

MINUTES

NORTH FORT BEND WATER AUTHORITY

April 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 April, 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, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); 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 March 28, 2018. After review and discussion, Director Hebert moved to approve the minutes as presented. Director Fay seconded the motion, which carried unanimously, except for Directors Gay and Darden who were not present for the discussion or the vote.

MEETING SCHEDULE

Ms. Miller reported that the Authority's regular May meeting is scheduled Wednesday, May 23, 2018.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. There being no public comments, the Board concurred to close the meeting to public comments.

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

Ms. Milberger reported on a summary of results for the 45 participants in the Authority's 2017 Larry's Toolbox water conservation program. She reported that the Cinco Municipal Utility District No. 1 internal district ("Cinco 1") achieved the most points as a participant in the program with 15 points earned. The Board thanked the program participants for their efforts in making the program successful and presented trophies to each member of the Board of Directors of Cinco 1 in recognition of their outstanding efforts. Photographs were taken of the Board members, directors of Cinco 1 in attendance, and consultants who participated in the program.

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

Ms. Kovar reported that the Authority will receive the 2018 Texas American Water Works Association's Water Conservation and Reuse Award for excellence related to the Authority's education programs. She stated the award will be presented at the Texas Water 2018 convention.

Ms. Kovar reported on the Authority's public outreach program, including use of the Authority's mobile teaching lab at the George Memorial Library's Earth Day event held April 21, 2018, and Fort Bend County Municipal Utility District No. 35's Native Plant Event scheduled for April 28, 2018.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended that the Board approve reserving an exhibition booth for the Authority at the Association of Water Board Directors' 2018 Annual Summer Conference. She stated that the cost of the booth reservation is \$600.00.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve payment of an invoice for renewal of the Authority's annual membership in the American Water Works Association in the amount of \$8,199.00.

Ms. Kovar reported that 46 irrigation evaluations were completed in March, 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.

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 distribution of informational bill inserts and email correspondence to all participants regarding data reporting requirements and procedures for the program's initiatives. She reported that a workshop to provide information regarding implementation and data reporting for the program's initiatives will be held April 30, 2018, with the operators and primary contacts of municipal utility districts participating in the program.

Ms. Kovar discussed BGE's review and tracking of invoices and services related to the Authority's 2017 Larry's Toolbox water conservation program's Authority funded Homeowners Association ("HOA") Irrigation Water Budget and HOA Irrigation System Evaluations initiatives. She reported that the Authority's CCR Committee recommended that the Board approve payment of four invoices from Masuen Consulting, LLC ("Masuen") for six-month follow-up reports for (1) Fort Bend County Municipal Utility District No. 50 in the amount of \$1,500.00; (2) Fort Bend County Municipal Utility District No. 122 in the amount of \$2,500.00; (3) Fort Bend County Municipal Utility District No. 123 in the amount of \$1,500.00; and (4) Cinco 1 in the amount of \$1,320.00. She stated that the invoices are within budget and the six-month follow-up reports had been received by both the districts and the Authority.

Ms. Kovar reported on the status of the Authority's trademark registrations for the "Larry the Talking Sprinkler" mark and logo. She stated required notices were published in the Trademark Official Gazette on February 13, 2018, and no opposition proceedings were filed against the issuance of the registrations. She stated that Notices of Allowances for the mark and logo are expected to be issued by June, 2018.

Following review and discussion, Director Gay moved to:

- (1) approve reserving an exhibition booth for the Authority at the Association of Water Board Directors' 2018 Annual Summer Conference in the amount of \$600.00;
- (2) approve payment of an invoice for renewal of the Authority's annual membership in the American Water Works Association in the amount of \$8,199.00; and
- (3) approve payment of four invoices from Masuen for six-month follow-up reports for (1) Fort Bend County Municipal Utility District No. 50 in the amount of \$1,500.00; (2) Fort Bend County Municipal Utility District No. 122 in the amount of \$2,500.00; (3) Fort Bend County Municipal Utility District No. 123 in the amount of \$1,500.00; and (4) Cinco 1 in the amount of \$1,320.00.

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

AMENDED AND RESTATED RESOLUTION ADOPTING POLICY FOR WATER CONSERVATION CREDIT PURCHASE AND WATER WISE PROGRAM SPONSORSHIP

Ms. Miller reported that the Authority's Finance and Policy Committee recommended that the Board adopt an Amended and Restated Resolution Adopting Policy for Water Conservation Credit Purchase and Water Wise Program Sponsorship (the "Policy"). She stated that, pursuant to the Policy, the Authority will no longer purchase water conservation credits or sponsor students in the Fort Bend Subsidence District's ("FBSD") Learning to be Water Wise Program. She stated that the Policy anticipates that the Authority will complete its sponsorship commitment for the current 2017-2018 school year pursuant to its Interlocal Agreement with the FBSD and consider the purchase of future water conservation credits on a case-by-case basis. Following review and discussion, Director Gay moved to adopt an Amended and Restated Resolution Adopting Policy for Water Conservation Credit Purchase and Water Wise Program Sponsorship as presented. Director Hebert seconded the motion, which was approved by unanimous vote. Ms. Miller stated that a letter will be distributed to entities who previously sold credits to the Authority under the Policy to notify them of the Policy changes.

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.

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 on meter calibration being performed to determine the cause of the 101.99% accountability calculation for March, 2018.

Mr. Clayton reported that the Authority's generator no. 3 located at the Bellaire Pump Station site is not working and a quote for repair of the generator in the amount

of \$12,000.00 has been received from Cummins Southern Plains, LLC ("Cummins"). He stated that BGE recommended delaying repair of the generator due to BGE's ongoing discussions with representatives of Cummins regarding Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station.

Mr. Clayton reported on repairs needed for joint seals for 89 manholes and depressions for 70 manholes pursuant to a survey of the Authority's manholes conducted by Inframark. He reported that the Authority's Capital Planning and Design ("CPD") Committee reviewed three quotes for the manhole repairs and recommended approval of a quote from Inframark in the amount of \$56,335.00.

Mr. Clayton reported that the Authority's CPD Committee recommended approval of a quote from ABC Pest Control for quarterly pest control treatments for crazy ants at the Authority's 32 remote meter sites in the amount of \$100.00 for each site for a total annual amount of \$12,800.00.

Following review and discussion, Director Gay moved to approve the operator's report, including approval of the quotes from Inframark for manhole repairs in the amount of \$56,355.00 and ABC Pest Control for pest control treatments at the Authority's 32 meter sites on a quarterly basis in the annual amount of \$12,800.00. 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 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 FBSD's issuance of an over conversion credit certificate is pending.

Mr. Froehlich recommended that the Authority's submit a request for 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: Willowcreek Farms Municipal Utility District and Fulshear Municipal Utility District Nos. 3A and 3B. He stated approval of the waiver will allow the Authority to use alternative methods of metering water usage for the municipal utility districts and provide substantial cost savings.

Mr. Froehlich reported that BGE received notification of the proposed creation of Fort Bend County Municipal Utility District No. 229, consisting of approximately 438 acres at FM 359 and Gaston-Fulshear Road, and provided acknowledgement that the proposed water demand will be accounted for in the Authority's GRP.

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 Pay Estimate No. 7 in the amount of \$312,160.72 submitted by C4 Partners, LLC for the Authority's Phase 1 portion of the joint reclaimed water system construction 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. He stated that environmental review by the U.S. Army Corps of Engineers is complete with the determination that a permit is not required for Phase 2 of the project.

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 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.

Mr. Froehlich reported that BGE has begun a comprehensive inspection and review of the Bellaire Pump Station to identify any outstanding issues that need to be addressed.

Mr. Froehlich reported that Hatch Associates Consultants, Inc. has completed upgrading the Bellaire Pump Station's SCADA system and has provided a one-year

warranty.

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's Design Committee determined that the WHCRWA would expand the segmentation of the project from three to seven segments for potential cost savings and to encourage local firm participation in the project.

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 ("NEWPP Expansion Project") per its Design-Build Agreement with the Houston Waterworks Team. He reported on approval of amendment no. 6 to Early Work Package No. 2A and the anticipated schedule. He discussed development of revisions to the cost and schedule models pursuant to selected value engineering and scope reduction items for the project. He updated the Board on preparation of the main site for construction.

Director Houghton discussed a presentation regarding the COH's NEWPP Expansion Project given at the COH's Transportation, Technology, and Infrastructure Committee meeting on April 19, 2018. Mr. Oliver reported on the status of negotiations related to amending the Authority's Second Supplement to Water Supply Contract with the COH, including provisions related to allocation of plant capacity, maintenance and operations, staffing, financing, and other matters.

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

- (1) approve submitting a request for a waiver from the FBSD's Rule 8.1. meter requirements; and
- (2) approve Pay Estimate No. 7 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 \$312,160.72.

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

RESOLUTION DESIGNATING AUTHORITY REPRESENTATIVE FOR NEWPP EXPANSION PROJECT

Ms. Miller reported that the Authority's Finance and Policy and CPD Committees recommended that the Board adopt a Resolution Designating Authority Representative for NEWPP Expansion Project designating Mr. Bauhof in place of Mr.

Scholler who has retired from BGE. Following review and discussion, Director Patton moved to adopt a Resolution Designating Authority Representative for NEWPP Expansion Project designating Mr. Bauhof. Director Gay seconded the motion, which was approved by unanimous vote.

RENEWAL OF LETTER OF CREDIT

Ms. Miller reviewed the terms for a proposed one-year renewal of the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000 in favor of CenterPoint Energy, due to expire on June 4, 2018. Following discussion, Director Fay moved to approve a one-year renewal of the Letter of Credit issued by Central Bank in favor of CenterPoint Energy and authorize payment of the invoice for the renewal in the amount of \$10,000.00. Director Patton seconded the motion, which was approved by unanimous vote.

AUTHORITY FINANCING PLAN

Ms. Miller stated that, as previously reported, the Texas Water Development Board (the "TWDB") has approved the full amount requested in the Authority's abridged application for financial assistance through the State Water Implementation Fund for Texas ("SWIFT"). She stated that the Authority has been invited to submit a complete application for financial assistance through the SWIFT program for the following projects: (1) the Authority's Phase 2 surface water distribution system water line segments; (2) the Authority's joint Surface Water Supply Project with the WHCRWA; and (3) the Authority's share of the COH's NEWPP Expansion Project. She stated that the Authority's consultants have been coordinating on preparing the application for financial assistance through the SWIFT program for submission to the TWDB by the May 4, 2018, deadline. Following discussion, Director Gay moved to: (1) adopt a Resolution by the Board of the Authority requesting financial participation from the TWDB, authorizing the filing of an application for financial participation, and making certain findings in connection therewith; and (2) authorize execution of any documents related to the application. Director Hebert seconded the motion, which was approved by unanimous vote.

CONTRACTS

Ms. Miller reported on coordination with Amazon Web Services, Inc. ("AWS") on ABHR's comments to the terms and conditions of the proposed Customer Agreement between the Authority and AWS for virtual server hosting services for an updated online pumpage reporting system. She reported that the Authority's Finance and Policy recommended that the Board approve the Customer Agreement with AWS and designate Ms. Lightbody to execute the related online contract documents. Following discussion, Director Gay moved to approve the Customer Agreement with AWS and designate Ms. Lightbody to execute the related online contract documents. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Miller reported that the Authority's Finance and Policy Committee recommended that the Board authorize payment of ABHR's increased fees for services related to the online document site utilized by the Authority from \$25.00 to \$50.00 per month and the Board concurred.

Ms. Miller reviewed an engagement letter with JLL, Valuation & Advisory Services, LLC for appraisal services in the amount of \$3,000.00 per parcel. Following review and discussion, Director Gay moved to authorize execution of the engagement letter with JLL, Valuation & Advisory Services, LLC for appraisal services in the amount of \$3,000.00 per parcel, subject to incorporation of ABHR's comments. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Miller updated the Board on the status of realty acquisition matters including processing fees charged by Bank of America as lienholder for Parcel 18.10 in the amount of \$1,910.00 and surveying being performed to determine the final alignment of the water line for Parcels 18.02 and 18.03.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:14 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 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 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 7:58 p.m., the Board reconvened in open session. Director Gay moved to authorize Director Houghton and BGE to notify the WHCRWA of the Authority's desire to proceed with value engineering for portions of the Surface Water Supply Project as discussed and inform the WHCRWA of the Authority's preferences for the value engineering process. Director Darden seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors

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