

MINUTES

NORTH FORT BEND WATER AUTHORITY

January 22, 2020

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 22nd day of January, 2020, 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
Vacant	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, Ian Pietz, and Tiffany Moore of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP and persons listed on the attached attendance sheets.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held December 19, 2019. After review and discussion, Director Gay moved to approve the minutes as presented. Director Hebert seconded the motion, which carried unanimously.

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

Ms. Kovar presented a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached.

Ms. Kovar reported on previous and scheduled presentations regarding the Authority's large-scale infrastructure projects, surface water delivery plans, and/or

water conservation programs, and attendance and utilization of the Authority's water conservation mobile teaching lab and/or booth at multiple conference, community, and municipal utility district events. Ms. Kovar reported that the Finance and Policy Committee and the Communication, Conservation, and Reuse Committee (jointly, the "Finance and CCR Committees") recommended that the Board approve reserving a booth at the Association of Water Board Directors Summer Conference in the amount of \$600.00.

Ms. Kovar reported that the Finance and CCR Committees recommended that the Board authorize execution of a Master Services Agreement and Scope of Work with Mighty Citizen for marketing and public communication services in the amount of \$39,840.00.

Ms. Kovar reported that 94 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during December, 2019. She stated that gift cards in the amount of \$100.00 each from Enchanted Gardens were distributed to three winners during December pursuant to the WISE Guys Program Giveaway Incentive Program.

Ms. Kovar reported on implementation of the Authority's Larry's Toolbox water conservation program. She reported that the Finance and CCR Committees recommended that the Board authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Willow Point Municipal Utility District for participation in the WISE Guys Program as part of its participation in the 2020 Larry's Toolbox water conservation program.

Ms. Kovar reported that the Finance and CCR Committees recommended that the Board authorize purchasing 24 gift cards from Enchanted Gardens in the total amount of \$2,400.00 and 20 Rachio irrigation controllers in the total amount of \$3,800.00 for distribution to three winners during each month of 2020 pursuant to the WISE Guys Program Giveaway Incentive Program and other winners of Authority prize drawings.

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

Ms. Kovar discussed BGE's review and tracking of invoices and services related to the Larry's Toolbox water conservation programs' Authority funded Homeowners Association ("HOA") Irrigation Water Budget and HOA Irrigation System Evaluations initiative. She reported that the Finance and CCR Committees recommended approval of invoices for implementation of the initiative for 2018 and 2019 from: (1) Masuen Consulting, LLC ("Masuen") for Cinco Municipal Utility District Nos. 2, 6, 9, and 10 and Fort Bend County Municipal Utility District Nos. 2, 118, 142, and 194 in the total amount of \$27,920.20; and (2) Ridgewood Landscaping, Inc. ("Ridgewood") for Cinco Municipal Utility District No. 5 in the amount of \$13,800.00.

Following review and discussion, Director Gay moved to:

- (1) approve reserving a booth at the Association of Water Board Directors Summer Conference in the amount of \$600.00;
- (2) authorize execution of a Master Services Agreement and Scope of Work with Mighty Citizen for marketing and public communication services in the amount of \$39,840.00;
- (3) authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Willow Point Municipal Utility District for participation in the WISE Guys Program;
- (4) authorize purchasing 24 gift cards from Enchanted Gardens in the total amount of \$2,400.00 and 20 Rachio irrigation controllers in the total amount of \$3,800.00;
- (5) approve payment of invoices from Masuen for Cinco Municipal Utility District Nos. 2, 6, 9, and 10 and Fort Bend County Municipal Utility District Nos. 2, 118, 142, and 194 in the total amount of \$27,920.20; and
- (6) approve payment of invoices from Ridgewood for Cinco Municipal Utility District No. 5 in the amount of \$13,800.00.

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, voided and reissued checks, a summary of investments, 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 as presented. 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. After review and discussion, Director Gay moved to accept the annual report regarding Post-Issuance Compliance Policy. Director Hebert seconded the motion, which passed unanimously.

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 all the Authority's generators were currently operational.

Mr. Clayton reported that repairs for approximately 15 valves were underway per the results of an annual survey of the Authority's 261 main line valves.

Following review and discussion, Director Gay moved to approve the operator's report 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")

Ms. Kovar presented the engineer's report, a copy of which is attached. Ms. Kovar 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.

Ms. Miller reported on the status of a GRP Participation Agreement with Fort Bend County Municipal Utility District No. 24, to include only the approximately 520 acres of land proposed for annexation by Fort Bend County Municipal Utility District No. 24.

Ms. Kovar provided an update regarding BGE's review of a request for a GRP Participation Agreement for a tract of land proposed to be annexed into Fort Bend County Municipal Utility District No. 168.

Ms. Kovar reported that BGE is evaluating tools for creating and certifying an emergency response plan for the Authority to comply with the America's Water Infrastructure Act of 2018 by the March 31, 2020 deadline.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, AND PROJECTS

Ms. Kovar reviewed a chart indicating the status of property acquisition matters, including for the Authority's Main Segments 16B and 17.

Ms. Kovar reported on the status of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, "Grand Lakes"), consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. Ms. Kovar recommending approval of Pay Estimate No. 4 in the amount of \$208,340.55 submitted by JTR Constructors Inc. for construction of the wastewater plant improvements. She stated that acquisition of the necessary property rights for the reclaimed water distribution system has been completed and the plans have been resubmitted for agency approval.

Ms. Kovar reported on the status of construction of the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3. She recommended approval of Pay Estimate No. 1 in the amount of \$202,068.74 submitted by D.L. Elliott Enterprises, Inc.

Ms. Kovar reported on the status of the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194. She stated that submission of plans and specifications for the design and construction of the reclaimed water distribution system is pending acquisition of the necessary property rights.

Ms. Kovar reported on the schedule for design of the Authority's Main Segment 11A.

Ms. Kovar reported that BGE is working on a design package to solicit bids for a project to lower the Authority's existing 16-inch surface water connection line to Kingsbridge Municipal Utility District and Fort Bend County Municipal Utility District No. 2, as required by Fort Bend County's improvement project for Old Richmond Road.

Ms. Kovar reported that BGE is reviewing plans for Fort Bend County's improvement project for Clodine Road along the Authority's Main Segment 4B to determine any impact to the aboveground appurtenances.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Ms. Kovar reported on coordination with Enchanted Rock, LLC to respond to the West Harris County Regional Water Authority's (the "WHCRWA") questions related to a proposed contract for installing, commissioning, and servicing six natural gas generators and associated equipment to provide power for all of the Bellaire Pump Station pumps operating at full capacity in place of the current generators.

Ms. Kovar reported that the Authority's Capital Planning and Design Committee

recommended that the Board authorize Inframark to subcontract with Hayes Automation & Controls, LLC to reconfigure the replacement redundant server at the Bellaire Pump Station and restore its software reporting capabilities in the amount of \$57,652.50.

Ms. Kovar reported that BGE submitted a request for use of escrowed bond funds to the Texas Water Development Board (the "TWDB") for payment of a cash call for fiscal year 2020 first quarter expenses for the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA in the amount of \$3,277,251.00. She stated payment of the cash call is due February 1, 2020.

Mr. Pietz updated the Board on the status of right-of-way acquisition and design of the water line segments and pump stations for the SWSP and discussed plans for a groundbreaking event for the project.

Mr. Pietz discussed the status of the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement with the WHCRWA.

Mr. Pietz 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. Pietz reported on the status of the City of Houston's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He stated that the City of Houston issued Cash Call No. 9 to the Authority in the amount of \$30,206,055.78, pursuant to its previously issued notice. Mr. Pietz reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package. Discussion ensued regarding a tour of the site attended by the Directors. Drone footage of the project site displayed on a screen during the meeting.

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

- (1) Approve Pay Estimate No. 4 in the amount of \$208,340.55 submitted by JTR Constructors Inc. for construction of the wastewater plant improvements portion of the reclaimed water system project for Grand Lakes;
- (2) Approve Pay Estimate No. 1 in the amount of \$202,068.74 submitted by D.L. Elliott Enterprises, Inc. for construction of the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3;
- (3) Authorize Inframark to subcontract with Hayes Automation & Controls, LLC to reconfigure the replacement redundant server at the Bellaire Pump

Station and restore its software reporting capabilities in the amount of \$57,652.50; and

- (4) Authorize BGE to prepare and submit a request for use of escrowed bond funds to the TWDB and authorize payment of Cash Call No. 9 from the City of Houston for Northeast Water Purification Plant Expansion Project in the amount of \$30,206,055.78 upon approval by the TWDB.

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

AUTHORITY FINANCING PLAN

Ms. Miller stated there were no updates related to the Authority's funding received from the State Water Implementation Revenue Fund for Texas or the Authority's revenue note placement program for interim financing.

Ms. Miller reported on coordination with the TWDB to amend the Authority's Loan Forgiveness Agreement for funding received from the TWDB's Clean Water State Revolving Fund for the reclaimed water system project for Fort Bend County Municipal Utility District Nos. 146 and 194 with a revised schedule.

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line Easement and two side letters for the parcels listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement and side letters as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

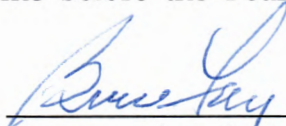
The Board convened in executive session at 6:43 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the WHCRWA, pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar and Mr. Pietz 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 7:44 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.


Asst. Secretary, Board of Directors

(SEAL)



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