

MINUTES
NORTH FORT BEND WATER AUTHORITY
January 23, 2019

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 23rd day of January, 2019, 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, Matt Froehlich, Julia Frankovich, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; 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 December 20, 2018. After review and discussion, Director Gay moved to approve the minutes as presented. Director Hebert 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.

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

Ms. Kovar gave a presentation providing an overview of the Authority, including the Authority's large-scale infrastructure projects and surface water delivery plans. A copy of the presentation is attached.

Ms. Kovar presented a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached. Ms. Kovar reported on educational programs, training opportunities, and community outreach. She discussed Ms. Milberger's attendance at community events and municipal utility districts' and homeowner associations' meetings within the Authority's boundaries and conferences to provide information regarding the Authority, the Authority's water conservation and outreach programs, and other available water conservation resources.

Ms. Kovar reported that 122 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during December, 2018. She stated a letter has been sent to the participants in the program to notify them of the Authority's implementation of a monthly water conservation prize drawing to replace the \$15.00 rebate for the WISE Guys Program beginning January 1, 2019. Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board adopt a Resolution Adopting Rules for the W.I.S.E. Guys Irrigation System Evaluation Giveaway Incentive Program.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts.

Ms. Kovar reported that the 2018 Larry's Toolbox water conservation program ended on December 31, 2018 and the participants will be informed of their results soon.

Ms. Kovar discussed implementation of the 2019 Larry's Toolbox water conservation program. She stated that all of the participants in the 2018 program enrolled in the 2019 Larry's Toolbox water conservation program prior to the December 31, 2018, deadline. She reported there are a total of 51 participants for 2019.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve funding all seven of the applicants for the Homeowners Association ("HOA")/Golf Course Irrigation System Evaluation and Water Budget initiative for the 2019 Larry's Toolbox water conservation program.

Following review and discussion, Director Gay moved to:

- (1) adopt a Resolution Adopting Rules for the W.I.S.E. Guys Irrigation System Evaluation Giveaway Incentive Program; and
- (2) authorize funding for all seven of the applicants for the HOA/Golf Course Irrigation System Evaluation and Water Budget initiative for the 2019 Larry's Toolbox water conservation program.

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

ANNUAL DISCLOSURE STATEMENTS

The Board considered accepting the annual disclosure statements of the Authority's bookkeeper and Investment Officer. Ms. Miller explained that the annual disclosure statements are intended to disclose relationships of the Authority's bookkeeper and Investment Officer with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the Authority. After review and discussion, Director Gay moved to accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records. Director Hebert seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Miller reported on the Authority's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

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. Mr. Clayton reported that he is obtaining a cost estimate for replacing a damaged valve diaphragm at the Bellaire Pump Station.

Mr. Clayton stated that payment from Aspen Utilities for a back charge for damage to the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 122 in the amount of \$20,145.00 is anticipated to be received soon.

Following review and discussion, Director Gay moved to approve the operator's report. 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 the engineer's report, a copy of which is attached. 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 and BGE's investigation of the feasibility of a request for participation in the Authority's GRP to include only the property proposed for annexation by Fort Bend County Municipal Utility District No. 24.

Mr. Froehlich reported that a GRP Participant Agreement with Fort Bend County Municipal Utility District No. 157 is ready for the Board's consideration and approval.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for 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 reported on a meeting held with the attorney, engineer, and President of the Board of Harris-Fort Bend Counties Municipal Utility District No. 1 ("HFB 1") to finalize discussions regarding HFB 1's concerns related to the Authority's water line easement requests for Parcels 18.04 and 18.05.

Mr. Froehlich reported on the status of construction of the Authority's Phase 1 portion of the joint reclaimed water system project with FB 146 and FB 194. He stated C4 Partners, LLC is addressing punch list items for the project. He stated that finalization of the project is pending receipt of electricity service to the site.

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. He stated that completion is anticipated in March or April, 2019.

Mr. Froehlich reported on planned coordination with the City of Houston ("COH") regarding comments on the design specifications 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 the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated that agency submittals for the distribution system are pending acquisition of the necessary property rights. He reported that BGE is reviewing bids for construction of the wastewater plant

improvements that were opened on January 11, 2019, and will review them with the Authority's Capital Planning and Design Committee.

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 reclaimed water distribution system. He recommended approval of a letter agreement with Dow Pipeline Company ("Dow") related to the crossing of the distribution lines under Dow's pipeline.

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 ("WHCRWA"). He stated that a memorandum of findings and recommendations related to BGE's comprehensive inspection and review of the Bellaire Pump Station is pending finalization of contractors' cost estimates and a proposed design for meter station insulation.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He reported that the Authority's escrow release request was approved by the Texas Water Development Board (the "TWDB") for use of Series 2017 Bond proceeds for payment of a cash call from the WHCRWA for first quarter 2019 SWSP expenses in the amount of \$8,875,383.00.

Mr. Froehlich reported on the status of design and easement acquisition for Segments A, B, and C, and the design of the Re-Pump Station and the Central Pump Station for the SWSP. He stated that the WHCRWA has scheduled kickoff meetings with the design consultants for six sub-segments for SWSP's Kinder Morgan Segment and the six sub-segments for SWSP's Segment 3. He discussed BGE's coordination with the WHCRWA on easement acquisition for Segments A, B, and C, and the design of the Re-Pump Station and the Central Pump Station for the SWSP. He stated the WHCRWA has scheduled a second contractor outreach workshop for January 31, 2019. He reported that a system hydraulic model test for the Central Pump Station is scheduled for early February, 2019.

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. He stated that the construction schedule for the Capers Ridge Pump Station continues to be delayed due to flooding of the site from high water elevations in the Trinity River.

Mr. Bauhof reported on the status of COH's Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement (the "Design-Build Agreement") with the Houston Waterworks Team ("HWT"). He stated that, as previously reported, COH City Council approved Consensus Item 17B, Amendment

No. 7 to the Design-Build Agreement related to HWT's completion of Early Work Package No. 6. He reported that HWT has submitted additional information on the Central Plant, North Plant, and the Yard Piping packages and is compiling additional information on several other work packages. He stated the NEWPP participants' Project Management Team (the "Project Management Team") has completed a preliminary review of the Balance of Plant Guaranteed Maximum Price ("GMP") and requested additional information to validate and negotiate the submittal. He stated that the Project Management Team and HWT are meeting frequently to discuss review comments and negotiate the GMP submittal. He updated the Board on the status of construction activity related to site clearing, earthwork, drainage, roadways, raw water pipeline installation, tunnel excavation, 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 Participant Agreement with Fort Bend County Municipal Utility District No. 157; and
- (2) authorize execution of a letter agreement with Dow related to the crossing of the Authority's distribution lines for the joint reclaimed water system project with FB 146 and FB 194 under Dow's pipeline.

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

AUTHORITY FINANCING PLAN

Ms. Miller stated there were no updates regarding the Authority's financing plan at this time.

CONTRACTS

Ms. Miller reported that ABHR is counsel for Fort Bend County Municipal Utility District Nos. 30 and 122 ("FB 30 and FB 122"), and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with preparation of proposed Irrigation System Evaluations Cost Sharing Agreements with FB 30 and FB 122. Following discussion, Director Gay moved to authorize execution of legal conflict waivers for ABHR's preparation of the proposed Irrigation System Evaluations Cost Sharing Agreements with FB 30 and FB 122. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed one Water Line Easement for Parcel GLR.01 as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement as presented. Director Hebert

seconded the motion, which was approved by unanimous vote.

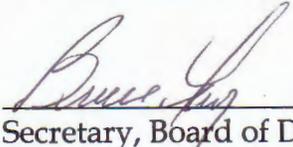
CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:54 p.m. to discuss the 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.

RECONVENE IN OPEN SESSION

At 7:07 p.m., the Board reconvened in open session. Director Gay moved to accept the final offer for the acquisition of Parcel 18.03 and decline the final offer for the acquisition of Parcels 18.02 and 18.02TE, as discussed. 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.


Asst. Secretary, Board of Directors

(SEAL)



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