

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 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 October, 2018, at the Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas, inside 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 Lindsay Kovar, Fred Bauhof, Matthew Froehlich, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Heather Trachtenberg, Harry Thompson, 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 meetings held September 26, and October 3, 2018. After review and discussion, Director Hebert moved to approve the minutes as presented. Director Fay seconded the motion, which carried unanimously, except for Director Gay who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. There being no public comments, Director Houghton closed the meeting to public comments.

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

Ms. Kovar presented a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached, and discussed the topic for the Water Efficiency

Network's upcoming monthly meeting. She reported on the Galveston Bay Foundation's event regarding the region's water issues scheduled for October 31, 2018.

Ms. Kovar and Director Patton discussed the Authority's participation in a panel with the North Harris County Regional Water Authority and the West Harris County Regional Water Authority (the "WHCRWA") at a Katy Area Districts Council event regarding water rates scheduled for November 1, 2018.

Ms. Kovar reported on the Authority's public outreach program. She stated that Ms. Milberger continues to attend municipal utility district meetings within the Authority's boundaries to provide information regarding the Authority's water conservation and outreach programs and other available water conservation resources.

Ms. Kovar announced that the Authority's water conservation mobile teaching lab is on-site for public viewing after the Board meeting.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize Glass House Strategy to develop a graphic illustrating Authority expenditures as a percentage of revenues for public communication efforts in the amount of \$500.00.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize purchasing a booth for the 2019 Spring Katy Home & Garden Show scheduled January 28-29, 2019, in an amount not to exceed \$1,645.00.

Ms. Kovar reported that BGE gave a presentation regarding the Authority's water conservation and reuse efforts at the Fort Bend Subsidence District's (the "FBSD") October Board meeting.

Ms. Kovar reported on the preparation of a water conservation presentation to be given at the Texas A&M AgriLife Extension Service's composter specialist event scheduled December 5 - 7, 2018.

Ms. Kovar reported that 172 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during September, 2018. She reported that the Authority's CCR Committee recommended that the Board authorize implementation of a monthly drawing to replace the current \$15.00 rebate for the Authority's WISE Guys Program beginning January 1, 2019.

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

Ms. Kovar discussed BGE's review and tracking of invoices and services related to the 2018 Larry's Toolbox water conservation program's Authority funded

Homeowners Association ("HOA") Irrigation Water Budget and HOA Irrigation System Evaluations initiative. She reported that the Authority's CCR Committee recommended that the Board approve payment of two invoices from Masuen Consulting, LLC ("Masuen") for implementation of the initiative for Cinco Municipal Utility District No. 2 in the amount of \$11,000.00 and Cinco Municipal Utility District No. 10 in the amount of \$15,345.00.

Following review and discussion, Director Gay moved to:

- (1) authorize Glass House Strategy to develop a graphic illustrating Authority expenditures as a percentage of revenues for public communication efforts in the amount of \$500.00;
- (2) authorize purchasing a booth for the 2019 Spring Katy Home & Garden Show scheduled January 28-29, 2019, in an amount not to exceed \$1,645.00;
- (3) authorize implementation of a monthly drawing to replace the current \$15.00 rebate for the Authority's WISE Guys Program beginning January 1, 2019; and
- (4) approve payment of two invoices from Masuen for implementation of the Authority funded HOA Irrigation Water Budget and HOA Irrigation System Evaluations initiative for Cinco Municipal Utility District No. 2 in the amount of \$11,000.00 and Cinco Municipal Utility District No. 10 in the amount of \$15,345.00.

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

Ms. Milberger gave a presentation regarding the goals of the Authority's Larry's Toolbox water conservation program and changes and updates made to the program for 2019. A copy of the presentation is attached.

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

Ms. Lightbody presented a chart outlining the distribution of bond proceeds for the Authority's \$121,040,000 Water System Junior Lien Revenue Bonds, Series 2018B ("Series 2018B Bonds") and \$68,845,000 Water System Revenue Bonds, Series 2018C ("Series 2018C Bonds"). A copy of the chart is attached.

Ms. Lightbody presented the bookkeeper's report, including checks for payment, fund and wire 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, a statement of revenues and expenditures for the Enterprise Fund, and the quarterly investment report. A copy of

the bookkeeper's report is attached.

Following review and discussion, Director Gay moved to approve the bookkeeper's report and authorize disbursement of bond proceeds upon funding. Director Hebert seconded the motion, which was approved by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented 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. He stated that the quarterly easement maintenance and pest control services included on the operator's report were incorrectly allocated to joint facility expenses instead of water line maintenance.

Mr. Clayton reported that the Authority's Finance and Policy Committee recommended that the Board authorize Inframark to perform the required annual meter readings for the Authority's well permit renewal with the FBSD for the October 2018 to September 2019 period in the amount of \$5,500.00.

Following review and discussion, Director Gay moved to approve the operator's report, including authorizing Inframark to perform the required annual meter reading for the Authority's well permit renewal with the FBSD for the October 2018 to September 2019 period in the amount of \$5,500.00. 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 the engineer's report, a copy of which is attached. Mr. Froehlich stated that the FBSD's anticipated issuance of a waiver from the FBSD's Rule 8.1 meter requirements for three municipal utility districts that have portions of their boundaries located outside of the Authority remains pending.

Mr. Froehlich 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.

Mr. Froehlich reported on BGE's issuance of acknowledgment letters related to Kingsbridge Municipal Utility District's proposed annexation of 10.45 acres and Fort Bend County Fresh Water Supply District No. 2's intent to construct its own water plant and receive surface water directly from the Authority.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for Main Segment 13C and the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194").

Mr. Froehlich reported on the status of construction of the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194. He recommended approval of Pay Estimate No. 13 in the amount of \$26,430.90 submitted by C4 Partners, LLC for the project.

Mr. Froehlich discussed the schedule for a one-year warranty inspection of the project that replaced the damaged subgrade and pavement at a crossing of Main Segment 7A at Baldwin Elm Street.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

Mr. Froehlich reported on the schedule for the construction of the Authority's surface water line connection facilities for Fort Bend County Municipal Utility District No. 190. He stated that a Notice to Proceed was issued on September 28, 2018, and completion is anticipated in January, 2019.

Mr. Froehlich reported on the status of design and easement acquisition 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 requested approval of the plans and specifications and authorization to advertise for bids for construction of the project.

Mr. Froehlich reported that agency submittals 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 are pending acquisition of the necessary property rights.

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 WHCRWA. He reported that BGE is preparing a report on the results of its comprehensive inspection and review of the Bellaire Pump Station, including recommendations and cost estimates to address any outstanding issues. He reported that the storm water quality permit for the Bellaire Pump Station has been renewed.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He reported on the status of design and easement acquisition for Segments A, B, and C, and the design of the Re-Pump Station and the Central Pump Station for the SWSP. He discussed a meeting held with the Harris County Flood Control District regarding alignment matters related to Segment B. He reported on the WHCRWA's incorporation of recommendations from value engineering studies into the designs of the Re-Pump Station and Central Pump Station.

Mr. Froehlich reported that the WHCRWA continues to negotiate contracts with six consulting firms for design services for the six sub-segments for Segment 3 and seven consulting firms for design services for the seven sub-segments for the Kinder Morgan Segment for the SWSP. He stated the WHCRWA anticipates awarding design contracts at its November, 2018 regular meeting.

Mr. Froehlich reported on the status of the Coastal Water Authority's ("CWA") Luce Bayou Interbasin Transfer Project, including the construction schedules for the Capers Ridge pump station, canal projects, and the dual 96-inch raw water lines. He stated that the construction schedule for the Capers Ridge Pump Station is delayed due to flooding of the site. He reported that CWA has issued a Request for Qualifications, due November 16, 2018, from consultants for a study of the impacts of projects in and around Lake Houston on water quality.

Mr. Bauhof reported on the status of the City of Houston's ("COH") Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). He reported on the anticipated schedules for design, value engineering, and associated cost models for Phase 1 of the project, including the anticipated schedule for COH City Council action on HWT's submission of Early Work Package No. 6. He stated that preliminary negotiations for the indirect costs associated with the Balance of Plant Guaranteed Maximum Price ("BOP GMP") are complete and the BOP GMP is under review. He updated the Board on the status of construction related to site clearing, earthwork, drainage, and roadways, and excavations for the raw water pipeline, the tunnel shaft, and the west filter/transfer pump station.

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

- (1) approve Pay Estimate No. 13 submitted by C4 Partners, LLC for the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194 in the amount of \$26,430.90; and
- (2) approve plans and specifications and authorize advertisement for bids 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.

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

AUTHORITY FINANCING PLAN

Ms. Miller reported that the Authority's Series 2018B Bonds and Series 2018C Bonds are scheduled to close November 8, 2018.

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed one Amendment to Water Line Easement for Parcels 05.L02.03 and 05.L02.04 as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Amendment to Water Line Easement as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:03 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Second Supplement to the Water Supply Contract with the City of Houston pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested her presence in the executive session.


RECONVENE IN OPEN SESSION

At 7:59 p.m., the Board reconvened in open session. No action was taken by the Board.

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

(SEAL)




Secretary, Board of Directors

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