

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

April 24, 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 24th day of April, 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 Director Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Matt Froehlich, 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, 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 March 27, 2019. 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. Director Houghton expressed the Board's appreciation for Bruce G. Parker, President of the Board of Directors of the West Harris County Regional Water Authority (the "WHCRWA"), his contributions to west Houston water supply matters, and extended condolences to his family on his recent death. There being no additional 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 and training programs and community outreach events, including a presentation made on behalf of the Authority at the "Value of Water" session of the Texas Water 2019 Conference held by the Texas section of the American Water Works Association (the "AWWA").

Ms. Kovar stated that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize renewal of the Authority's annual membership in the AWWA in the amount of \$8,391.00.

Ms. Kovar reported that 109 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during March, 2019. She stated that the three winners of the WISE Guys Program's Giveaway Incentive Program (the "Giveaway Incentive Program") for March were selected by random number generator software and each winner was sent a gift card from Enchanted Gardens in the amount of \$100.00. Director Houghton requested that the Authority's website contain information regarding the Giveaway Incentive Program.

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

Ms. Kovar stated that the Authority's CCR Committee recommended that the Board approve printing and mailing the finalized bill inserts promoting the 2019 Larry's Toolbox water conservation program's WISE Guys Program and Residential Water Conservation Rebate initiatives in an amount not to exceed \$6,500.00.

Ms. Kovar stated that the Authority's CCR Committee recommended that the Board approve a proposal from WaterLogic, Inc. ("WaterLogic") for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for Fort Bend County Municipal Utility District No. 124 in the amount of \$15,576.00.

Following review and discussion, Director Gay moved to:

- (1) authorize renewal of the Authority's annual membership in the AWWA in the amount of \$8,391.00;
- (2) approve printing and mailing the finalized bill inserts promoting the 2019 Larry's Toolbox water conservation program's WISE Guys Program and Residential Water Conservation Rebate initiatives in an amount not to exceed \$6,500.00; and

- (3) approve a proposal from WaterLogic for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for Fort Bend County Municipal Utility District No. 124 in the amount of \$15,576.00.

Director Fay seconded the motion, which was approved by unanimous 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, 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 as presented. 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. Following review and discussion, Director Gay moved to approve the operator's report as presented. Director Patton seconded the motion, which was approved by unanimous vote.

#### APPROVE ANNUAL REPORT AND WATER CONSERVATION IMPLEMENTATION REPORT; ADOPT ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION PLAN

Ms. Miller discussed coordination between BGE and Inframark on preparation of the Authority's Water Conservation Plan Annual Report and Five-Year Implementation Report on the Water Conservation Plan. Ms. Miller stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the Authority review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. The Board reviewed an Amended and Restated Water Conservation Plan.

After review and discussion, Director Gay moved to: (i) approve the Water Conservation Annual Report and Five-Year Implementation Report, direct that the reports be filed appropriately and retained in the Authority's official records, and authorize BGE to submit the reports to the appropriate government agencies; and (ii) adopt an order Adopting Amended and Restated Water Conservation Plan, direct that

the order be filed appropriately and retained in the Authority's official records, and authorize BGE to submit the Amended and Restated Water Conservation Plan to the appropriate government agencies. Director Patton seconded the motion, which passed by unanimous vote.

ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Miller stated that the TCEQ rules require that the Authority review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. The Board reviewed an Amended and Restated Drought Contingency Plan. After review and discussion, Director Gay moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the order be filed appropriately and retained in the Authority's official records. Director Fay seconded the motion, which passed 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 that BGE provided an acknowledgment letter for an annexation notice received from Harris-Fort Bend County Municipal Utility District No. 5.

Mr. Froehlich reported that Fort Bend County Municipal Utility District No. 206 ("FB 206") requested that delivery of surface water to its water plant be resumed. He stated that FB 206 has reached the minimum of 45 active connections required per its Amended and Restated Water Supply Letter Agreement with the Authority. He stated that BGE has no objection to resuming surface water delivery to FB 206.

Mr. Froehlich reported on coordination with ABHR on the preparation of a water supply commitment letter agreement with Fort Bend County Municipal Utility District No. 50 for surface water line connection facilities to be constructed for FB 50's proposed Water Plant No. 2.

Mr. Froehlich reported on coordination with ABHR on the preparation of GRP Participation Agreements with (1) Fort Bend County Municipal Utility District No. 24 ("FB 24"), to include only the approximately 520 acres of land proposed for annexation by FB 24; and (2) Charleston Municipal Utility District. Ms. Miller reported that the Fort Bend Subsidence District provided a no-objection letter to Ms. Kovar for the Authority's inclusion of the annexed portion of FB 24 in its GRP, while the original area of FB 24 will remain in the City of Missouri City's GRP.

## ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for the Authority's Main Segment 16B.

Mr. Froehlich discussed property acquisition to date and anticipated property acquisition for reclaimed water system projects and the Authority's 2025 surface water distribution system. He reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board approve change order no. 6 to BGE's contract documentation related to right-of-way services for the remaining anticipated property acquisition for reclaimed water system projects and the Authority's 2025 surface water distribution system in the amount of \$1,450,000.00. Ms. Miller discussed a provision of the change order providing more efficient easement acquisition by providing authorization for BGE to engage appraisal services as a subcontractor at the Board's direction.

Mr. Froehlich reported on the status of construction of the Authority's Phase 1 portion of the joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194"). He stated C4 Partners, LLC is addressing punch list items for the project.

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 April, 2019.

## ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

Mr. Froehlich discussed the Authority's contractor selection process for the 2025 surface water distribution system. He requested authorization to begin contract negotiations with RPS Group for engineering services related to the design of Main Segment 11A based on the CPD Committee's recommendation.

Mr. Froehlich reported that a variance to the City of Houston's (the "COH") Public Works Department design review procedures has been received. He stated the plans and 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 will be submitted to the COH by Jones & Carter, Inc. using the approved design variance procedure. He reminded the Board that advertisement for bids for the project was previously authorized on October 24, 2018.

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. Mr. Froehlich stated that the executed contracts with JTR Constructors Inc. for the Phase 1 construction of the wastewater improvements will be routed to the Texas Water Development Board (the

"TWDB") for approval prior to issuing the Notice to Proceed. He stated that agency submittals by Costello, Inc. for the Phase 2 reclaimed water distribution system are pending acquisition of the necessary property rights.

#### 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 on the status of BGE's evaluation of long-term lease/purchase options for backup generator power at the Bellaire Pump Station in coordination with Inframark. He stated that BGE is reviewing a Budgetary Quotation received from Enchanted Rock, LLC to design, install, commission, and service three natural gas generators and associated equipment to serve the Bellaire Pump Station site in the amount of \$554,400.00.

Mr. Froehlich stated that a previously approved cost estimate from Cummins Southern Plains, LLC ("Cummins") for repair of the primer pump for generator no. 2 at the Bellaire Pump Station in the amount of \$7,731.58 is pending execution of a Service Agreement by Cummins.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He reported that the WHCRWA's cash call issued to the Authority for second quarter 2019 expenses for the SWSP in the amount of \$8,057,368.00, was paid with escrowed bond funds in the amount of \$7,647,368.00, pursuant to the TWDB's approval, and proceeds of the Authority's note program in the amount of \$410,000.00.

Mr. Froehlich reported on the status of design and easement acquisition for Segments A, B, and C, and the design of the Kinder Morgan Segment, the sub-segments for Segment 3, the Re-Pump Station, and the Central Pump Station for the SWSP. He discussed the schedule for WHCRWA's 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.

Ms. Kovar reported on the status of design of the COH's Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). She stated that the NEWPP participants' Project Management Team's comments to HWT's 90% design for Phases 1 and 2 were submitted on April 19, 2019. She discussed the status of the NEWPP participants' Project Management Team's negotiations with HWT regarding the terms and conditions of the Guaranteed Maximum Price contract amendment. She reported on the status of earthwork, construction of drainage facilities and roadways, installation of

raw water pipeline, excavation of the tunnel shaft, and construction of the west filter/transfer pump station and intake pump station.

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

- (1) authorize resuming surface water delivery to FB 206;
- (2) approve change order no. 6 to BGE's contract documentation related to right-of-way services for the remaining anticipated property acquisition for reclaimed water system projects and the Authority's 2025 surface water distribution system in the amount of \$1,450,000.00; and
- (3) authorize contract negotiations with RPS Group for engineering services related to the design of Main Segment 11A.

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

#### AUTHORITY FINANCING PLAN MATTERS

Ms. Miller discussed the Authority's financing plan, including the anticipated 2019 schedule for issuing bonds through the TWDB State Water Implementation Revenue Fund for Texas, as well as open market and refunding bonds.

#### RENEWAL OF LETTER OF CREDIT WITH CENTRAL BANK

Ms. Miller reviewed Amendment No. 9 to the Authority's Letter of Credit issued by Central Bank in favor of CenterPoint Energy in the amount of \$1,000,000.00 and related Application and Agreement and Disbursement Sheet. She stated the amendment provides a one-year renewal of the Letter of Credit to June 4, 2020, for a fee in the amount of \$10,000.00, pursuant to the term letter previously approved by the Board. Following discussion, Director Gay moved to authorize execution of Amendment No. 9 to the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000.00 and related Application and Agreement and Disbursement Sheet. Director Patton seconded the motion, which was approved by unanimous vote.

#### CONTRACTS

The Board concurred to defer this item.

#### REALTY INTEREST ACQUISITION

Mr. Oliver reviewed two Water Line Easements and two Side Letter Agreements for Parcels 18.04 and 18.05 as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easements and Side Letter Agreements as presented. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Miller discussed Acquisition of a tract of land for the second pump station site.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:36 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 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 7:15 p.m., the Board reconvened in open session. Director Gay moved to authorize preparation of an escrow release request to the TWDB for the Authority's portion of Cash Calls 8B and 8C in the amount of \$98,597,400.00, subject to receipt of the cash calls from the COH for the NEWPP Expansion Project. Director Patton seconded the motion, which was approved by unanimous vote.

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

  
Secretary, Board of Directors

(SEAL)





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