

MINUTES

NORTH FORT BEND WATER AUTHORITY

May 23, 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 23rd day of May, 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 Directors Houghton and Fay, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Fred Bauhof, Matthew Froehlich, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; 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 meetings held April 26, April 27, and May 2, 2018. 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. There being no public comments, the Board concurred to close the meeting to public comments.

DIRECTORS' SWORN STATEMENTS AND OATHS OF OFFICE

The Board reviewed the Sworn Statements and Oaths of Office for Directors Darden, Gay, and Houghton. After review and discussion, Director Hebert moved to approve the Sworn Statements and Oaths of Office and direct that the Oaths of Office be

filed with the Secretary of State and the documents be retained in the District's official records. Director Gay seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND DISTRICT REGISTRATION FORM

The Board considered reorganizing the Board. Following discussion, Director Gay moved to reappoint the Directors to their current offices. Director Hebert seconded the motion, which was approved by unanimous vote.

The Board reviewed an updated District Registration Form reflecting the terms of the newly appointed directors and updated consultant contact information. Following review and discussion, Director Gay moved to authorize filing of the updated District Registration Form with the Texas Commission on Environmental Quality and direct that the District Registration Form be retained in the District's official records. Director Hebert seconded the motion, which passed by unanimous vote.

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

Mr. Oliver reported that ABHR is counsel for Fort Bend County Municipal Utility District Nos. 143 and 165 ("FB 143 and FB 165"), and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with preparation of proposed Irrigation System Evaluations Cost Sharing Agreements with FB 143 and FB 165. Following discussion, Director Gay moved to authorize execution of legal conflict waivers for ABHR's preparation of the proposed Irrigation System Evaluations Cost Sharing Agreements with FB 143 and FB 165. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that ABHR is counsel for Cinco Municipal Utility District Nos. 6 and 10, and Fort Bend County Municipal Utility District No. 194, and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with preparation of proposed Consulting Service Agreements with the municipal utility districts and Masuen Consulting, LLC ("Masuen"). Following discussion, Director Gay moved to authorize execution of legal conflict waivers for ABHR's preparation of the proposed Consulting Service Agreements with the municipal utility districts and Masuen. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached. Ms. Kovar reported that the topic for the Water Efficiency Network's monthly meeting is regional water planning.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended purchasing a Verizon mobile Wi-Fi hotspot

for use with the mobile teaching lab for the monthly cost of \$39.99, plus \$0.25 per minute for excess data usage.

Ms. Kovar reported on the Authority's public outreach program. She stated that Whitney Milberger of BGE will begin attending 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 reported that the Authority's CCR Committee recommended purchasing business cards for the Directors in an amount not to exceed \$200.00.

Ms. Kovar reported that an exhibition booth has been reserved for the Authority at the Association of Water Board Directors' 2018 Annual Summer Conference.

Ms. Kovar reported that 148 irrigation evaluations were completed in April, 2018, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She stated that Irrigation System Evaluations Cost Sharing Agreements for Fort Bend County Municipal Utility District Nos. 143 and 185 ("FB 143 and FB 185") are ready for execution.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She discussed proposed principal forgiveness funding through the Texas Water Development Board's (the "TWDB") Clean Water State Revolving Fund for the Authority's Phase 2 portion of the joint reclaimed water system 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 reclaimed water system. She reported that the Authority's CCR Committee recommended approval of BGE's proposal in the amount of \$62,400.00 for environmental impact determination services required pursuant to the conditions of the principal forgiveness funding.

Ms. Kovar discussed the status of the Authority's evapotranspiration weather station installed in Fort Bend County Municipal Utility District No. 50 and implementation of a program to provide weekly watering recommendations through the Texas A&M AgriLife Extension Service's Water My Yard website to the Authority's residents.

Ms. Kovar updated the Board on implementation of the Authority's 2018 Larry's Toolbox water conservation program, including the purchase and distribution of informational bill inserts. She reported that the Authority's CCR Committee recommended approval of proposals from Masuen for implementing the 2018 Larry's Toolbox water conservation program's Authority funded Homeowners Association ("HOA")/Golf Course Irrigation System Evaluation and Water Budget initiative for: (1) Cinco Municipal Utility District No. 2 in the amount of \$31,500.00; (2) Cinco Municipal Utility District No. 6 in the amount of \$21,050.00; (3) Cinco Municipal Utility District

No. 10 in the amount of \$28,750.00; (4) Fort Bend County Municipal Utility District No. 142 in the amount of \$28,200.00; and (5) Fort Bend County Municipal Utility District No. 194 in the amount of \$24,350.00.

Ms. Kovar reported that the Authority's trademark registrations for the "Larry the Talking Sprinkler" mark and logo were granted.

Following review and discussion, Director Gay moved to:

- (1) approve the purchase of a Verizon mobile Wi-Fi hotspot for use with the Authority's mobile teaching lab;
- (2) approve the purchase of business cards for the Directors in an amount not to exceed \$200.00;
- (3) authorize execution of Irrigation System Evaluations Cost Sharing Agreements with FB 143 and FB 185;
- (4) approve BGE's proposal in the amount of \$62,400.00 for environmental impact determination services required pursuant to the conditions of the proposed principal forgiveness funding through the TWDB's Clean Water State Revolving Fund for 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; and
- (5) approve proposals from Masuen for implementing the 2018 Larry's Toolbox water conservation program's Authority funded HOA/Golf Course Irrigation System Evaluation and Water Budget initiative for: (1) Cinco Municipal Utility District No. 2 in the amount of \$31,500.00; (2) Cinco Municipal Utility District No. 6 in the amount of \$21,050.00; (3) Cinco Municipal Utility District No. 10 in the amount of \$28,750.00; (4) Fort Bend County Municipal Utility District No. 142 in the amount of \$28,200.00; and (5) Fort Bend County Municipal Utility District No. 194 in the amount of \$24,350.00.

Director Hebert 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 and reviewed with the Board 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 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. A copy of the operator's report is attached.

Mr. Clayton reported that the Authority's generator no. 3 located at the Bellaire Pump Station remains inoperable. He stated the matter is being addressed with representatives of Cummins Southern Plains, LLC ("Cummins") through BGE's ongoing discussions regarding Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station.

Mr. Clayton reported that the Authority's Capital Planning and Design ("CPD") Committee recommended approval of quotes for installing equipment to provide for remote access through the Bellaire Pump Station gate from Commercial Fence Co. for Wi-Fi video access control, antennas, and a touch pad in the amount of \$7,161.54 and from Hatch Associates Consultants, Inc. for Wi-Fi repeaters, directional antenna, Ethernet cable, and accompanying equipment in the amount of \$4,040.00.

Following review and discussion, Director Gay moved to approve the operator's report, including approval of the quotes for installing equipment to provide for remote access through the Bellaire Pump Station gate in the total amount of \$11,201.54. Director Hebert seconded the motion, which was approved by unanimous vote.

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's Critical Load Spreadsheet listing the facilities operated by the Authority that receive electricity. Mr. Oliver stated that the Critical Load Spreadsheet was updated by the Authority's consultants and is required to be filed annually with the appropriate entities, including CenterPoint Energy and Harris and Fort Bend Counties, for emergency purposes. After review and discussion, Director Gay moved to authorize the annual filing of the Authority's Critical Load Spreadsheet. Director Hebert seconded the motion, which carried by unanimous vote.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

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 GRP, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority and permitting matters. He stated the Fort

Bend Subsidence District's (the "FBSD") issuance of an over conversion credit certificate is pending.

Mr. Froehlich reported that the Authority's CPD Committee recommended approval of an agreement between Fort Bend County Municipal District No. 190 ("FB 190") and Big Oaks Municipal Utility District providing for FB 190's purchase of well capacity as a means to satisfy the Authority's minimum well capacity requirements, subject to the Authority's receipt of a fully executed agreement.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reported on the status of BGE's updates to routing analyses related to the Authority's revised 2025 surface water distribution system. He reported that the Authority's CPD Committee recommended approval of an updated Segment 13 Routing Study. Ms. Miller recommended adoption of an Amended and Restated Resolution Authorizing Acquisition of Real Property Segment 13.

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters and stated that current property acquisition efforts are focused on the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

Mr. Froehlich recommended that the Board approve Pay Estimate No. 8 in the amount of \$246,926.61 submitted by C4 Partners, LLC for the Authority's Phase 1 portion of the joint reclaimed water system construction project with FB 146 and FB 194.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

Mr. Froehlich reported that 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 is pending agency approvals of the plans and specifications.

Mr. Froehlich reported on the status 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.

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 (the "WHCRWA"). He discussed BGE's review of Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station and stated BGE has proposed that Cummins replace the

generators. He reported that BGE is meeting with Cummins' top field service engineer at the Bellaire Pump Station site for an inspection of the Authority's generators on May 30, 2018.

Mr. Froehlich reported that the Authority's CPD Committee and Finance Committee recommended payment of a cash call from the WHCRWA intended to cover joint Surface Water Supply Project expenses through September 2018, in the amount of \$2,344,749.39, subject to the TWDB's release of escrowed funds.

Mr. Froehlich reported on the status of design for Segments A, B, and C, the Re-Pump Station, and the Central Pump Station for the Authority's joint Surface Water Supply Project with the WHCRWA. He reported that the WHCRWA has expanded the segmentation of the project from three to seven segments and will procure contractors through pre-qualification followed by a solicitation for bid. He stated that the WHCRWA is soliciting a proposal for a value engineering study on the pump stations.

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.

Mr. Bauhof reported on the status of the City of Houston's (the "COH") Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the anticipated design schedules for the intake pump station and Phase 1 with incorporated value engineering items, and discussed Early Work Package No. 6. He updated the Board on the status of construction related to the roads, site drainage, trailer complex, and raw water pipeline tunnel shaft.

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

- (1) approve the agreement between FB 190 and Big Oaks Municipal Utility District providing for FB 190's purchase of well capacity as a means to satisfy the Authority's minimum well capacity requirements, subject to the Authority's receipt of a fully executed agreement;
- (2) approve updated Segment 13 Routing Study and adoption of an Amended and Restated Resolution Authorizing Acquisition of Real Property Segment 13;
- (3) approve Pay Estimate No. 8 submitted by C4 Partners, LLC for the Authority's Phase 1 portion of the joint reclaimed water system construction project with FB 146 and FB 194 in the amount of \$246,926.61; and

- (4) authorize submittal of a request for release of escrowed funds to the TWDB and, upon approval, payment of WHCRWA's cash call in the amount of \$2,344,749.39.

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

AUTHORITY FINANCING PLAN

Ms. Miller reported that the Authority is required to annually submit a Single Audit to the TWDB for the Grand Lakes Municipal Utility District Nos. 1, 2, and 4 effluent reuse project due to receipt of funding from the Clean Water State Revolving Fund ("Clean Water SRF"). She stated that the Authority is exempt from performing a Single Audit for 2017 because the Authority spent \$0 for the project from Clean Water SRF monies which is less than the \$250,000.00 requirement for performing the audit. She reviewed a Single Audit Confirmation of Exemption Form for submission to the TWDB. Following discussion, Director Gay moved to authorize submission of the Single Audit Confirmation of Exemption Form to the TWDB. Director Hebert seconded the motion, which was approved by unanimous vote.

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:51 p.m. to conduct a private consultation with its attorney regarding: (1) the Authority's legal rights and obligations under the Joint Facilities Agreement with the WHCRWA; and (2) the Authority's legal rights and obligations under the Second Supplement to the Water Supply Contract with the COH, pursuant to Section 551.071, Texas Government Code. Director Spell was not present for the executive session. The Board determined that the attendance in this executive session of Ms. Kovar, Mr. Froehlich, 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 7:25 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)



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	5
Engineer's report.....	5