

MINUTES
NORTH FORT BEND WATER AUTHORITY

February 28, 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 28th day of February, 2018, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, First Floor Conference Room, Houston, Texas, outside 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, Shayna Johnson, Beatrice Handolescu, and Whitney Milberger of 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; and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held January 24, 2018. After review and discussion, Director Hebert moved to approve the minutes as presented. Director Gay seconded the motion, which carried unanimously, except for Director Houghton who was not present for the discussion or the vote.

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.

Ms. Miller reported that the Authority will begin holding its regular Board meetings at the Authority's regular meeting location: Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas, beginning March 28, 2018.

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

Ms. Kovar presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached.

Ms. Milberger provided an overview of the miniature rain barrel water conservation education program presented to kindergarten students at Bentley and Hubenak Elementary Schools in Lamar Consolidated School District.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended that the Board approve the purchase of materials for use during a presentation of a water cycle water conservation education program to first grade students at Bentley and Hubenak Elementary Schools in March, 2018 in an amount not to exceed \$1,500.00.

Ms. Kovar reminded the meeting attendees that the Authority will provide tri-fold, color brochures containing information regarding the Authority, the Authority's projects, and water conservation to the Authority's constituents free of charge upon request.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve the purchase of additional outreach items in an amount not to exceed \$24,000.00. She stated that the proposed purchase is included in the Authority's budget.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve sponsorship of the Gulf Coast Water Conservation Symposium scheduled March 22, 2018, in the amount of \$250.00. She stated that the Authority has been invited to give presentations regarding the Larry's Toolbox water conservation program at the Gulf Coast Water Conservation Symposium and the American Water Works Association's Sustainable Water Management Conference.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve renewal of the Authority's annual membership in the Texas Desalination Association in the amount of \$1,000.00.

Ms. Kovar reported that 82 irrigation evaluations were completed in January, 2018, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program").

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported that Fort Bend County Municipal Utility District No. 169 ("FB 169") will receive a credit for reclaimed water delivered during permit year 2015 in the amount of \$78,371.55 pursuant to the Authority's Alternative Water Supply Credit Agreement with FB 169. Ms. Kovar reported that the Authority's

Alternative Water Supply Credit Agreement with Fort Bend County Municipal Utility District No. 185 ("FB 185") is ready for execution.

Ms. Kovar discussed the Authority's evapotranspiration weather station installed in Fort Bend County Municipal Utility District No. 50. She reported on the status of BGE's coordination with the Harris-Galveston Subsidence District on implementing 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 stated that 43 enrollment forms for participation in the 2018 program were submitted to the Authority by the December 31, 2017, deadline. She reported that the Authority's CCR Committee recommended that the Board approve acceptance of enrollment forms submitted after the deadline by four municipal utility districts.

Ms. Kovar updated the Board on processing of the data resulting from the Authority's 2017 Larry's Toolbox water conservation program. She reported that the Authority's CCR Committee recommended that the Board approve acceptance of data for the program's initiatives submitted after the December 31, 2017, deadline by 16 participants.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve payment of two invoices from Masuen Consulting, LLC ("Masuen") for implementation of the Authority's 2017 Larry's Toolbox water conservation program's Homeowners Association Irrigation Water Budget initiative in the amount of \$800.00 each for: (1) Fort Bend County Municipal Utility District No. 122; and (2) Fort Bend County Municipal Utility District No. 123. She stated the invoices are within budget.

Ms. Kovar reported that rehabilitation of the Authority's water conservation mobile teaching lab is complete.

Ms. Kovar reported on the status of the Authority's trademark registrations for the "Larry the Talking Sprinkler" image. She stated required notices were published in the Trademark Official Gazette on February 13, 2018, and any opposition proceedings against the issuance of the registrations must be filed within a 30-day period after the publication dates.

Following review and discussion, Director Gay moved to:

- (1) approve the purchase of materials for presentation of a water cycle water conservation education program to first grade students at Bentley and Hubenak Elementary Schools in March, 2018 in an amount not to exceed \$1,500.00;

- (2) approve the purchase of additional outreach items in an amount not to exceed \$24,000.00;
- (3) approve sponsorship of the Gulf Coast Water Conservation Symposium in the amount of \$250.00;
- (4) approve renewal of the Authority's annual membership in the Texas Desalination Association in the amount of \$1,000.00;
- (5) authorize execution of an Alternative Water Supply Credit Agreement with FB 185;
- (6) approve acceptance of enrollment forms for the Authority's 2018 Larry's Toolbox water conservation program submitted after the December 31, 2017, deadline by four municipal utility districts;
- (7) approve acceptance of data for initiatives submitted after the December 31, 2017, deadline by 16 participants in the Authority's 2017 Larry's Toolbox water conservation program; and
- (8) approve payment of two invoices from Masuen for implementation of the Authority's 2017 Larry's Toolbox water conservation program's Homeowners Association Irrigation Water Budget initiative in the amount of \$800.00 each for: (1) Fort Bend County Municipal Utility District No. 122; and (2) Fort Bend County Municipal Utility District No. 123.

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, 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 Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Lightbody reviewed correspondence from Fort Bend County Municipal Utility District No. 185 ("FB 185") requesting a waiver of penalties for FB 185's late payment of its November fees. A copy of the correspondence is attached. Ms. Lightbody reported that the Authority's CCR Committee recommended that the Board deny the request because the Authority previously granted a waiver of penalties for FB 185's late payment of fees. Following review and discussion, Director Gay moved to deny the request as recommended. Director Hebert seconded the motion, which was approved by unanimous vote.

DISTRICT REGISTRATION FORM

The Board reviewed an updated District Registration Form reflecting changes in consultants' contact information and company names. Following review and discussion, Director Gay moved to authorize execution of the updated District Registration Form, and direct that the form be filed appropriately and retained in the Authority's official records. 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 a meeting with representatives of Cummins Southern Plains, LLC ("Cummins") is scheduled February 29, 2018, to discuss Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station.

Mr. Clayton reported on valve and tank repairs due to the recent freezing temperatures. He reviewed the following quotes previously reviewed by the Authority's Capital Planning and Design ("CPD") Committee and attached to the operator's report:

- (1) Quote from Southern Flowmeter, Inc. for testing of 32 remote surface water meters in the amount of \$9,280.00;
- (2) Quote from AOS Treatment Solutions, LLC for replacement of two bleach tanks at the Bellaire Pump Station in the amount of \$19,625.00 per tank; and
- (3) Two quotes for repair of a leak in a 42-inch suction line at the Bellaire Pump Station from Texas Pride Utilities in the amount of \$87,400.00 and South Texas Utilities & Underground in the amount of \$45,391.50. Mr. Clayton reported that a third quote for the repair was requested from Hurtado Construction Company and was not received. He reported that the CPD Committee recommended acceptance of the lowest quote for the repair.

Mr. Oliver reported that the Authority received a required notification from the City of Houston (the "COH") that chlorine disinfectant residual levels were below the Texas Commission on Environmental Quality's (the "TCEQ") required minimum standards during the months of October, November, and December, 2017. He stated that the Authority provides additional disinfection treatment of water received from the COH and the results for samples collected during October, November, and December 2017, for chlorine disinfectant residuals reported within the distribution system were

within regulatory limits. He reported that ABHR coordinated with the TCEQ regarding the proper distribution of the testing information and indicated that the TCEQ has instructed the Authority to distribute public notice concerning the COH's disinfectant residual violations through the Authority's 2017 Consumer Confidence Report due on July 1, 2018.

Following review and discussion, Director Gay moved to approve the operator's report, including the operator's acceptance of the quotes as presented. 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 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 reported that the Fort Bend Subsidence District ("FBSD") issued a certificate for over-conversion credits to the Authority for the 2015 permit term. He stated an application for an Amended Permit to increase the Authority's allocation in the authorized withdrawal from the 2016 permitted amount is necessary to allow the Authority to receive additional over conversion credits from the FBSD and requires a fee in the amount of \$12,535.50.

Mr. Froehlich reported that BGE is reviewing an annexation notice received from Fort Bend County Municipal Utility District No. 134B.

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, including the routing study for Main 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 payment of Pay Estimate No. 12 and Final for the Main Segment 10B construction project submitted by Hurtado Construction Company in the amount of \$139,528.37, and acceptance of the project.

Mr. Froehlich recommended that the Board approve payment of Pay Estimate No. 7 and Final for the connection water line construction project for Fort Bend County Improvement District No. 24 submitted by Gonzalez Construction Enterprise, Inc., in the amount of \$65,552.13, and acceptance of the project.

Mr. Froehlich recommended that the Board approve payment of Pay Estimate No. 5 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") for construction of the Authority's reclaimed water system submitted by C4 Partners, LLC in the amount of \$145,288.13.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of Jones & Carter, Inc.'s preparation of design plans 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. He requested that the Board approve the plans and specifications and authorize advertisement for bids for the project.

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 stated that he will attend the meeting scheduled with representatives of Cummins on February 29, 2018, to discuss Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station. He stated that a proposal for on-going maintenance for the generators has been requested from Worldwide Power Products.

Mr. Froehlich reported that BGE is preparing a proposal for performing a comprehensive inspection and review of the Bellaire Pump Station to address any outstanding issues.

Mr. Froehlich reported on BGE's review of the budget, schedule, and other information provided by the WHCRWA for the Authority's joint Surface Water Supply Project with the WHCRWA. He reported that BGE is reviewing the WHCRWA's Cash Call 2 submitted to the Authority in the amount of \$6,735,000 for project expenses through June, 2018. He reviewed the status of design for Segments A, B, and C, the Re-Pump Station, and the Central Pump Station.

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 COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team, including the status of contract negotiations, anticipated schedules, and budgets for Early Work Packages 2 and 4 and the status of design for Phase 1 Balance of Plant. He recommended that the Board authorize funding of Cash Call No. 6C for Early Work Package 2 in the amount of \$8,581,853.47, contingent on approval from the Texas Water Development Board (the "TWDB") for release of escrow funds from the Authority's Series 2017 Bonds.

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

- (1) approve payment of a fee to the FBSD for an Amended Permit to increase the Authority's allocation in the authorized withdrawal from the 2016 permitted amount in the amount of \$12,535.50;
- (2) approve payment of Pay Estimate No. 12 and Final for the Main Segment 10B construction project submitted by Hurtado Construction Company in the amount of \$139,528.37, and acceptance of the project;
- (3) approve payment of Pay Estimate No. 7 and Final for the connection water line construction project for Fort Bend County Improvement District No. 24 submitted by Gonzalez Construction Enterprise, Inc. in the amount of \$65,552.13, and acceptance of the project;
- (4) approve payment of Pay Estimate No. 5 for the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194 for construction of the Authority's reclaimed water system submitted by C4 Partners, LLC in the amount of \$145,288.13;
- (5) approve the plans and specifications and authorize 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; and
- (6) authorize funding of Cash Call No. 6C for Early Work Package 2 in the amount of \$8,581,853.47, contingent on approval from the TWDB for release of escrow funds from the Authority's Series 2017 Bonds.

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

AUTHORITY FINANCING PLAN

Mr. Oliver reported that the Authority's financial advisor, Terrell Palmer, reviewed the TWDB's newly instituted option for spring funding through the State Water Implementation Fund for Texas and indicated Mr. Palmer did not recommend

adjusting the Authority's issuance schedule at this time.

Mr. Oliver stated that the Authority's application to the TWDB for grant funding through its 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 is under review by the TWDB.

CONTRACTS

Mr. Oliver reported that the Authority's CCR and Finance and Policy Committees recommended that the Board authorize execution of an Amendment to Engagement Letter of October 14, 2015 Regarding Consultation and Advice Concerning Construction of the Second Source Project submitted by Munsch Hardt Kopf & Harr, P.C. ("Munsch Hardt") to clarify Munsch Hardt's representation of the Authority as it relates to the project. Following review and discussion, Director Gay moved to authorize execution of the amendment to the Authority's engagement letter with Munsch Hardt Kopf & Harr, P.C. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Miller presented and reviewed with the Board a Water Line and Temporary Construction Easement for Parcel 05.L02.01R and an Effluent Reuse Facility Easement with Fort Bend County Municipal Utility District No. 146, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements. Director Hebert seconded the motion, which was approved by unanimous vote.

A Special Warranty Deed, Final Combined Statement, and Secretary Certificate for the Authority's acquisition of two tracts of land in accordance with the provisions of a Purchase and Sale Agreement for the Authority's second pump station site that were previously authorized for execution were presented and are listed on the attached Realty Interests Chart.

ADOPT ORDER DECLARING DIRECTORS ELECTED AND CANCELLING DIRECTOR APPOINTMENT PROCESS

Ms. Miller presented and reviewed with the Board an Order Declaring Directors Elected and Cancelling Director Appointment Process. She discussed the appointment process and stated that the Directors seeking re-appointment in Precincts 2, 4, and 6 were uncontested. After review and discussion, Director Gay moved to adopt the Order Declaring Directors Elected and Cancelling Director Appointment Process stating that Robert Darden, Melony Gay, and Peter Houghton are appointed as directors of the Authority, to serve until May 15, 2022, or until their successors have been duly

appointed and qualified. Director Hebert seconded the motion, which carried unanimously.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:09 p.m. to consult with its attorney regarding the Authority's 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. Director Spell was not in attendance in this executive session.

RECONVENE IN OPEN SESSION

At 7:14 p.m., the Board reconvened in open session. The Board authorized the performance of an appraisal for one tract of land for the Authority's second pump station site.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:15 p.m. to consult with its attorney regarding the Authority's legal rights and obligations under the Second Supplement to the Water Supply Contract with the COH. The Board determined that the attendance in this executive session of Mr. Bauhof, 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. Director Spell was not in attendance in this executive session.

RECONVENE IN OPEN SESSION

At 7:50 p.m., the Board reconvened in open session.

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
Correspondence from FB 185	4
Operator's report.....	5
Engineer's report.....	6
Realty Interests Chart	9