

MINUTES
NORTH FORT BEND WATER AUTHORITY
February 27, 2019

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 27th day of February, 2019, 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 Directors Gay and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Fred Bauhof, Matt Froehlich, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Heather Trachtenberg, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held January 23, 2019. After review and discussion, Director Patton moved to approve the minutes as presented. Director Fay seconded the motion, which carried unanimously, except for Director Darden 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. Ms. Kovar reported on educational programs,

training opportunities, and community outreach. She discussed BGE's attendance at community events and municipal utility districts' and homeowner associations' meetings within the Authority's boundaries and conferences to provide information regarding the Authority, the Authority's water conservation and outreach programs, and other available water conservation resources.

Ms. Kovar reported on a water conservation education program that includes a mini rain barrel making activity that was presented to kindergarten students at Hubenak Elementary. She stated that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize purchasing 2,000 wristbands containing a water conservation message for securing the mesh to the mini rain barrels in the amount of \$324.07.

Ms. Kovar reported that Directors Patton and Hebert are scheduled to give a presentation regarding the Authority's large-scale infrastructure projects and surface water delivery plans at the Brazos River Rotary Club Breakfast on March 8, 2019.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize publication of two 4" X 4" Larry the Talking Sprinkler water conservation educational inserts in 13 printed community newsletters in April and June, 2019, in the total amount of \$3,630.40.

Ms. Kovar recommended that the Board authorize reserving an exhibition booth for the Authority at the Association of Water Board Directors' 2019 Annual Summer Conference. She stated that the cost of the booth reservation is \$600.00.

Ms. Kovar reported that 90 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during January, 2019. Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize purchasing 12 gift cards in the total amount of \$1,200.00 from Enchanted Gardens, a local plant nursery, as prizes for the WISE Guys Program Giveaway Incentive Program ("Giveaway Incentive Program") for January through April, 2019. She stated that the three winners of the Giveaway Incentive Program for January were randomly selected at the February meeting of the Authority's CCR Committee.

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

Ms. Kovar discussed implementation of the Authority's Larry's Toolbox water conservation program. She reported that the Authority's CCR Committee recommended that the Board authorize purchasing 60 signs that can be installed by participants in the program who successfully earn the required number of points necessary to receive reduced water rates in the amount of \$3,540.00.

Ms. Kovar stated that an overview of the results of the 2018 Larry's Toolbox water conservation program will be presented at the March 27, 2019, Board meeting. She reported that the Authority's CCR Committee recommended that the Board authorize purchasing five plaques to present to the Board of Cinco Municipal Utility District No. 8 for achieving the most points as a participant in the program in the amount of \$223.90.

Ms. Kovar discussed implementation of the 2019 Larry's Toolbox water conservation program, including materials distributed to program participants. She reported that the Authority's CCR Committee recommended that the Board approve a cost estimate from Glass House Strategy for redevelopment of the bill inserts for the W.I.S.E. Guys Resident Irrigation Evaluations and Residential Water Conservation Rebates initiatives in the amount of \$650.00.

Following review and discussion, Director Patton moved to:

- (1) authorize purchasing 2,000 wristbands containing a water conservation message for securing the mesh to the mini rain barrels in the amount of \$324.07;
- (2) authorize publication of two 4" X 4" Larry the Talking Sprinkler water conservation educational inserts in 13 printed community newsletters in April and June, 2019, in the total amount of \$3,630.40;
- (3) authorize reserving an exhibition booth for the Authority at the Association of Water Board Directors' 2019 Annual Summer Conference in the amount of \$600.00;
- (4) authorize purchasing 12 gift cards in the total amount of \$1,200.00 from Enchanted Gardens, a local plant nursery, as prizes for the Giveaway Incentive Program for January through April, 2019;
- (5) authorize purchasing 60 signs that can be installed by participants in the Authority's Larry's Toolbox water conservation program who successfully earn the required number of points necessary to receive reduced water rates in the amount of \$3,540.00;
- (6) authorize purchasing five plaques to present to the Board of Cinco Municipal Utility District No. 8 for achieving the most points as a participant in the 2018 Larry's Toolbox water conservation program in the amount of \$223.90; and
- (7) approve a cost estimate from Glass House Strategy for redevelopment of the bill inserts for the W.I.S.E. Guys Resident Irrigation Evaluations and Residential Water Conservation Rebates initiatives for the 2019 Larry's Toolbox water conservation program in the amount of \$650.00.

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

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, a statement of revenues and expenditures for the Enterprise Fund, and a quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Fay moved to approve the bookkeeper's report as presented. Director Darden 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 a meter calibration will be performed to confirm accurate accountability readings.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board approve a quote for replacing a damaged valve diaphragm at the Bellaire Pump Station in the amount of \$15,508.00. A copy of the quote is attached to the operator's report.

Mr. Clayton reported that the Authority's Finance and Policy Committee reviewed four quotes for mowing maintenance for the Authority's right-of-way and recommended that the Board approve a quote from Seaback Maintenance Inc. ("Seaback") in the amount of \$28,889.60 per year. A copy of Seaback's quote is attached to the operator's report.

Following review and discussion, Director Patton moved to approve the operator's report as presented, including approval of the quotes as recommended. Director Fay 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 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 evaluation of the feasibility of a request for participation in the Authority's GRP to include only the property proposed for annexation by Fort Bend County Municipal Utility District No. 24 ("FB 24") that will not otherwise be covered by Missouri City's GRP. He stated that the Fort Bend Subsidence District has no objection to the Authority including in its GRP a portion of a municipality utility district that also has a different portion included in another entity's GRP. He discussed coordination with FB 24's engineer and attorney to obtain additional information needed for a proposed GRP Participation Agreement. He reported that the Authority's CPD Committee and Finance and Policy Committee concurred with providing a letter indicating support for the property's inclusion in the Authority's GRP, contingent upon FB 24 satisfying any additional requirements and entering into a GRP Participation Agreement with the Authority.

Mr. Froehlich reported on BGE's evaluation of an inquiry from Charleston Municipal Utility District for participation in the Authority's GRP. He stated that Charleston MUD contains 86 acres in the City of Arcola's extraterritorial jurisdiction.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for 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 stated C4 Partners, LLC is addressing punch list items for the project. He recommended approval of Pay Estimate No. 16 in the amount of \$15,032.60 submitted by C4 Partners, LLC for the project.

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 March or April, 2019.

Mr. Froehlich reported on coordination with representatives of the City of Houston's ("COH") Public Works Department on a proposed variance to COH's design review criteria.

Mr. Froehlich reported that the Authority's CPD Committee recommended that the Board approve BGE's proposal for 2019 annual and quarterly cathodic protection system monitoring and evaluation services in the amount of \$70,000.00.

Mr. Froehlich reported on planned coordination with COH 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 on the status of RG Miller Engineers, Inc.'s design of a surface water line connection for Fort Bend County Municipal Utility District No. 50's Water Plant No. 2.

Mr. Froehlich reported on the status of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated that agency submittals for the distribution system are pending acquisition of the necessary property rights.

Mr. Froehlich stated that seven bids containing separate amounts for base and alternate items were received for construction of the wastewater improvements portion of the Authority's reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4. Mr. Froehlich recommended that the Board award the contract to JTR Constructors Inc. in the amount of \$4,462,650.00, including alternate bid items. The Board concurred that, in its judgment, JTR Constructors Inc. was a responsible bidder who would be most advantageous to the Authority and would result in the best and most economical completion of the project.

Mr. Froehlich reported that the Authority's CPD Committee recommended that the Board authorize execution of a Facilities Extension Agreement with CenterPoint Energy Houston Electric LLC ("CenterPoint") to relocate a power pole and overhead lines in conflict with the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 in the amount of \$5,015.00.

Mr. Froehlich reported that the Authority's CPD Committee recommended that the Board approve a proposal from Ninyo & Moore and associated Agreement for Professional Materials Engineering Laboratory Services for construction materials testing services for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 in the amount of \$67,700.00.

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 reclaimed water distribution 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 stated that a memorandum of findings and recommendations related to BGE's comprehensive inspection and review of the Bellaire Pump Station was presented to the Authority's

CPD Committee and Finance and Policy Committee. He stated that both of the committees recommended that the Board approve BGE's recommendations related to the Bellaire Pump Station, including power washing of the building exterior and valve vaults in the amount of \$7,300.00, installing safety equipment on the valve vault ladders in the amount of \$15,000.00, and purchasing three removable thermal wraps for the meter station in the amount of \$7,600.00. He also recommended that the Board approve modifications to the fire alarm system to provide for automatic notification of the operator and emergency services in the amount of \$8,500.00.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He stated that design is underway for the sub-segments for the SWSP's Kinder Morgan Segment and Segment 3. He discussed 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 stated the WHCRWA held a second contractor outreach workshop on January 31, 2019, and a system hydraulic model demonstration for the Central Pump Station on February 7, 2019. Mr. Froehlich reported that the WHCRWA is reviewing contractor comments to its draft guidelines for the proposed contractor pre-qualification process for open-cut pipeline contractors.

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, 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 from high water elevations in the Trinity River that has recently receded. Ms. Kovar responded to Board members' inquiries regarding the impact of the delay of the construction schedule for the Capers Ridge Pump Station on the canal projects and the raw water lines.

Mr. Froehlich reported that the Authority's CPD Committee and Finance and Policy Committee recommended that the Board approve payment of an invoice from COH for the Authority's fiscal year 2019 appropriation for the construction of the Northeast Transmission Line in the amount of \$1,669,396.76.

Mr. Bauhof reported on the status of design of COH's Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). He discussed the status the NEWPP participants' Project Management Team's negotiations with HWT regarding the terms and conditions of the Guaranteed Maximum Price contract amendment. 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 Patton moved to approve the

engineer's report as presented, including:

- (1) approve execution of a letter from the Authority indicating support for including the property proposed for annexation by FB 24 that will not otherwise be covered by Missouri City's GRP in the Authority's GRP, contingent upon FB 24 satisfying any additional requirements and entering into a GRP Participation Agreement with the Authority;
- (2) approve Pay Estimate No. 16 in the amount of \$15,032.60 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;
- (3) approve BGE's proposal for 2019 annual and quarterly cathodic protection system monitoring and evaluation services in the amount of \$70,000.00;
- (4) award the contract for construction of the wastewater improvements portion of the Authority's reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 to JTR Constructors Inc. in the amount of \$4,462,650.00, based upon Mr. Froehlich's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor;
- (5) authorize execution of a Facilities Extension Agreement with CenterPoint to relocate a power pole and overhead lines in conflict with the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 in the amount of \$5,015.00;
- (6) authorize execution of an Agreement for Professional Materials Engineering Laboratory Services for a proposal from Ninyo & Moore for construction materials testing services for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 in the amount of \$67,700.00;
- (7) approve BGE's recommendations related to the Bellaire Pump Station, including power washing of the building exterior and valve vaults in the amount of \$7,300.00, installing safety equipment on the valve vault ladders in the amount of \$15,000.00, purchasing three removable thermal wraps for the meter station in the amount of \$7,600.00, and modifying the fire alarm system to provide for automatic notification of the operator and emergency services in the amount of \$8,500.00; and
- (8) approve payment of an invoice from COH for the Authority's fiscal year 2019 appropriation for the construction of the Northeast Transmission Line in the amount of \$1,669,396.76.

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

AUTHORITY FINANCING PLAN

Mr. Oliver reported that confirmation of the Authority's multi-year commitment for funding through the Texas Water Development Board's (the "TWDB") State Water Implementation Revenue Fund for Texas ("SWIRFT") was submitted by BGE to the TWDB as required.

Mr. Oliver stated there were no updates to the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. for interim financing.

Mr. Oliver reported that the Authority is required to annually submit a Single Audit to the TWDB for the joint reclaimed water system projects with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 and FB 146 and FB 194 due to receipt of funding from the Clean Water State Revolving Fund. He stated that the Authority is exempt from performing a Single Audit for 2018 because the Authority spent less than the \$250,000.00 construction cost requirement for performing the audit. He reviewed a completed Single Audit Confirmation of Exemption Form for submission to the TWDB. Following review and discussion, Director Patton moved to authorize submission of the completed Single Audit Confirmation of Exemption Form to the TWDB. Director Darden seconded the motion, which was approved by unanimous vote.

Ms. Kovar reported on continued communication with the TWDB regarding the revised schedule submitted in connection with the funding received from the TWDB's Clean Water State Revolving Fund for the Authority's reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

CONTRACTS

Mr. Oliver discussed recommendations from the Authority's CPD Committee that the Board (1) terminate the Authority's contract with Storm Water Solutions, LP for mowing maintenance for the Authority's right-of-way; and (2) authorize Inframark to enter into a contract with Seaback and continue overseeing the Authority's mowing services at a 10% markup per the Authority's contract with Inframark. Following review and discussion, Director Patton moved to (1) authorize termination of the Authority's contract with Storm Water Solutions, LP for mowing maintenance for the Authority's right-of-way; and (2) authorize Inframark to enter into a contract with Seaback. Director Fay seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that ABHR is counsel for FB 24 and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of a proposed GRP Participation Agreement with FB 24. Following discussion, Director Patton moved to authorize execution of a legal conflict waiver for ABHR's preparation of the proposed GRP Participation Agreement with FB 24. Director Darden seconded the motion, which was approved by unanimous

vote.

Mr. Oliver reported that the Authority is required to submit a completed Single Audit Act Compliance Report Form to the Texas Department of Public Safety ("TDPS") for 2018 due to receipt of funding from the Federal Emergency Management Agency for damages to the Authority's facilities caused by Hurricane Harvey. Mr. Oliver reviewed a completed Single Audit Act Compliance Report Form for 2018 for submission to the TDPS. Following review and discussion, Director Darden moved to authorize submission of the completed Single Audit Act Compliance Report Form to the TDPS. Director Fay seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed four Water Line Easements and two side letters for the parcels as listed on the attached Realty Interests Chart. Following review and discussion, Director Patton moved to authorize execution of the Water Line Easements and side letters as presented. Director Fay seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:52 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 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.

RECONVENE IN OPEN SESSION

At 7:00 p.m., the Board reconvened in open session. Director Patton moved to authorize payment for acquisition of Parcel GLR.47, as discussed. Director Darden seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:02 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 COH pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar and Mr. Bauhof 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 7:40 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.


Secretary, Board of Directors

(SEAL)



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