

MINUTES

NORTH FORT BEND WATER AUTHORITY

September 26, 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 26th day of September, 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 for Director Hebert, 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"); David Oliver, Heather Trachtenberg, 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 August 22, 2018. After review and discussion, Director Gay moved to approve the minutes as presented. Director Patton 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. Director Houghton responded to questions from Steve Talecki of Cornerstones Municipal Utility District regarding the anticipated length of the Authority's October 3, 2018, special Board meeting and whether public questions will be allowed during the meeting.

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

Ms. Kovar reported on the Authority's public outreach program. She stated that Ms. Milberger 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. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize publication of educational water conservation information featuring Larry the Talking Sprinkler in 13 community newsletters in November and December, 2018, in the amount of \$2,684.00.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize purchasing conference-required carpet tiles for the Authority's booth for use at water conservation education events in an amount not to exceed \$200.00.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize renewal of the Authority's Texas Water Conservation Association membership in the amount of \$358.00.

Ms. Kovar reported that the Authority's water conservation mobile teaching lab will be present for public access at the Board's October 24, 2018, regular meeting.

Ms. Kovar reported on the preparation of a water conservation presentation to be given at the Texas A&M AgriLife Extension Service's composter specialist event scheduled December 5 - 7, 2018.

Ms. Kovar reported that the largest number of irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during a one-month period with 390 irrigation evaluations completed during August, 2018.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported that the Alternative Water Supply Credit Agreement with Cinco Southwest Municipal Utility District No. 1 is ready for execution.

Ms. Kovar updated the Board on implementation of the Authority's 2017 and 2018 Larry's Toolbox water conservation programs. She reported that the Authority's

CCR Committee recommended that the Board approve second quarter water rate rebate payments to 45 eligible participants in the Authority's 2017 Larry's Toolbox water conservation program in the amount of \$292,381.60.

Ms. Kovar recommended approval of four invoices from Masuen Consulting, LLC ("Masuen") for the Authority's 2018 Larry's Toolbox water conservation program's Authority funded Homeowners Association ("HOA") Irrigation System Evaluations initiative totaling \$21,045.00 for: (1) Cinco Municipal Utility District No. 6 in the amount of \$3,410.00; (2) Fort Bend County Municipal Utility District No. 50 in the amount of \$1,320.00; (3) Fort Bend County Municipal Utility District No. 142 in the amount of \$2,420.00; and (4) Fort Bend County Municipal Utility District No. 194 in the amount of \$13,895.00.

Ms. Kovar reviewed a summary of the Authority's 2019 Larry's Toolbox water conservation program, a copy of which is attached. She reported that the Authority's CCR Committee recommended that the Board adopt a Resolution Establishing the 2019 Larry's Toolbox Water Conservation Program, including the Guide Document and Enrollment Form for the program. She stated that the 2019 Larry's Toolbox water conservation program materials will be sent to the designated consultants for the municipal utility districts and Groundwater Reduction Plan ("GRP") Participants within the Authority's boundaries. She stated that the changes and updates made to the program will be presented during the Authority's October 24, 2018, and November 28, 2018, Board meetings and BGE will be available to answer inquiries on an individual basis. In response to a meeting attendees' question, Ms. Kovar stated that adding training opportunities as an initiative to future program years will be considered during the development process for the 2020 Larry's Toolbox water conservation program.

Following review and discussion, Director Gay moved to:

- (1) authorize publication of educational water conservation information featuring Larry the Talking Sprinkler in 13 community newsletters in November and December, 2018, in the amount of \$2,684.00;
- (2) authorize purchasing conference-required carpet tiles for the Authority's booth for use at water conservation education events in an amount not to exceed \$200.00;
- (3) authorize renewal of the Authority's Texas Water Conservation Association membership in the amount of \$358.00;
- (4) authorized execution of an Alternative Water Supply Credit Agreement with Cinco Southwest MUD No. 1;
- (5) approve second quarter water rate rebate payments to 45 eligible participants in the Authority's 2017 Larry's Toolbox water conservation program in the amount of \$292,381.60;

- (6) approve four invoices from Masuen for the Authority's 2018 Larry's Toolbox water conservation program's Authority funded HOA Irrigation System Evaluations initiative totaling \$21,045.00; and
- (7) adopt a Resolution Establishing the 2019 Larry's Toolbox Water Conservation Program, including the Guide Document and Enrollment Form for the program.

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, and a statement of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached.

In response to Director Patton's earlier inquiry, Ms. Kovar stated that the bookkeeper's report indicates a total of 6,826 irrigation system evaluations were completed through the Authority's WISE Guys Program since inception of the program.

Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Fay 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. He reported that Inframark completed the annual valve survey for the Authority's surface water supply system.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended installing custom fabricated warming enclosures around the surface water receiving valves at the Bellaire Pump Station pursuant to a cost estimate from Park USA in the amount of \$24,800.00.

Mr. Clayton reported on his follow up with Deerwood Air Conditioning & Heating regarding the reason the condenser coil for the air conditioning unit located at the Bellaire Pump Station needed repair early in its life cycle. He stated the contractor believes high heat demand caused the failure.

Mr. Clayton reported that payment was received from the Federal Emergency Management Agency for 90% of the Authority's costs for flushing of its surface water lines after Hurricane Harvey in the amount of \$50,872.39.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended repairing a leak in Main Segment 10D pursuant to a cost estimate from Tackle Construction Co., Inc., in the amount of \$14,500.00.

Following review and discussion, Director Gay moved to approve the operator's report, including: (1) installation of custom fabricated warming enclosures around the surface water receiving valves at the Bellaire Pump Station pursuant to a cost estimate from Park USA in the amount of \$24,800.00; and (2) repair of a leak in Main Segment 10D pursuant to a cost estimate from Tackle Construction Co., Inc., in the amount of \$14,500.00. 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 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 that the Authority's Capital Planning and Design Committee recommended that the Board authorize execution of a GRP Participation Agreement with Aqua Texas, Inc. for Deer Run Meadows, a single-family development to be constructed on the northwest corner of FM 359 and FM 723 in Fort Bend County Municipal Utility District No. 200.

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 recommended that the Board approve Pay Estimate No. 12 in the amount of \$5,287.60 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.

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.

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 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 easement acquisition.

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 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. He recommended execution of a storm water quality permit renewal application for the Bellaire Pump Station.

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 design of the Re-Pump Station and the Central Pump Station for the SWSP. He reported on the WHCRWA's review and implementation of recommendations from a value engineering study on the Re-Pump Station. He stated that BGE is reviewing the final report for a value engineering study performed on the Central Pump Station.

Mr. Froehlich reported that the WHCRWA is negotiating 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.

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 ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the anticipated schedules for design, value engineering, and associated cost models for Phase 1 of the project. He stated that negotiations are continuing for the indirect costs associated with the Balance of Plant Guaranteed Maximum Price. He recommended approval of the Authority's portion of Cash Call 7B for funding of Early Work Package No. 6 ("EWP 6") in the amount of \$42,814,106.48, subject to receipt of Cash Call 7B from the COH and approval for release of escrowed funds from the Texas Water Development Board (the "TWDB"). 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) authorize execution of a GRP Participation Agreement with Aqua Texas, Inc.;
- (2) approve Pay Estimate No. 12 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 \$5,287.60;
- (3) authorize execution of an application for renewal of the storm water quality permit for the Bellaire Pump Station; and
- (4) authorize payment of Cash Call 7B for funding of EWP 6 in the amount of \$42,814,106.48, subject to receipt of Cash Call 7B from the COH and approval for release of escrowed funds from the TWDB.

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

AUTHORITY FINANCING PLAN

Mr. Oliver reported on procedures related to the Authority's anticipated issuance of bonds at the October 3, 2018, special Board meeting pursuant to funding from the TWDB through its State Water Implementation Revenue Fund for Texas for the Authority's share of costs associated with: (1) the SWSP; (2) the COH NEWPP Expansion Project; and (3) internal water distribution lines necessary for the 2025 surface water conversion.

Ms. Kovar reported that the TWDB issued a letter recommending a Finding of No Significant Impact for the Environmental Information Document submitted for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

Mr. Oliver reported on the preparation of license agreements for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:52 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. 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 Ms. Lightbody 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 7:27 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 7:28 p.m. to discuss the purchase, exchange, lease, or value of real property pursuant to Section 551.072, 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 Ms. Lightbody 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 7:37 p.m., the Board reconvened in open session. Director Gay moved to authorize submission of the Authority's final purchase offer for the middle tract for the potential second pump station site. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Spell who was not present for the executive session or vote.

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


Secretary, Board of Directors

(SEAL)



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