

MINUTES  
NORTH FORT BEND WATER AUTHORITY

March 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 28<sup>th</sup> day of March, 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 Director Patton, thus constituting a quorum.

Also present for all or part of the meeting were Fred Bauhof, Matthew Froehlich, and Whitney Milberger of BGE; Pamela Logsdon 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 February 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 Director Gay who was not present for the discussion or the vote.

MEETING SCHEDULE

Ms. Miller reported that the Willow Fork Country Club has a scheduling conflict on the Authority's April 25, 2018, meeting date. She stated that the Authority's April meeting has been rescheduled to Thursday, April 26, 2018.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. Paul Lasar introduced himself as the administrator of the Nextdoor web application for the Woodhaven neighborhood located in Cinco Ranch. He asked about drainage improvements made after Hurricane Harvey and resources available for residents who

experience subsidence on their property. There being no additional 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 presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached.

Ms. Milberger reported on a water cycle water conservation education program presented to 103 first grade students at Bentley Elementary School in the Lamar Consolidated School District.

Ms. Milberger 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. Milberger 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. Milberger reported on the Authority's public outreach program, including distribution of the Authority's water conservation education and outreach items at events held by Cinco Municipal Utility District No. 14 and Fort Bend County Municipal Utility District No. 2. She reported that the Authority's newly rehabilitated water conservation mobile teaching lab has been requested for use at the George Memorial Library's Earth Day event scheduled April 21, 2018.

Ms. Milberger reported on the Authority's 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. Milberger reported that 43 irrigation evaluations were completed in February, 2018, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She reported that the Authority's Irrigation Evaluation Systems Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 118 ("FB 118") for the 2018 Larry's Toolbox water conservation program is ready for execution.

Ms. Milberger reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported that the Authority's Alternative Water Supply Credit Agreement with Fort Bend County Municipal Utility District No. 182

("FB 182") is ready for execution.

Ms. Milberger 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. Milberger reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended that the Board approve fourth quarter water rate rebate payments to 34 participants in the Authority's 2016 Larry's Toolbox water conservation program in the amount of \$165,262.00.

Ms. Milberger updated the Board on implementation of the Authority's 2018 Larry's Toolbox water conservation program, including distribution of email correspondence to all participants regarding data reporting requirements and procedures for the program's initiatives. She reported that a meeting to provide information regarding implementation and data reporting for the program's initiatives will be held soon with the operators and primary contacts of municipal utility districts participating in the program.

Ms. Milberger 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.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize execution of an Amended and Restated Performance Service Agreement with Randal Lemmon for services related to the Authority's water conservation marketing and educational campaign.

Following review and discussion, Director Gay moved to:

- (1) approve fourth quarter water rate rebate payments to 34 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 \$165,262.00;
- (2) approve use of the Authority's newly rehabilitated water conservation mobile teaching lab at the George Memorial Library's Earth Day event scheduled April 21, 2018;
- (3) authorize execution of an Irrigation Evaluation Systems Cost Sharing Agreement with FB 118;

- (4) authorize execution of an Alternative Water Supply Credit Agreement with FB 182; and
- (5) authorize execution of the Amended and Restated Performance Service Agreement with Randal Lemmon.

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. 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. Miller reminded the Board that it previously authorized purchasing a portion of Fort Bend County Municipal Utility District No. 119's ("FB 119") water conservation credits obtained from the Fort Bend Subsidence District's (the "FBSD") "Learning to be Water Wise" water conservation program as recommended by the Authority's Finance and Policy Committee. She stated that the Authority's Finance and Policy Committee recommended that the Authority purchase the remaining water conservation credits submitted to the Authority by FB 119 pursuant to the Authority's current Policy for Water Conservation Credit Purchase and Water Wise Program Sponsorship (the "Water Conservation Policy"). She stated that the Finance and Policy Committee has suspended the Authority's Water Conservation Policy pending review and adoption of an amended Water Conservation Policy by the Board.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including purchase of the remaining water conservation credits submitted to the Authority by FB 119 pursuant to the Authority's Water Conservation Policy. 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. He stated that Southern Flowmeter, Inc.'s report on the results of testing performed for 32 remote surface water meters is expected soon.

Mr. Clayton reported that a leak previously experienced in a 42-inch suction line at the Bellaire Pump Station has ceased and the source could not be located by South Texas Utilities & Underground. He said the line will be monitored for leaks.

Mr. Froehlich reported on a meeting with representatives of Cummins Southern Plains, LLC ("Cummins") held February 29, 2018, to discuss Cummins' analysis of the Authority's three generators located at the Bellaire Pump Station. Mr. Clayton reported on Cummins' investigation of recent notifications related to the status of oil temperature, pressure, and the fuel line for generator no. 3.

Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which was approved by unanimous vote.

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Clayton reported that an annual report on implementation of the Authority's Water Conservation Plan has been prepared in coordination with BGE for submission to the Texas Commission on Environmental Quality and the Texas Water Development Board (the "TWDB") prior to May 1, 2018, as required. Following review and discussion, Director Gay moved to approve the annual report on implementation of the Authority's Water Conservation Plan, and direct that the annual report be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board conducted an annual review of the Authority's Drought Contingency Plan and concurred that no changes were necessary.

#### ADOPT UPDATED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board reviewed an updated Crisis Management Media Relations Plan. Following review and discussion, Director Fay moved to adopt the updated Crisis Management Media Relations Plan. 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 an application for an amended permit to increase the Authority's allocation in the authorized withdrawal from the 2016 permitted amount has been submitted to the FBSD to allow the Authority to receive additional over conversion credits from the FBSD. Ms. Miller reported that the Authority received renewed water well permits for the wells located within the Authority for the term October 1, 2017, through September 30, 2018.

Mr. Froehlich reported that BGE provided an acknowledgement letter in response to 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 Change Order No. 1 in the amount of (\$12,065.00) and Pay Estimate No. 6 in the amount of \$380,839.50 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.

Mr. Froehlich reported on the status of Costello, Inc.'s design of the Authority's Phase 2 portion of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of the reclaimed water distribution system. He recommended approval of a Second Amendment to Agreement for Professional Design Consulting Services with Costello, Inc. for the preparation of additional exhibits related to the U.S. Army Corps of Engineers' review process for the project in the amount of \$13,431.00. Ms. Miller updated the Board on the Authority's application to the TWDB for grant funding of the project through its Clean Water State Revolving Fund. She stated that the TWDB issued a Funding Determination Letter stating that the Authority is eligible to receive the maximum amount of grant funding for the project in the amount of \$351,800.00, and discussed the grant funding process.

## 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. He stated that BGE is continuing discussions with Cummins regarding development of a long-term solution for maintaining fully operational generators at all times.

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

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 recommended payment of the WHCRWA's Cash Call 2 submitted to the Authority in the amount of \$6,735,000.00 for project expenses through June, 2018. He requested authorization to prepare and submit a request to the TWDB for release of escrow funds from the Authority's Series 2017 Bonds to pay for Cash Call 2.

Mr. Froehlich reviewed 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.

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 per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). He reported on the status of review comments related to the design for Phase 1 Balance of Plant, including the associated cost and schedule models. He reported that HWT has been directed to proceed with selected value engineering and scope reduction items to possibly reduce the cost of the project. He updated the Board on preparation of the main site for construction.

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

- (1) approve Change Order No. 1 in the amount of (\$12,065.00) and Pay Estimate No. 6 in the amount of \$380,839.50 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;

- (2) authorize execution of a Second Amendment to Agreement for Professional Design Consulting Services with Costello, Inc. for the Authority's Phase 2 portion of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of the reclaimed water distribution system in the amount of \$13,431.00; and
- (3) authorize BGE to prepare and submit a request to the TWDB for release of escrow funds from the Authority's Series 2017 Bonds for payment of Cash Call 2 in the amount of \$6,735,000.00 for expenses for the Authority's joint Surface Water Supply Project with the WHCRWA through June, 2018, and payment of Cash Call 2 upon TWDB's approval of the request.

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

#### AUTHORITY FINANCING PLAN

There was no additional discussion regarding the Authority's financing plan.

#### CONTRACTS

There were no additional contracts presented for consideration.

#### REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

#### CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 6:52 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 was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

#### RECONVENE IN OPEN SESSION

At 6:59 p.m., the Board reconvened in open session. Director Gay moved to authorize performance of an appraisal and submission of a final offer for the acquisition of Parcels 18.01 & 18.01TE. Director Hebert seconded the motion, which was approved by unanimous vote.

#### CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:00 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 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.

RECONVENE IN OPEN SESSION

At 7:22 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)



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