

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 25, 2017

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 25th day of October, 2017, 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, except Director Houghton, thus constituting a quorum.

Also present for all or part of the meeting were David C. Scholler, Lindsay Kovar, Matthew L. Froehlich, Shayna Johnson, and Beatrice Handolescu of BGE; Pam E. Lightbody of AVANTA Services; Dale Clayton of Severn Trent Services, Inc. ("STSI"); 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 meetings held September 27, and October 4, 2017. After review and discussion, Director Gay moved to approve the minutes as presented. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Craig Lewis of Fort Bend County Municipal Utility District No. 50 addressed the Board to request that the Authority facilitate coordination with the Harris-Galveston Subsidence District on installing the evapotranspiration weather station and implementing the Texas A&M AgriLife Extension's "Water My Yard" program. There being no additional public comments, Director Patton closed the meeting to public comments.

MEETING SCHEDULE

Ms. Miller reminded the Board that the Authority's November 22, 2017, and December 27, 2017, meeting dates have been rescheduled to Thursday, November 16, 2017, and Thursday, December 21, 2017, respectively.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND 2018 LARRY'S TOOLBOX WATER CONSERVATION PROGRAM

Ms. Kovar presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached.

Ms. Kovar reported on the Authority's Second Annual 2017 Water Conservation Essay Contest with the theme, "Subsidence - what is it, how are we impacted, and how can we control it?" for students in the 6th, 7th, and 8th grades at Hodges Bend, Bowie, and Crockett Middle Schools in the Fort Bend Independent School District. She stated that the contest began October 16, 2017, and the deadline to submit essays is November 17, 2017. She stated that prizes for 1st, 2nd, and 3rd place winners in each grade at each school will be presented to the winners at the Authority's December 21, 2017, regular Board meeting.

Ms. Kovar and Director Patton reported on Director Patton's attendance at a cub scout meeting to discuss water conservation and subsidence matters.

Ms. Kovar reported that the Authority has been invited to give a presentation at the American Water Works Association's Sustainable Water Management Conference scheduled March 25 - 28, 2018.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve printing and delivering copies of the tri-fold, color brochure providing information regarding the Authority to entities located within the Authority as requested at a cost not to exceed the 2017 budget line item for printing costs.

Ms. Kovar reported on a Water Efficiency Network meeting scheduled October 26, 2017.

Ms. Kovar reported that 93 irrigation evaluations were completed in September, 2017, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program").

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts and reported on Alternative Water Credit Applications received from Fort Bend County Municipal Utility District Nos. 182 and 185. She reported that the Authority's application for grant funding of the Authority's Phase 2

portion of the joint effluent reuse project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") consisting of the Authority's distribution lines for the effluent reuse system, through the Clean Water State Revolving Fund program was submitted to the Texas Water Development Board (the "TWDB") by the extended October 5, 2017, deadline.

Ms. Kovar updated the Board on implementation of the Authority's 2018 Larry's Toolbox water conservation program. She reported on the informational meeting on the program held October 11, 2017, for directors, operators, and other constituents, including a presentation regarding smart technology options. She stated the enrollment package was sent to the Authority's constituents during the first week of October and is due December 31, 2017.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve two invoices from Masuen Consulting, LLC ("Masuen") for implementation of the Authority's 2017 Larry's Toolbox water conservation program's Homeowners Association ("HOA") Irrigation Water Budget and HOA Irrigation System Evaluations initiatives for: (1) Fort Bend County Municipal Utility District No. 50 in the amount of \$1,960.00; (2) Fort Bend County Municipal Utility District No. 122 in the amount of \$25,500.00; and (3) Cinco Municipal Utility District No. 1 in the amount of \$6,385.00. She stated that the invoices are within budget.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve a cost estimate from Glass House Strategy ("GHS") for creating an interior dedicated page on the Talking Sprinkler website illustrating various water saving programs or advice in the amount of \$3,800.00.

Ms. Kovar reported on the CCR Committee's review of GHS' proposed 2018 budget, including two newsletters, an increased number of shorter digital retail messages, renewal of the Authority's Performance Service Agreement with Randal Lemmon, an increase in GHS' annual fee, and upgrades to the TalkingSprinkler.com website.

Following review and discussion, Director Gay moved to:

- (1) approve printing and delivering copies of the tri-fold, color brochure providing information regarding the Authority to entities located within the Authority as requested at a cost not to exceed the 2017 budget line item for printing costs;
- (2) approve two invoices from Masuen for implementation of the Authority's 2017 Larry's Toolbox water conservation program's HOA Irrigation Water Budget and HOA Irrigation System Evaluations initiatives for: (1) Fort Bend County Municipal Utility District No. 50 in the amount of \$1,960.00; (2) Fort Bend County Municipal Utility District No. 122 in the amount of

\$25,500.00; and (3) Cinco Municipal Utility District No. 1 in the amount of \$6,385.00; and

- (3) approve the cost estimate from GHS for creating an interior dedicated page on the Talking Sprinkler website illustrating various water saving programs or advice in the amount of \$3,800.00.

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

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

Ms. Lightbody reported that an escrow account was opened at Compass Bank for the Authority's \$87,360,000 Water System Junior Lien Revenue Bonds, Series 2017 ("Series 2017 Bonds").

Ms. Lightbody 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. Lightbody discussed a voided check related to right-of-way acquisition matters that was reissued to the new owner of the tract, noted lower water usage caused by the impact of Hurricane Harvey, and reviewed fund transfers for payment of debt service and reimbursement of expenses.

Ms. Miller reported that the Authority's Series 2017 Bonds are scheduled to close November 2, 2017.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including disbursement of proceeds from the issuance of the Series 2017 Bonds. Director Hebert seconded the motion, which was approved by unanimous vote.

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, and responded to Board members' questions. A copy of the operator's report is attached.

Mr. Clayton reported on the performance of additional flushing of water lines for a period of approximately six weeks due to fluctuating residuals experienced after Hurricane Harvey and responded to Board members' questions.

Mr. Clayton reported on the status of repairs to the Authority's facilities

damaged by Hurricane Harvey, including sump pump failures, remote meter sites that had been under flood water, and repairs needed for the roof of the Bellaire Pump Station. He reported that STSI has submitted insurance claims and a request for financial assistance to the Federal Emergency Management Agency on behalf of the Authority for damages to the Authority's facilities caused by Hurricane Harvey.

Mr. Clayton reported on three quotes obtained for the periodic purchase of bleach required for operating the Authority's facilities. He stated that the Capital Planning and Design Committee concurred with STSI's acceptance of the quote from AOS Treatment Solutions, LLC. He stated the quote includes real time volume monitoring and an alarm notification system for each tank.

Mr. Clayton reported that STSI has completed the annual reading of the Authority's remote well sites.

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

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 Groundwater Reduction Plan, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority and permitting matters. He reported that the Authority's application for over-conversion credits, including two years of Fort Bend County Municipal Utility District No. 169's alternate storm water use, has been submitted to the Fort Bend Subsidence District.

Mr. Froehlich reported on discussions with the engineers for Fort Bend County Municipal Utility District Nos. 132 and 190 regarding surface water supply in Main Segments 8 and 6, respectively.

Mr. Froehlich recommended approval of an amendment to the Authority's Water Supply Commitment Letter Agreement with Fort Bend County Municipal Utility District No. 134A ("FB 134A") for an increase in the existing commitment from 466,667 to 713,000 gallons per day.

Mr. Froehlich reported on BGE's acknowledgment of Fort Bend County Municipal Utility District No. 142's notification of intent to annex 7.55 acres. He stated that the annexation is not expected to increase water demand within the Authority.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reported on the status of BGE's updates to routing analyses for the

Authority's revised 2025 surface water distribution system. He reviewed a chart indicating the status of property acquisition matters and discussed preparation of legal descriptions for Main Segment 17.

Mr. Froehlich reported that construction of Main Segment 10B per the Authority's contract with Hurtado Construction Company is complete and the final pay estimate is being prepared.

Mr. Froehlich recommended approval of Pay Estimate No. 6 submitted by Gonzalez Construction Enterprise, Inc. for construction of the connection water line for Fort Bend County Improvement District No. 24 ("FB ID 24") in the amount of \$72,429.16. He reported that water is being delivered through the permanent connection.

Mr. Froehlich reported on the preparation of Pay Estimate No. 1 for the Authority's Phase 1 portion of the joint effluent reuse project with FB 146 and FB 194 for construction of the Authority's reclaimed water system per its contract with C4 Partners, LLC.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

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 effluent reuse facilities project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of: (1) the wastewater plant reclaimed water improvements; and (2) the reclaimed water distribution system.

Mr. Froehlich recommended approval of a Professional Design Consulting Agreement with Costello, Inc. for the Authority's Phase 2 portion of the joint effluent reuse project with FB 146 and FB 194 consisting of the Authority's distribution lines for the effluent reuse 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 the renewal application for the storm water quality permit for the Bellaire Pump Station expiring November 21, 2017, has been submitted to the City of Houston (the "COH").

Mr. Froehlich reported on coordination with Shrader Engineering and STSI on completing final training for the Authority's SCADA system.

Mr. Froehlich reported on the status of design for Segments A, B, and C, the

RePump Station, and the Central Pump Station for the Authority's joint Surface Water Supply Project with the WHCRWA, including realignment of Segment A and the interface for Segments A and B.

Mr. Froehlich reported on COH water supply matters. He reported that the COH has provided notification of a planned shutdown of one of its large diameter water lines to complete a project at the Southwest Pump Station. He stated the shutdown is scheduled to begin November 6, 2017, and last approximately two weeks. He stated that the COH may request that the Authority reduce the amount of surface water it takes from the COH from 19.5 MGD to 15.5 MGD during the shutdown. He stated that BGE will coordinate with the COH and STSI before and during the shutdown.

Mr. Froehlich reported on the status of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the schedule for construction of the Capers Ridge pump station and canal. He reported that the Notice to Proceed for construction of the dual 96-inch raw water lines was issued October 2, 2017.

Mr. Froehlich reported on BGE's review of design plans for the northeast transmission line.

Mr. Froehlich reported on the status of the COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team, including the selection of contractors for early work packages and the schedule for design of the balance of plant work.

Mr. Froehlich reported that BGE reviewed the COH's Fiscal Year 2016 True-Up for the East Water Purification Plant and had no comments.

Mr. Froehlich discussed the Authority's application for grant funding of the Authority's Phase 2 portion of the joint effluent reuse project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") consisting of the Authority's distribution lines for the effluent reuse system, through the Clean Water State Revolving Fund program was submitted to the TWDB.

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

- (1) approve Pay Estimate No. 6 submitted by Gonzalez Construction Enterprise, Inc. for construction of the connection water line for FB ID 24 in the amount of \$72,429.16;
- (2) authorize execution of an amended Water Supply Commitment Letter Agreement with FB 134A; and

- (3) authorize execution of a Professional Design Consulting Agreement with Costello, Inc. for the Authority's Phase 2 portion of the joint effluent reuse project with FB 146 and FB 194 consisting of the Authority's distribution lines for the effluent reuse system in the amount of \$759,527.00.

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

AUTHORITY FINANCING PLAN

Ms. Miller updated the Board on matters related to the Authority's financing plan, including the November 2, 2017, closing schedule for the Authority's Series 2017 Bonds.

CONTRACTS

There were no contracts for consideration.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line Easements and two side letters for Parcels 05.L02.03, 05.L02.04, 18.12, and 18.13, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements and side letters as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONDUCT PUBLIC HEARING TO RECEIVE COMMENTS REGARDING POPULATION GROWTH AND WATER DEMAND UPDATE ANALYSIS AND RECOMMENDATIONS FOR REDRAWING THE AUTHORITY'S DIRECTOR PRECINCTS

Ms. Miller reported that a Memorandum outlining recommended procedures and a timeline for a proposed director precinct modification process was distributed to all of the attorneys of municipal utility districts within the Authority and the City of Fulshear for distribution to their directors/council members and is posted on the Authority's website.

Ms. Kovar gave a presentation summarizing the report on BGE's reassessment of population growth and water demand projections and the Authority's Capital Improvement Plan reviewed during the August 2, 2017, special meeting of the Board. She explained that actual water usage is being tracked and provides more accurate data than previously utilized census data. She stated that population growth within the Authority since its inception in 2005 has led to an imbalance in the distribution of water usage between director precincts. She stated that water usage amounts are used to calculate the strength of the vote of each municipal utility district within a director

precinct during the director appointment process conducted during even-numbered years.

Ms. Kovar reviewed a graph of population growth and water demand projections through 2070. She reviewed the water demand projections allocated among the current director precincts and stated that the majority of the projected water demand is currently located within precincts 3 and 7.

Ms. Kovar reviewed proposed modifications to director precinct boundaries that allocates water demand in the approximate amount of 14% for each precinct within a 2% variance. She stated that efforts were made to keep the precincts and regional systems in the same geographical area.

Ms. Miller reported that a Memorandum outlining recommended procedures and a timeline for a proposed director precinct modification process was distributed to all of the attorneys of municipal utility districts within the Authority and the City of Fulshear for distribution to their directors/council members and is posted on the Authority's website. She stated that the procedures include distributing notices to the Authority's constituents, and posting the notices to the Authority's website, to provide an opportunity for written comments on the updated population growth and water demand analysis and proposed director precinct modifications, as well as the opportunity to attend and provide oral comments at the Board's two public hearings to review the written comments. She reported that no written comments have been received to date. She stated that written comments are due by November 15, 2017, and the second public hearing is scheduled during the Authority's regularly scheduled November 16, 2017, meeting.

Director Patton opened the meeting and the Board conducted a public hearing to receive comments regarding the Population Growth and Water Demand Update Analysis and recommendations for redrawing the Authority's director precincts. A question regarding the impact of the proposed director precinct modification process on Kingsbridge Municipal Utility District was the only comment received from the public. Directors Patton and Gay discussed the proposed process. Upon receiving no additional comments from the public, the Board concurred to close the public hearing.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session.

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

Melony Gay
Secretary, Board of Directors

(SEAL)



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.....	4
Engineer's report.....	5
Realty Interests Chart	8