

MINUTES  
NORTH FORT BEND WATER AUTHORITY

September 27, 2017

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 27<sup>th</sup> day of September, 2017, 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, except Director Hebert, thus constituting a quorum.

Also present for all or part of the meeting were David C. Scholler, Lindsay Kovar, Matthew L. Froehlich, Fred Bauhof, Chris Jacobs, Shayna Johnson, and Janice Hayes of BGE; Pamela Logsdon of AVANTA Services; Dale Clayton of Severn Trent Services, Inc. ("STSI"); Terrell Palmer of FirstSouthwest, a Division of Hilltop Securities; 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 August 23, 2017. 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.

Ms. Miller reported that the Willow Fork Country Club will be unavailable for meetings through the end of the year due to damage caused by Hurricane Harvey.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS,  
AND 2018 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. Kovar reported on the Authority's Second Annual 2017 Water Conservation Essay Contest with the theme, "Subsidence - what is it, how are we impacted, and how can we control it?" for students in the 6th, 7th, and 8th grades at Hodges Bend, Bowie, and Crockett Middle Schools in the Fort Bend Independent School District. She stated that the contest schedule has been slightly delayed due to Hurricane Harvey and will be held October 16, 2017, to November 13, 2017. She stated that prizes for 1st, 2nd, and 3rd place winners in each grade at each school will be presented to the winners at the Authority's December 21, 2017, regular Board meeting.

Ms. Kovar reported that the Authority's 2017 Water Conservation Video Contest with the theme, "Outdoor Water Conservation - the New Normal," for students attending Cinco Ranch, Seven Lakes, and Tompkins High Schools in the Katy Independent School District has been rescheduled to Spring 2018, due to Hurricane Harvey.

Ms. Kovar reviewed a schedule of the Authority's community outreach activities for September and October, 2017, including Ms. Hayes' attendance at National Night Out events held by homeowners associations located within the Authority.

Ms. Kovar reported on a Water Efficiency Network meeting scheduled September 28, 2017.

Ms. Kovar reported that 139 irrigation evaluations were completed in August, 2017, 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 the Authority's application will be submitted to the Texas Water Development Board's (the "TWDB") Clean Water State Revolving Fund ("CWSRF") for grant funding of the Authority's Phase 2 portion of the joint 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 effluent reuse system project, by the extended October 5, 2017, deadline.

Ms. Kovar reported on BGE's coordination with the Harris-Galveston Subsidence District (the "HGSD") regarding the purchase, installation, and operation of the Authority's evapotranspiration weather station and participation in the Texas A&M AgriLife Extension's "Water My Yard" program. She reported that a related Interlocal Agreement between the Authority and the HGSD will be ready for the Board's

consideration at a future meeting following HGSD's reassessment of program participation procedures.

Ms. Kovar reviewed the proposed schedule for implementing and distributing information regarding the Authority's 2018 Larry's Toolbox water conservation program. She reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board adopt a Resolution Establishing the 2018 Larry's Toolbox Water Conservation Program, including the Guide Document and Enrollment Form for the program. She stated that the informational meeting on the program scheduled at 6:00 p.m. on October 11, 2017, has been moved to BGE's offices due to the unavailability of the Willow Fork Country Club.

Ms. Kovar reported that the total amount of the second quarter water rate rebate payments to participants in the Authority's 2016 Larry's Toolbox water conservation program that earned the required number of seven points necessary to receive a reduced 2017 water rate is \$178,461.00. She stated that the rebate is within the budgeted amount for the program. She reported that two of the participants in the Authority's 2016 Larry's Toolbox water conservation program that were eligible to receive a reduced 2017 water rebate have not yet submitted the required information for the second quarter payment.

Ms. Kovar reported that the bookkeeper for Fort Bend County Municipal Utility District No. 119 ("FB 119") inadvertently under-reported the pumpage information for FB 119's first quarter water rebate for the Authority's 2016 Larry's Toolbox water conservation program. She reported that the Authority's CCR Committee recommended that the Board approve payment of the adjusted first quarter rebate to FB 119 in the additional amount of \$319.10.

Ms. Kovar reported on the status of improvements to the Authority's water conservation mobile teaching lab. She stated that additional repairs are needed for the display frame, lighting fixtures, and outlets. She stated that the diorama tank for the aquifer exhibit has been leaking and caused damage to parts of the lab. She reported that the Authority's CCR Committee reviewed three proposals from Glass House Strategy for repair or replacement of the aquifer exhibit and recommended that the Board approve the proposal from Glass House Strategy for replacement of the aquifer exhibit with a rain harvesting exhibit in the amount of \$7,500.00.

Following review and discussion, Director Gay moved to:

- (1) adopt the Resolution Establishing the 2018 Larry's Toolbox Water Conservation Program, including the Guide Document and Enrollment Form for the program;
- (2) approve second quarter water rate rebate payments to participants in the Authority's 2016 Larry's Toolbox water conservation program that earned

the required number of seven points necessary to receive a reduced 2017 water rate in the amount of \$178,461.00;

- (3) approve payment of the adjusted additional first quarter rebate to FB 119 in the amount of \$319.10; and
- (4) approve the proposal from Glass House Strategy for replacement of the aquifer exhibit with a rain harvesting exhibit in the amount of \$7,500.00.

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

#### FINANCIAL AND BOOKKEEPING MATTERS AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

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

Ms. Logsdon requested authorization to pay the monthly invoices for interest on the Authority's outstanding Water System Revenue Notes, Series A. Mr. Oliver reminded the Board of the procedures for implementing the Authority's revenue note purchase program with JPMorgan Chase Bank for interim financing in an amount not to exceed \$150,000,000. He stated the interim financing will provide the Authority with the flexibility to timely pay cash calls from: (1) the City of Houston (the "COH") for the COH's Northeast Water Purification Plant ("NEWPP") Expansion Project; and (2) the West Harris County Regional Water Authority (the "WHCRWA") for the joint Surface Water Supply Project.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including authorization to pay the ongoing monthly invoices for interest on the Authority's outstanding Water System Revenue Notes, Series A by AVANTA Services on behalf of the Authority. Director Patton 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, and responded to Board members' questions. A copy of the operator's report is attached.

Mr. Clayton reported on the status of damage to the Authority's facilities caused by Hurricane Harvey, including sump pump failures, remote meter sites that had been

under flood water, and repairs needed for the roof of the Bellaire Pump Station. He stated that the Authority's three natural gas generators located at the Bellaire Pump Station were operational during the event and the Authority did not experience any interruptions in water service. He reported that STSI is submitting insurance claims and will complete and submit requests for financial assistance to the Federal Emergency Management Agency on behalf of the Authority for damages to the Authority's facilities caused by Hurricane Harvey.

Mr. Clayton reported on the performance of additional flushing of water lines due to fluctuating residuals experienced after Hurricane Harvey. He stated that the Authority's water continues to meet regulatory requirements for drinking water.

Mr. Clayton discussed purchasing two dedicated computers to allow the operator's field personnel to log on remotely to the Authority's SCADA system. He reported that the Authority's Finance and Policy Committee recommended that the Board approve purchasing the computers and installing and configuring the appropriate software for the cost of \$5,200.00.

Mr. Clayton reported that STSI's annual reading of the Authority's remote well sites is scheduled to be performed for \$5,000.00.

Director Houghton discussed coordination with STSI during Hurricane Harvey and requested that STSI and BGE perform a review of the Authority's emergency preparedness plan and prepare a storm after-action report for Board review.

Following review and discussion, Director Gay moved to approve the operator's report, including purchasing two dedicated computers and performing the annual reading of the Authority's remote well sites. Director Patton seconded the motion, which was approved by unanimous vote.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN

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 Groundwater Reduction Plan, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority and permitting matters.

Mr. Froehlich recommended approval of a reimbursement request from Fort Bend County Municipal Utility District No. 134A ("FB 134A") for the cost of additional infrastructure constructed for the Authority's surface water connection line and meter station at FB 134A's Water Plant No. 2, pursuant to a water supply letter agreement between FB 134A and the Authority in the amount of \$530,984.44.

Mr. Froehlich reported on discussions with the engineers for Fort Bend County Municipal Utility District Nos. 132 and 190 regarding surface water supply in Main Segments 8 and 6, respectively.

Mr. Froehlich reported that an amendment to the Authority's water supply letter agreement with FB 134A for an increase in the existing commitment from 466,667 to 713,000 gallons per day has been forwarded to FB 134A for execution.

#### ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reported on BGE's review of the completed routing analyses for the Authority's revised 2025 surface water distribution system. He reviewed a chart indicating the status of property acquisition matters and discussed preparation of legal descriptions for Main Segment 17.

Mr. Froehlich reported that construction of Main Segment 10B per the Authority's contract with Hurtado Construction Company is complete and the final pay estimate will be presented at the October regular Board meeting.

Mr. Froehlich recommended approval of Pay Estimate No. 5 submitted by Gonzalez Construction Enterprise, Inc. for construction of the connection water line for Fort Bend County Improvement District No. 24 ("FB ID 24") in the amount of \$48,223.13. He reported that water is currently being delivered through a temporary connection and will be transitioned to the permanent connection.

Mr. Froehlich reported on the schedule for construction of the Authority's FB 146 and FB 194 reclaimed system waterlines project per its contract with C4 Partners, LLC.

Mr. Froehlich reported that the contractor for the Authority's meter station communication improvements project is addressing punch list items generated from a warranty inspection.

#### 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.

Mr. Froehlich reported on the status of Costello, Inc.'s design of the effluent reuse facilities project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of: (1) the wastewater plant reclaimed water improvements; and (2) the reclaimed water distribution system.

Mr. Froehlich reported on the status of BGE's Phase I Water Blending Study to determine whether additional chemical feed systems are needed to treat water to be

received from the COH's expanded NEWPP.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY MATTERS

Mr. Froehlich reported on matters related to the Authority's joint facilities with the WHCRWA. He reported that the renewal application for the storm water quality permit for the Bellaire Pump Station expiring November 21, 2017, is ready for execution.

Mr. Froehlich reported on the status of design for Segments A, B, and C, the RePump Station, and the Central Pump Station for the Authority's joint Surface Water Supply Project with the WHCRWA. Discussion ensued regarding the schedule for the project.

Mr. Froehlich reported on COH water supply matters. He discussed the status of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the schedule for construction of the canal and finalization of the construction contract for the dual 96-inch raw water lines. He reported on a delay in the schedule for construction of the Capers Ridge pump station due to coffer dam damage caused by Hurricane Harvey.

Mr. Froehlich reported on BGE's review of design plans for the northeast transmission line.

Mr. Bauhof reported on the status of the COH's NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team, including the schedule and budgets for design of early work packages and the balance of plant work.

Mr. Froehlich reported that BGE is reviewing documentation received from the COH for the Fiscal Year 2016 True-Up for the East Water Purification Plant.

Mr. Froehlich reported that BGE provided the Authority's updated population growth and demand projections to the Region H Water Planning Group as requested for preparation of the 2021 Region H Water Plan.

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

- (1) approve reimbursement of FB 134A for the cost of additional infrastructure constructed for the Authority's surface water connection line and meter station at FB 134A's Water Plant No. 2, pursuant to a water supply letter agreement between FB 134A and the Authority in the amount of \$530,984.44;
- (2) approve Pay Estimate No. 5 submitted by Gonzalez Construction Enterprise,

Inc. for construction of the connection water line for FB ID 24 in the amount of \$48,223.13; and

- (3) authorize execution of the renewal application for the storm water quality permit for the Bellaire Pump Station.

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

#### AUTHORITY FINANCING PLAN

There was no additional update on the Authority's financing plan.

#### ISSUANCE OF THE AUTHORITY'S SERIES 2017 WATER SYSTEM JUNIOR LIEN REVENUE BONDS ("SERIES 2017 BONDS")

Mr. Palmer discussed the Authority's planned issuance of a series of privately placed bond issues with the TWDB beginning in 2015 through 2022 that are subsidized by the State Water Implementation Revenue Fund for Texas to pay for the Authority's share of costs for the Surface Water Supply Project and the COH's NEWPP Expansion Project. He discussed the TWDB's recent sale of bonds and recommended that the Authority issue its Series 2017 Bonds to the TWDB, subject to receipt of the TWDB's pricing certificate. Mr. Palmer discussed interest cost savings over the lifespan of the bonds.

Mr. Oliver reviewed the procedures and documents related to issuing the Authority's Series 2017 Bonds. He stated that the closing date for the Authority's Series 2017 Bonds is scheduled for November 2, 2017. Following review and discussion, Director Gay moved to: (1) adopt a Resolution Authorizing the Issuance, Sale, and Delivery of the North Fort Bend Water Authority Water System Junior Lien Revenue Bonds, Series 2017; Approving the Form and Substance and Authorizing the Execution of a Seventh Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject; (2) authorize execution of the Approval Certificate by the President or Vice President once final pricing is provided by the TWDB for the Authority's Series 2017 Bonds at a yield not to exceed 4%; (3) authorize the Board of Directors to sign all documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action in connection with the issuance of the Authority's Series 2017 Bonds; (4) authorize execution of a Certificate Regarding Provision of Financial Advice; (5) authorize McGrath & Co., PLLC to perform a pledged revenue analysis; and (6) approve issuing a check to the Attorney General relating to review of the bond issue transcript. Director Fay seconded the motion, which was approved by unanimous vote.



## CONTRACTS

There were no contracts for consideration.

## REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line and Meter Easement for Parcel 04B.FBCMUD134A WP2, four Water Line Easements for Parcels 05.L02.02, 11.06, 11.07, 11.09, and 11.10, and two side letters for Parcels 11.09 and 11.10, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements and side letters as presented. Director Patton seconded the motion, which was approved by unanimous vote.

## WATER DEMAND CALCULATIONS AND DIRECTOR PRECINCTS

Ms. Kovar reported that BGE is updating the Authority's population growth and demand projections as discussed during the August 2, 2017, special meeting of the Board. She stated that recommendations regarding proposed modifications to the Authority's director precincts will be presented during the October 4, 2017, special meeting of the Board.

## CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:00 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 Mr. Froehlich and Ms. Kovar 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 7:03 p.m., the Board reconvened in open session. No action was taken by the Board.

## CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:04 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 and Ms. Kovar 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 7:41 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.....	4
Engineer's report.....	5
Realty Interests Chart.....	9