

MINUTES

NORTH FORT BEND WATER AUTHORITY

June 27, 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 27th day of June, 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, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Fred Bauhof, Matthew Froehlich, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer of Post Oak Municipal Advisors LLC; David Oliver, Christina Miller, 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 May 23, 2018. After review and discussion, Director Gay moved to approve the minutes as presented. Director Patton 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.

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, and discussed the topic for the Water Efficiency Network's upcoming monthly meeting.

Ms. Kovar reported that the Authority is notifying the appropriate municipal utility districts of the policy changes for purchasing Fort Bend Subsidence District (the "FBSD") Water Wise credits.

Ms. Kovar reported on the Authority's public outreach program. She stated that Whitney Milberger of BGE has been 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. Director Houghton requested video recordings of the meetings.

Ms. Kovar reported on outreach efforts at the Authority's exhibition booth at the Association of Water Board Directors' 2018 Annual Summer Conference.

Ms. Kovar reported that 179 irrigation evaluations were completed in May, 2018, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She stated that an Irrigation System Evaluations Cost Sharing Agreement for Fort Bend County Municipal Utility District No. 165 ("FB 165") is ready for execution. Ms. Kovar responded to Director Houghton's inquiry regarding the Authority's efforts to poll participants in the WISE Guys Program.

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

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. She reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended approval of first quarter water rate rebate payments to 45 participants in the Authority's 2017 Larry's Toolbox water conservation program in the total amount of \$161,711.90.

Ms. Kovar reported that the Authority's CCR Committee recommended approval of an invoice from Masuen Consulting, LLC ("Masuen") for preparation of the six-month follow-up report on the Homeowners Association ("HOA") Irrigation System Evaluations initiative for Fort Bend County Municipal Utility District No. 151 in the amount of \$1,500.00.

Ms. Kovar reported that the Authority's CCR Committee recommended approval of Consulting Service Agreements with Masuen and Cinco Municipal Utility District Nos. 2, 6, and 10, and Fort Bend County Municipal Utility District Nos. 142 and 194 for implementing the 2018 Larry's Toolbox water conservation program's Authority

funded HOA/Golf Course Irrigation System Evaluation and Water Budget initiative.

Following review and discussion, Director Gay moved to:

- (1) authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with FB 165;
- (2) approve first quarter water rate rebate payments to 45 participants in the Authority's 2017 Larry's Toolbox water conservation program in the total amount of \$161,711.90;
- (3) approve payment of an invoice from Masuen for preparation of the six-month follow-up report on the HOA Irrigation System Evaluations initiative for Fort Bend County Municipal Utility District No. 151 in the amount of \$1,500.00; and
- (4) authorize execution of Consulting Service Agreements with Masuen and Cinco Municipal Utility District Nos. 2, 6, and 10, and Fort Bend County Municipal Utility District Nos. 142 and 194 for implementing the 2018 Larry's Toolbox water conservation program's Authority funded HOA/Golf Course Irrigation System Evaluation and Water Budget initiative.

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 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.

ANNUAL REPORT FILING

Mr. Oliver reported on filing requirements related to the Authority's updated financial, operating, and certain other data included in the Annual Report prepared in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. He stated that information regarding the impact of Hurricane Harvey on the Authority's data was included in the Annual Report. Following review and discussion, Director Gay moved to approve the updated Annual Report and direct that the report be filed appropriately and retained in the Authority's

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

PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board conducted an annual review of the Authority's Procedures for Continuing Disclosure Compliance and concurred that no action was necessary.

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, and joint facility expenses. A copy of the operator's report is attached. Mr. Clayton reported that back charges will be assessed to a contractor for repairs made to a water line damaged by the contractor.

Mr. Clayton stated that the Authority's water accountability for May, 2018 is elevated due to the impact of a loss of electrical power to the inflow meters at the Bellaire Pump Station on May 21, 2018.

Mr. Clayton reported that the Authority's three generators located at the Bellaire Pump Station are operable.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended approval of quote from Inframark for performing a valve survey in the amount of \$32,000.00.

Following review and discussion, Director Gay moved to approve the operator's report, including approval of the quote from Inframark for performing a valve survey in the amount of \$32,000.00. Director Hebert 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 and permitting matters. He reported the FBSD's issuance of a waiver from the FBSD 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 BGE's review of a request for participation in the Authority's GRP received from the engineer of KB Home for Deer Run Meadows, a single-family development to be constructed on the northwest corner of FM 359 and FM

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

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. 9 in the amount of \$383,012.78 submitted by C4 Partners, LLC for 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").

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 reported that BGE performed a detailed inspection of the Bellaire Pump Station and will provide recommendations for improving operations soon.

Mr. Froehlich reported on BGE's ongoing coordination of Cummins Southern Plains, LLC's ("Cummins") analysis of the Authority's three generators located at the Bellaire Pump Station. He stated that a Cummins field service engineer inspected the generators on May 30, 2018, and concluded that the current generators are not suitable to meet the needs of the Bellaire Pump Station. He said that Cummins is preparing a proposal for modification of the generators.

Mr. Froehlich reported that a cash call is anticipated to be received from the WHCRWA in July, 2018, to cover fourth quarter expenses for the joint Surface Water Supply Project.

Mr. Froehlich reported on the status of design and easement acquisition for Segments A, B, and C, and design of the Re-Pump Station and the Central Pump Station for the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He reported on change orders for schedule extensions, bid package modifications, and alignment adjustments. He stated that the WHCRWA approved a proposal in the amount of \$289,000.00 for a value engineering study on the pump stations and discussed the proposed schedule for the study. He reported that a contractor outreach meeting for the project is scheduled for June 29, 2018.

Mr. Froehlich reported on a presentation of a scale model of the SWSP Re-Pump Station held June 12, 2018. He stated a similar presentation for the SWSP Central Pump Station will be conducted at a later date.

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 discussed the design engineer's recommendation to add piles to the foundations of the electrical and control buildings for the Capers Ridge pump station due to flooding-induced erosion of the soil.

Mr. Bauhof reported on the status of the City of Houston's (the "COH") Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the anticipated design schedules for Phase 1. He discussed the anticipated costs for Early Work Package No. 6 and indirect items associated with the Balance of Plant Guaranteed Maximum Price. He updated the Board on the status of construction related to the roads, site drainage, trailer complex, and raw water pipeline tunnel shaft and discussed the resolution of electrical power issues experienced at the site. He recommended that the Board authorize funding of Cash Call No. 7A for additional legal services in the amount of \$16,994.22, contingent on receipt from the COH.

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

- (1) approve Pay Estimate No. 9 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 \$383,012.78; and
- (2) authorize funding of Cash Call No. 7A for additional legal services for the NEWPP Expansion Project in the amount of \$16,994.22, contingent on receipt from the COH.

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

AUTHORITY FINANCING PLAN

Ms. Miller discussed the Authority's obligations related to its revenue note placement program for interim financing in an amount not to exceed \$150,000,000 pursuant to the Note Purchase Agreement with JPMorgan Chase Bank, N.A. She recommended execution of Certificates of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports. Following review and discussion, Director Gay moved to authorize execution of the Certificates of No Default. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver and Mr. Palmer reported on coordination between the Authority's consultants on the preparation of documents and procedures related to the Authority's anticipated issuance of the following bonds pursuant to funding from the Texas Water Development Board through its Clean Water State Revolving Fund ("CWSRF") and State Water Implementation Fund for Texas programs, respectively: (1) \$2,070,000 Water System Junior Lien Revenue Bonds, Series 2018A ("Series 2018A Bonds") 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 (2) Water System Junior Lien Revenue Bonds, 2018B ("Series 2018B Bonds") for the Authority's share of costs associated with the Authority's joint Surface Water Supply Project with the WHCRWA and the COH's NEWPP Expansion Project. Mr. Oliver stated that the Principal Forgiveness Agreement in the amount of \$341,800, bond issuance resolution, indenture, and other documents related to the Authority's issuance of the Series 2018A Bonds pursuant to CWSRF funding are anticipated to be presented to the Board at the Authority's July 25, 2018, meeting. He stated the Series 2018B Bonds are anticipated to be issued later this year.

CONTRACTS

Ms. Miller reported that ABHR is counsel for Cinco Southwest Municipal Utility District No. 1 ("CSW 1") and Fort Bend County Municipal Utility District No. 58 ("FB 58"), and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with preparation of a proposed Alternative Water Supply Credit Agreement with CSW 1 and a proposed Water Line Easement to be granted by FB 58 to the Authority. Following discussion, Director Gay moved to authorize execution of legal conflict waivers for ABHR's preparation of the proposed Alternative Water Supply Credit Agreement with CSW 1 and Water Line Easement to be granted by FB 58. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION


Mr. Oliver reviewed two Water Line Easements for Parcels 18.10 and 17B.02 as listed on the attached Realty Interests Chart. Following review and discussion, Director

Gay moved to authorize execution of the Water Line Easements as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board did not convene in executive session.

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


Secretary, Board of Directors

(SEAL)



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