the contract for the 2018-2019 Waterline Replacement project. He stated that the contractor plans to mobilize on April 25, 2019 and begin excavation on April 29, 2019.

7. Status report on LAS Project and consideration of Pay Estimate No. 3. Mr. Gutierrez reported that there is no pay estimate this month. He stated that the contractors mobilized at the Piney Point and Gaylord plants and anticipates project completion by the end of the month.

8. Report on emergency sanitary sewer repair on Wickline Drive. Mr. Montgomery presented to and reviewed with the Board a Notice of Construction, a copy of which is attached hereto as Exhibit "F." He reported that there was a sanitary sewer failure on Memorial Drive and Wickline Drive.

Mr. Montgomery presented two proposals for the repair, copies of which are attached hereto as Exhibit "G." He stated that he accepted the proposal from T Construction LLC in the amount of \$29,650. Discussion ensued regarding the details of the repair.

9. Discuss joint project with the City of Piney Point Village on Surry Oaks Lane and take any necessary action. Mr. Montgomery reported that the City of Piney Point Village is planning on beginning a street drainage project on Surry Oaks Lane. He presented a cost estimate in the amount of \$133,060 for the anticipated Authority's portion of construction costs for the project, a copy of which is attached hereto as Exhibit "H." Discussion ensued regarding the scope of the project. Mr. Montgomery reported that he will prepare an Interlocal Agreement between the Authority and the City of Piney Point and present it at a future meeting for Board approval and execution. Additional discussion ensued regarding the anticipated repairs.

10. Discuss water rates. Mr. Montgomery inquired if the Board is interested in increasing the Authority's water rates. He stated that the last increase was in July 2013.

Mr. Montgomery reported that the City of Houston increased their water rate, effective April 1, 2019. Discussion ensued regarding the City of Houston's 2.8% increase. Mr. Montgomery reported that even though the Authority has not increased their water rate in six years, the tax revenue has increased due to the increase in assessed valuation in the Authority.

The Board then discussed options for a water rate increase, the high users in the Authority, the commercial versus residential rates, and the option of a pass through to customers for the City of Houston water charges. Mr. Montgomery reported that he will present options for water rate increases at the May Board meeting.

11. Review water conservation plan and drought contingency plan. Mr. Montgomery presented to and reviewed with the Board the Water Conservation Plan and the Drought Contingency Plan, copies of which are attached hereto as Exhibits "I" and "J," respectively. He stated that he did not make changes to either document.

Mr. Montgomery reported that instead of revising the Drought Contingency Plan and Water Conservation Plan, he recommends amending the Rate Order to include rules for irrigation. Extensive discussion ensued regarding assigned resident irrigation days, the various options to inform residents of the new rules, and City involvement to implement the rules. Mr. Montgomery stated that the Authority can implement a penalty schedule if the residents do not comply with the irrigation rules as set forth in an amended Rate Order. The Board discussed the options for enforcement and penalties.

Ms. Sreedharan presented the Resolution reviewing the Drought Contingency Plan and Water Conservation Plan, copies of which are attached hereto as Exhibits "K" and "L." She requested Board approval and execution.

Upon motion by Supervisor Schenk, seconded by Supervisor Wilson, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution reviewing the Drought Contingency Plan and the Water Conservation Plan, as presented.

12. Manager's Report. Mr. Montgomery presented to and reviewed with the Board the Wastewater Treatment Plant operations report for February 2019, a copy of which is attached hereto as Exhibit "M." He noted that all water samples were satisfactory.

Mr. Montgomery provided the Board with the Financial Notes, including the Authority's monthly investment report, copies of which are attached hereto as Exhibit "N." Brief discussion ensued.

Mr. Montgomery presented the Tax Recap Report for March 2019, a copy of which is attached hereto as Exhibit "O." He noted that the Authority is approximately 97% collected for its 2018 taxes.

Mr. Montgomery presented to and reviewed with the Board the Texas Water Development Board audit report, a copy of which is attached hereto as Exhibit "P." Discussion

ensued regarding the line item regarding the water accountability for the Authority. Supervisor Schenk inquired on the assessment scale and Mr. Montgomery addressed his question.

Supervisor Daughtry reported on a split in the road on Hunters Grove Lane. He stated that he noticed water bubbling through the crack. Discussion ensued regarding the possible source of the water.

13. Discuss employment options in regards to key personnel anticipated retirements. Mr. Montgomery reported that he does not have any new information to report regarding Ms. Jane Washington's retirement date. He then discussed additional possible retirees within the next few years.

14. Payment of Bills. Upon motion by Supervisor Gowan, seconded by Supervisor Wilson, after full discussion and the question being put to the Board, the Board voted unanimously to approve payment of the bills, a listing of which is attached hereto as Exhibit "Q."

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The above and foregoing minutes were passed and approved by the Board of Supervisors on May 7, 2019.

President, Board of Supervisors

ATTEST:

Secretary, Board of Supervisors

(AUTHORITY SEAL)