

MINUTES  
NORTH FORT BEND WATER AUTHORITY  
November 28, 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 28th day of November, 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 except Director Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Fred Bauhof, Matthew Froehlich, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; Terrell Palmer of Post Oak Municipal Advisors LLC; 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 meeting held October 24, 2018. After review and discussion, Director Gay moved to approve the minutes as presented. Director Fay seconded the motion, which carried unanimously.

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.

MEETING SCHEDULE

Ms. Miller reminded the Board that the Authority has rescheduled its December 26, 2018, regular meeting to Thursday, December 20, 2018.

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

Ms. Milberger presented a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached. Ms. Kovar reported on educational programs, community outreach, and training opportunities, including the schedule for use of the Authority's water conservation mobile teaching lab. She stated that she 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. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that, as in previous years, the Board authorize sponsorship of the Gulf Coast Water Conservation Symposium scheduled for February 28, 2019, in the amount of \$250.00.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize approval of proposals from Glass House Strategy ("GHS") for services related to: (1) a new trade booth panel that will include the trademarked Larry the Talking Sprinkler image in the amount of \$670.00; and (2) design and layout revisions to the existing Larry the Talking Sprinkler informational tri-fold brochure in the amount of \$1,100.00.

Ms. Milberger reported that 250 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during October, 2018. She stated a letter has been prepared to be sent to the participants in the program to notify them of the Authority's implementation of a monthly water conservation prize drawing to replace the current \$15.00 rebate for the Authority's WISE Guys Program beginning January 1, 2019.

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

Ms. Milberger discussed BGE's review and tracking of invoices and services related to the 2017 and 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 the following invoices from Masuen Consulting, LLC ("Masuen") for implementation of the initiative:

- (1) Fort Bend County Municipal Utility District Nos. 122 and 123 in the amounts of \$5,000.00 and \$2,500.00, respectively, for 12-month follow-up reports for 2017; and

- (2) Cinco Municipal Utility District Nos. 2, 6, and 10, and Fort Bend County Municipal Utility District No. 142 in the amounts of \$8,250.00, \$11,935.00, \$1,980.00, and \$16,940.00, respectively, for initial reports prepared for 2018.

Ms. Milberger reported that, pursuant to the 2018 Program Guide, all required data from participants in the 2018 Larry's Toolbox water conservation program must be received by December 31, 2018. She stated late data will not be accepted.

Ms. Milberger discussed implementation of the 2019 Larry's Toolbox water conservation program and stated that all participants are encouraged to sign up prior to the December 31, 2018, deadline for more than the minimum number of points.

Following review and discussion, Director Gay moved to:

- (1) authorize sponsorship of the Gulf Coast Water Conservation Symposium scheduled for February 28, 2019, in the amount of \$250.00;
- (2) approve proposals from GHS for services related to (1) a new trade booth panel that will include the trademarked Larry the Talking Sprinkler image in the amount of \$670.00; and (2) design and layout revisions to the existing Larry the Talking Sprinkler informational brochure in the amount of \$1,100.00;
- (3) approve letter regarding the Authority's implementation of a monthly water conservation prize drawing to replace the current \$15.00 rebate for the Authority's WISE Guys Program beginning January 1, 2019, and direct that the letter be sent to the participants in the WISE Guys Program; and
- (4) approve six invoices from Masuen for the Authority's 2017 and 2018 Larry's Toolbox water conservation programs' Authority funded HOA Irrigation System Evaluations initiative totaling \$46,605.00.

Director Fay 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. She responded to a meeting attendee's questions regarding the program.

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

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, and a statement of revenues and

expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Patton seconded the motion, which was approved by unanimous vote.

#### ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the Authority's Investment Policy. Mr. Oliver stated there were no recommended changes to the policy. After review and discussion, Director Gay moved to adopt a Resolution Regarding Annual Review of Investment Policy. Director Patton seconded the motion, which was approved by unanimous vote.

#### AUTHORIZED DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

Mr. Oliver reported that the Authority's Finance and Policy Committee recommended that the Board approve the bookkeeper's updated list of authorized depository institutions and qualified broker dealers, which includes all banks where the Authority maintains deposits and investments. After review and discussion, Director Gay moved to adopt a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker Dealers with Whom the Authority May Engage in Investment Transactions. Director Patton seconded the motion, which was approved by unanimous vote.

#### NOTICE OF PROPOSED ADOPTION OF AMENDED RATE ORDER

The Board discussed distribution of a draft Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases which states that, at the Authority's December 20, 2018, meeting, the Board intends to consider adoption of an Amended Rate Order implementing a Groundwater Reduction Plan ("GRP") Fee in the amount of \$3.65 per 1,000 gallons of groundwater pumped and a Surface Water Fee in the amount of \$4.00 per 1,000 gallons of water delivered by the Authority, which correspondingly increases the Imported Water Fee, effective January 1, 2019. Following discussion, Director Gay moved to authorize distribution of the Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases. Director Patton seconded the motion, which was approved by unanimous vote.

#### ENGAGE ACCOUNTING FIRM AND AUTHORIZE AUDITOR

Mr. Oliver reported that the Authority's Finance and Policy Committee recommended that the Board authorize McCall Gibson Swedlund Barfoot, PLLC ("MGSB") to prepare the Authority's annual financial statements for the fiscal year ending December 31, 2018, in an amount not to exceed \$34,500.00.

Mr. Oliver reported that the Authority's Finance and Policy Committee recommended that the Board authorize McGrath & Co., PLLC ("McGrath") to prepare

the Authority's annual audit for the fiscal year ending December 31, 2018, in an amount not to exceed \$34,500.00.

Following review and discussion, Director Gay moved to authorize MGSB to prepare the Authority's annual financial statements and McGrath to prepare the Authority's annual audit for the fiscal year ending December 31, 2018. Director Patton 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.

Mr. Clayton reported that the Authority's Finance and Policy Committee recommended that the Board authorize repairs needed as a result of the annual valve survey in the total amount of \$17,150.00.

Following review and discussion, Director Gay moved to approve the operator's report and authorize the repairs needed pursuant to an annual valve survey in the total amount of \$17,150.00. Director Fay seconded the motion, which was approved by unanimous vote.

#### REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GRP

Mr. Froehlich presented the engineer's report, a copy of which is attached. Mr. Froehlich stated that the Fort Bend Subsidence District's ("FBSD") 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 a scheduled meeting with the FBSD and other stakeholders regarding Harris-Galveston Subsidence District's early stages of evaluating whether to change its permit from a one-year to a three-year rolling term.

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, and over conversion credits earned for the permit year ended September 30, 2018.

#### 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. 14 in the amount of \$17,376.92 submitted by C4 Partners, LLC for the project.

Mr. Froehlich discussed a one-year warranty inspection of the Authority's connection water line with Fort Bend County Improvement District No. 24.

#### 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 completion is anticipated in January, 2019.

Mr. Froehlich reported on planned coordination with the City of Houston regarding comments on the design specifications 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 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 requested approval of the plans and specifications and authorization to advertise for bids for construction of the project, subject to receipt of agency approval.

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 ("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.

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 risk

management workshop focused on the long tunnel portion of Segment B scheduled for November 29, 2018, and a system hydraulic model test for the Central Pump Station scheduled for January, 2019.

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 December, 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 continues to be delayed due to flooding of the site. He reported that Statements of Qualifications for a study of the impacts of projects in and around Lake Houston on water quality were due for submission to the CWA on November 16, 2018.

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 (the "Design-Build Agreement") with the Houston Waterworks Team ("HWT"). He reported on the anticipated schedule for COH City Council action on Amendment No. 7 to the Design-Build Agreement related to HWT's completion 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 draft BOP GMP continues to be 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. 14 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 \$17,376.92; and
- (2) approve plans and specifications and authorize advertisement for bids for the Authority's project to construct the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

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

## AUTHORITY FINANCING PLAN

Mr. Oliver reported that the Authority's Series 2018B Bonds and Series 2018C Bonds closed November 8, 2018.

Mr. Oliver discussed the Authority's obligations related to its revenue note placement program for interim financing in an amount not to exceed \$50,000,000 pursuant to its Note Purchase Agreement with JPMorgan Chase Bank, N.A. He stated that a Certificate of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly unaudited financial reports has been prepared. Following review and discussion, Director Gay moved to authorize execution and submission of the Certificate of No Default. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Oliver discussed requirements for submitting a revised schedule to the Texas Water Development Board (the "TWDB") in connection with the funding received from the TWDB's Clean Water State Revolving Fund for 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. He stated that the revised schedule received from the design engineer for the project has been submitted to the TWDB.

## CONTRACTS

Ms. Miller presented an Agreement for Real Property Valuation and Counseling Services with Deal Sikes for real property appraisal services. Following review and discussion, Director Gay moved to authorize execution of the Agreement for Real Property Valuation and Counseling Services with Deal Sikes. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Palmer discussed the Authority's financing plan for 2019, including the amount of bonds expected to be issued by the Authority and the Authority's anticipated cash flow. He recommended that the Authority enter into an Agreement for Investment Advisory services with First Southwest Asset Management, LLC ("FSAM") for investment advisory services. Following review and discussion, Director Gay moved to authorize execution of the Agreement for Investment Advisory services with FSAM. Director Patton seconded the motion, which was approved by unanimous vote.

## REALTY INTEREST ACQUISITION

The Board concurred to defer this item.



CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:17 p.m. to discuss the 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 Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:25 p.m., the Board reconvened in open session. No action was taken by the Board.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:26 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the WHCRWA pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:33 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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