

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 24, 2018

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 24th day of January, 2018, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, First Floor Conference Room, Houston, Texas, outside the boundaries of the Authority, and the roll was called of the members of the Board:

Peter Houghton	President
Robert Patton	Vice President
Melony Gay	Secretary
David Spell	Assistant Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Pat Hebert	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were David C. Scholler, Lindsay Kovar, Fred Bauhof, Matthew Froehlich, Shayna Johnson, Ian D. Pietz, Chris Jacob, and Whitney Milberger of BGE; Pamela Logsdon of AVANTA Services; Dale Clayton of Inframark, LLC; David Oliver, Christina Miller, Heather Trachtenberg, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held December 21, 2017. After review and discussion, Director Gay moved to approve the minutes as presented. Director Hebert seconded the motion, which carried unanimously, except for Director Houghton who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC, INCLUDING PUBLIC HEARING

Director Patton opened the meeting to conduct a public hearing on the Grand Lakes Reclaimed Water System draft Environmental Information Document (the "EI Document") at 6:19 p.m. There being no public comments regarding the EI Document, the Board concurred to close the public hearing at 6:21 p.m.

Director Patton opened the meeting to receive public comments. A member of the public asked when the Authority plans to build a reservoir on Allens Creek. Director Gay noted that the reservoir project is a Brazos River Authority project. There

being no additional public comments, the Board concurred to close the meeting to public comments.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS,
AND LARRY'S TOOLBOX WATER CONSERVATION PROGRAMS

Ms. Kovar presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached. She reported on two water conservation programs planned for presentation by the Authority at Bentley Elementary School in Lamar Consolidated School District ("LCSD"). She reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended that the Board approve a budget for presenting the mini-rain barrel program to kindergarten students in February, 2018. She stated that a new water conservation program is being developed for presentation to first grade students in March, 2018.

Ms. Kovar reminded the meeting attendees that the Authority will provide tri-fold, color brochures containing information regarding the Authority to the Authority's constituents free of charge upon request.

Ms. Kovar reported that a proposed budget for purchasing additional outreach items will be presented in February, 2018.

Ms. Kovar reported on the Authority's participation in the Falcon Ranch Annual Homeowners Association meeting at Rylander Elementary School on January 23, 2018.

Ms. Kovar reported that the Authority has been invited to give presentations regarding the Larry's Toolbox water conservation program at the Gulf Coast Water Conservation Symposium scheduled March 22, 2018, and the American Water Works Association's Sustainable Water Management Conference scheduled March 25 - 28, 2018.

Ms. Kovar reported that 79 irrigation evaluations were completed in December, 2017, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She stated that a total of 1,744 evaluations were completed in 2017, which was a 16% increase over the number of evaluations completed in 2016.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts.

Ms. Kovar reported that a Certification Regarding Lobbying is required for the Authority's application to the Texas Water Development Board (the "TWDB") for grant funding through its Clean Water State Revolving Fund for the Authority's Phase 2 portion of the joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") for construction of the

Authority's reclaimed water system per its contract with C4 Partners, LLC.

Ms. Kovar reported that the evapotranspiration weather station was installed in Fort Bend Municipal Utility District No. 50 on December 8, 2017. She stated that BGE is coordinating with the Harris-Galveston Subsidence District on implementing a program to provide weekly watering recommendations through the Texas A&M AgriLife Extension Service's Water My Yard website to the Authority's residents.

Ms. Kovar updated the Board on implementation of the Authority's Larry's Toolbox water conservation program. She reported that the fourth quarter pumpage data for all 2016 participants that earned the required number of seven points necessary to receive a reduced 2017 water rate is due by January 31, 2018. She stated that 43 enrollment forms were submitted to the Authority for participation in the 2018 program. She reported that the CCR Committee performed a drawing to determine the five participants eligible to receive Authority funding for the combined Homeowners Association ("HOA")/Golf Course Irrigation System Evaluations and Water Budgets initiative, and they will be notified soon.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve payment of five invoices from Masuen Consulting, LLC ("Masuen") for implementation of the Authority's 2016 and 2017 Larry's Toolbox water conservation programs' HOA Irrigation Water Budget and/or HOA Irrigation System Evaluations initiatives for (i) Fort Bend County Municipal Utility District No. 143 in the amount of \$2,000.00; (ii) Cinco Municipal Utility District No. 1 in the amount of \$2,000.00; (iii) Cinco Southwest Municipal Utility District No. 1 in the amount of \$4,000.00; (iv) Fort Bend County Municipal Utility District No. 146 in the amount of \$2,000.00; and (v) Fort Bend County Municipal Utility District No. 151 in the amount of \$800.00. She stated the invoices are within budget.

Ms. Kovar reported that the Authority's trademark applications to the United States Patent and Trademark Office for the "Larry the Talking Sprinkler" image were found to be entitled to registration. She stated required notices are being published so that any opposition proceedings against the issuance of the registrations must be filed within a 30-day period after the publication dates.

Following review and discussion, Director Gay moved to:

- (1) approve a budget for presenting the mini-rain barrel program to LCSD kindergarten students in the amount of \$1,200.00;
- (2) authorize execution and submission of the Certification Regarding Lobbying to the TWDB for the Authority's application for grant funding through its Clean Water State Revolving Fund for the Authority's Phase 2 portion of the joint reclaimed water system project with FB 146 and FB 194 for construction of the Authority's reclaimed water system per its contract

with C4 Partners, LLC; and

- (3) approve payment of five invoices from Masuen for implementation of the Authority's 2016 and 2017 Larry's Toolbox water conservation programs' HOA Irrigation Water Budget and/or HOA Irrigation System Evaluations initiatives for (i) Fort Bend County Municipal Utility District No. 143 in the amount of \$2,000.00; (ii) Cinco Municipal Utility District No. 1 in the amount of \$2,000.00; (iii) Cinco Southwest Municipal Utility District No. 1 in the amount of \$4,000.00; (iv) Fort Bend County Municipal Utility District No. 146 in the amount of \$2,000.00; and (v) Fort Bend County Municipal Utility District No. 151 in the amount of \$800.00.

Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the vote.

Ms. Kovar reported that the Authority received an award from the United States Environmental Protection Agency in recognition of the innovative use of State Revolving Funding for the Grand Lakes Reclaimed Water System Project.

FINANCIAL AND BOOKKEEPING MATTERS AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Ms. Logsdon presented and reviewed with the Board the bookkeeper's report, including checks for payment, transfers, monthly receipts, a summary of investments, schedules of debt service payments, water conservation credits, past due accounts, number of inspections completed for the Authority's WISE Guys Program, and a statement of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached. Ms. Logsdon reviewed voided and reissued checks for right-of-way acquisition. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

The Board considered accepting the annual disclosure statements of the Authority's bookkeeper and Investment Officer. Mr. Oliver explained that the annual disclosure statements are intended to disclose relationships of the Authority's bookkeeper and Investment Officer with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the Authority. After review and discussion, Director Gay moved to accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records. Director Hebert seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Oliver reported on the Authority's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented and reviewed with the Board the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. In response to Board members' questions, Mr. Clayton discussed the performance of the Authority's facilities during the recent freezing temperatures and possible installation of housing for influent valves. Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which was approved by unanimous vote.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

Mr. Froehlich presented and reviewed with the Board the engineer's report, a copy of which is attached. He reported on matters related to the Authority's GRP, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority and permitting matters. He reported that the Fort Bend Subsidence District ("FBSD") is reviewing the Authority's application for over-conversion credits for the 2016 permit term. He stated that FBSD's issuance of a certificate for over-conversion credits for the 2015 permit term, including two years of Fort Bend County Municipal Utility District No. 169's alternate storm water use, is anticipated soon.

Ms. Kovar reported the Authority is hosting a quarterly coordination meeting of the FBSD Groundwater Participants at the Bellaire Pump Station on February 8, 2018. She stated a presentation on the facility's updated SCADA system and a tour of the facility will be provided to the meeting participants.

Mr. Froehlich reported on implementation of an operational program to deliver established summer and winter amounts of surface water per day to constituent municipal utility districts.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reported on the status of BGE's updates to routing analyses related to the Authority's revised 2025 surface water distribution system. He reported that the Authority's Capital Planning and Design ("CPD") Committee recommended that the Board approve the updated routing study for Main Segment 18.

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters and stated that current property acquisition efforts are focused on the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

Mr. Froehlich reported that construction of Main Segment 10B per the Authority's contract with Hurtado Construction Company is complete and the contractor is addressing punch list items.

Mr. Froehlich reported that construction of the connection water line for Fort Bend County Improvement District No. 24 per the Authority's contract with Gonzalez Construction Enterprise, Inc. is complete and the contractor is addressing punch list items.

Mr. Froehlich reported that the Authority's CPD Committee recommended that the Board approve payment of Pay Estimate Nos. 3 and 4 for the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194 for construction of the Authority's reclaimed water system per its contract with C4 Partners, LLC in the amounts of \$183,190.05 and \$351,877.50, respectively.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

Mr. Froehlich reported that the Authority's CPD Committee recommended that the Board approve a proposal from BGE for 2018 monitoring and evaluation services for the Authority's cathodic protection system in the amount of \$70,000.00.

Mr. Froehlich reported on the status of Jones & Carter, Inc.'s preparation of design plans for the Authority's project to construct a surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3.

Mr. Froehlich reported on the status of Costello, Inc.'s design of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of (i) the wastewater plant reclaimed water improvements; and (ii) the reclaimed water distribution system.

Mr. Froehlich reported on the status of Costello, Inc.'s design of the Authority's Phase 2 portion of the joint reclaimed water system project with FB 146 and FB 194 consisting of the Authority's distribution lines for the reclaimed water system.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on matters related to the Authority's joint facilities with the West Harris County Regional Water Authority (the "WHCRWA"). He reported that Cummins Southern Plains, LLC ("Cummins") is scheduled to make repairs on the Authority's generator nos. 2 and 3 located at the Bellaire Pump Station. He stated that Cummins has agreed to perform a full assessment of all three of the generators at no

cost to the Authority.

Mr. Froehlich reported on BGE's review of the budget, schedule, and other information provided by the WHCRWA for the Authority's joint Surface Water Supply Project with the WHCRWA. He reviewed the status of design for Segments A, B, and C, the Re-Pump Station, and the Central Pump Station.

Mr. Froehlich reported on the status of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the construction schedules for the Capers Ridge pump station and canal projects. He reported on the submittal process for the construction of the dual 96-inch raw water lines.

Mr. Froehlich reported on the status of design of the northeast transmission line.

Mr. Bauhof reported on the status of the City of Houston's ("the COH") Northeast Water Purification Plant Expansion Project ("NEWPP") per its Design-Build Agreement with the Houston Waterworks Team, including the status of contract negotiations, anticipated schedules, and budgets for Early Work Packages 2 and 4 and the status of design for Phase 1 Balance of Plant.

Ms. Kovar and Mr. Oliver discussed the procedures and schedule for submitting an application to the TWDB for additional funding from the State Water Implementation Fund for Texas ("SWIFT"). Ms. Kovar reported that an application has been prepared for the Authority to include the Authority's share of costs for the COH's Northeast Water Purification Plant Expansion Project, the joint Surface Water Supply Project with the WHCRWA, and projects included in the Authority's Capital Improvement Plan in the amount of \$350,000,000. She requested authorization to submit the Authority's application to the TWDB for SWIFT funding by the February 2, 2018, deadline.

Following review and discussion, Director Gay moved to approve the engineer's report, including:

- (1) approve the updated routing study for Main Segment 18;
- (2) approve payment of Pay Estimate Nos. 3 and 4 for the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194 for construction of the Authority's reclaimed water system per its contract with C4 Partners, LLC in the amounts of \$183,190.05 and \$351,877.50, respectively;
- (3) approve the proposal from BGE for 2018 monitoring and evaluation services for the Authority's cathodic protection system in the amount of \$70,000.00; and

- (4) authorize submittal of the Authority's application to the TWDB for additional SWIFT funding.

Director Hebert seconded the motion, which was approved by unanimous vote.

AUTHORITY FINANCING PLAN

There was no additional discussion regarding the Authority's financing plan.

CONTRACTS

There were no contracts presented for consideration.

CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY AND REQUEST BOARD APPROVAL OF A FIRST AMENDED AND RESTATED RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY SEGMENT 18 TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS FOR THE 2025 SURFACE WATER CONVERSION AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

Ms. Miller reviewed an Amended and Restated Resolution Authorizing Acquisition of Real Property Segment 18 (the "Resolution"). Following review and discussion, Director Gay moved that the Board of Directors of the Authority, in a record vote, adopt a Resolution authorizing the use of the power of eminent domain to acquire certain properties and other property interests at the general locations and along the general routes, as shown on Exhibit A to the Resolution for Main Segment 18, for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water, and delegating to the Authority's President the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests, and that this first record vote applies to all units of property to be condemned. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:02 p.m. to consult with its attorney regarding the Authority's purchase, exchange, lease, or value of real property pursuant to Section 551.072, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar and Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session. Director Gay was not in attendance in this executive session.

RECONVENE IN OPEN SESSION AND REALTY INTEREST ACQUISITION

At 7:10 p.m., the Board reconvened in open session. Mr. Oliver reviewed a Purchase and Sale Agreement for two tracts of land for the Authority's second pump station site as listed on the attached Realty Interests Chart. Director Hebert moved to authorize: (i) payment of earnest money; (ii) execution of the Purchase and Sale Agreement between the Authority, as purchaser, and Julianne Cook, Trustee of the Automation Products, Inc. Employees' Profit Sharing Plan Trust of Houston, Harris County, Texas (also known as The Automation Products, Inc. Profit Sharing Plan and Trust), as seller; (iii) execution of any necessary closing documents by Directors Houghton, Patton, and Darden for the Authority's second pump station site; and (iv) the Authority's acquisition of the two tracts of land in accordance with the provisions of the Purchase and Sale Agreement. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:11 p.m. to consult with its attorney regarding the Authority's legal rights and obligations under the Second Supplement to the Water Supply Contract with the COH. The Board determined that the attendance in this executive session of Mr. Scholler, Mr. Bauhof, Ms. Kovar, Mr. Froehlich, and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 8:03 p.m., the Board reconvened in open session. Director Hebert moved to authorize the Authority's consultants to draft and send a letter to the COH regarding the Board's concerns related to increased cost estimates associated with the NEWPP. Director Darden seconded the motion, which was approved by unanimous vote.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)



Melony Gay
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets	1
Memorandum Regarding Water Conservation and Reuse	2
Bookkeeper's report.....	4
Operator's report.....	5
Engineer's report.....	5
Realty Interests Chart	9