

MINUTES

NORTH FORT BEND WATER AUTHORITY

February 26, 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 26th day of February, 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, except Directors Gay and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Matt Froehlich, Ian Pietz, and Tiffany Moore of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); 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 January 22, 2020. After review and discussion, Director Darden moved to approve the minutes as presented. Director Fay 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 recommended that the Board authorize the Authority's water conservation mobile teaching lab to participate in the Boy Scout event scheduled for April 2020, at the George R. Brown Convention Center. She stated there is no charge for participating in the event.

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 authorize sponsorship of the Texas Water Development Board's (the "TWDB") Water for Texas Conference at the Bronze level in the amount of \$1,500.00.

Ms. Kovar responded to Director Houghton's questions regarding the proposed presentation to be given to the Katy Area Economic Development Council on March 5, 2020.

Ms. Kovar reviewed Mighty Citizens' travel expense request for conducting Discovery Session No. 2 with the Board in the amount of \$2,913.12. Discussion ensued regarding digital options in place of travel. Following discussion, Ms. Kovar stated that she will coordinate with Mighty Citizen and the Board on a date for a digital option for conducting Discovery Session No. 2.

Ms. Kovar reported that 59 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during January, 2020.

Ms. Kovar reported on implementation of the Authority's Larry's Toolbox water conservation program. She stated that Irrigation System Evaluations Cost Sharing Agreements have been sent for signature to Fort Bend County Municipal Utility District Nos. 134D and 134E for participation in the WISE Guys Program initiative for the 2020 Larry's Toolbox water conservation program.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts and a chart tracking reuse usage amounts and responded to Board members' questions.

Ms. Kovar reported that the Finance and CCR Committees recommended that the Board approve Authority funding for the Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for all five applicants: Fort Bend County Municipal Utility District Nos. 41, 58 and 119, Harris-Fort Bend County Municipal Utility District No. 1, and Willow Point Municipal Utility District.

Following review and discussion, Director Fay moved to:

- (1) authorize the Authority's water conservation mobile teaching lab to participate in the Boy Scout event scheduled for April 2020, at the George R. Brown Convention Center;
- (2) authorize sponsorship of the TWDB's Water for Texas Conference at the Bronze level in the amount of \$1,500.00; and
- (3) approve Authority funding for the Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for all five applicants: Fort Bend County Municipal Utility District Nos. 41, 58 and 119, Harris-Fort Bend County Municipal Utility District No. 1, and Willow Point Municipal Utility District.

Director Darden 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, quarterly investment report, and a statement of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached. Ms. Lightbody reported that the TWDB approved release of escrowed bond funds for payment of Cash Call No. 9 issued by the City of Houston for the Northeast Water Purification Plant ("NEWPP") Expansion Project in the amount of \$30,206,055.78.

Ms. Lightbody reported that Cash Call No. 1 was received for Segment C of the Authority's joint Surface Water Supply Project ("SWSP") with the West Harris County Regional Water Authority (the "WHCRWA").

Director Houghton discussed the balances in the Authority's accounts and stated the funds are scheduled to be used soon for the SWSP and the NEWPP Expansion Project.

Following review and discussion, Director Fay moved to approve the bookkeeper's report as presented. Director Darden seconded the motion, which was approved by unanimous vote.

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 on delays in the schedule for repairs underway for

approximately 15 of the Authority's 261 main line valves per the results of an annual survey.

Following review and discussion, Director Darden moved to approve the operator's report as presented. Director Fay 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 a February 6, 2020, meeting of stakeholders in the Fort Bend Subsidence District (the "FBSD") to discuss the FBSD's review of its current Regulatory Plan, water conservation program, well tracking database upgrade, and the status of the various regional water projects. He stated that a stakeholders meeting is scheduled for March 31, 2020.

Ms. Kovar reported on a grant received by the FBSD for its "Water My Yard" water conservation program.

Ms. Kovar reported that the FBSD issued the Over-Conversion Credit Certificate for the Authority's 2018-2019 permit term.

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.

Mr. Froehlich reported that acknowledgement letters were issued by BGE in response to notices of annexation received from Fort Bend County Municipal Utility District No. 58 and Harris-Fort Bend County Municipal Utility District No. 5. He stated that BGE has requested additional information in response to a notice of annexation received from Fort Bend County Municipal Utility District No. 122.

Mr. Froehlich reported that ABHR forwarded a revised GRP Participation Agreement to Fort Bend County Municipal Utility District No. 24, including only the approximately 520 acres of land proposed for annexation by Fort Bend County Municipal Utility District No. 24.

Mr. Froehlich reported on BGE's preparation of a Risk Assessment for the Authority for certification by the March 31, 2020, deadline to comply with the America's Water Infrastructure Act of 2018.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, AND PROJECTS

Mr. Froehlich reviewed a chart indicating the status of property acquisition

matters, including for the Authority's Main Segments 16B and 17.

Mr. Froehlich 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. Mr. Froehlich recommending approval of Pay Estimate No. 5 in the amount of \$303,988.14 submitted by JTR Constructors Inc. for construction of the wastewater plant improvements. He stated that the plans for the reclaimed water distribution system will be resubmitted for agency re-review.

Mr. Froehlich 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. He recommended approval of Pay Estimate No. 2 in the amount of \$61,701.26 submitted by D.L. Elliott Enterprises, Inc.

Mr. Froehlich reported on the status of obtaining agency approvals of the plans and specifications for the reclaimed water distribution system for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194.

Mr. Froehlich reported that a Notice to Proceed was issued to RPS Infrastructure, Inc. for design of the Authority's Main Segment 11A, effective February 17, 2020.

Mr. Froehlich reported that a design package 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, was submitted for agency review.

Mr. Froehlich reported that BGE provided comments to the plans for Fort Bend County's improvement project for Clodine Road along the Authority's Main Segment 4B.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported that BGE provided responses to the WHCRWA's questions related to a proposed contract for installing, commissioning, and servicing six natural gas generators and associated equipment to provide power for all the Bellaire Pump Station pumps operating at full capacity in place of the current generators. He stated that the WHCRWA agreed to move forward with a contract with Enchanted Rock Solutions, LLC to replace the existing generators. He stated that ABHR is finalizing the contract documents and determining options for handling the Authority's existing demand response contracts.

Mr. Froehlich reported that work is underway to reconfigure the replacement redundant server at the Bellaire Pump Station and restore its software reporting capabilities.

Mr. Froehlich reported that the TWDB approved the use of escrowed bond funds for payment of a cash call issued by the WHCRWA for fiscal year 2020 first quarter expenses for SWSP in the amount of \$3,277,251.00. Mr. Froehlich requested authorization to submit a request for use of escrowed bond funds to the TWDB for payment of a cash call issued by the WHCRWA for fiscal year 2020 second quarter expenses for SWSP in the amount of \$2,707,021.00. He stated payment of the cash call is due April 1, 2020.

Mr. Froehlich reported that BGE is reviewing Cash Call No. 1 issued by the WHCRWA for SWSP Segment C construction costs.

Mr. Froehlich updated the Board on the status of right-of-way acquisition and design of the water line segments and pump stations for SWSP and discussed plans for a groundbreaking event for the project to be held April 13, 2020. He stated that BGE is reviewing and preparing questions related to an updated and revised schedule for SWSP issued by the WHCRWA that includes a nine-month delay and a current estimated completion date of summer 2024.

Mr. Froehlich discussed the status of the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement 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. Pietz reported on the status of the City of Houston's the NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package. Drone footage of the project site displayed on a screen during the meeting.

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

- (1) Approve Pay Estimate No. 5 in the amount of \$303,988.14 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. 2 in the amount of \$61,701.26 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; and
- (4) Authorize BGE to prepare and submit a request for use of escrowed bond funds to the TWDB and authorize payment of a cash call issued by the

WHCRWA for fiscal year 2020 second quarter expenses for SWSP in the amount of \$2,707,021.00, upon approval by the TWDB.

Director Fay 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, the Authority's revenue note placement program for interim financing, or the TWDB's Clean Water State Revolving Fund.

CONTRACTS AND LEGAL CONFLICT WAIVERS

Ms. Miller reported that ABHR is counsel for Fort Bend County Municipal Utility District Nos. 58 and 119. She discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of proposed Consulting Service Agreements with Fort Bend County Municipal Utility District Nos. 58 and 119 for Authority funding for the Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative. Following discussion, Director Patton moved to authorize execution of legal conflict waivers for ABHR's preparation of the proposed agreements. Director Darden seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line Easements and two Amended and Restated Water Line Easements for the parcels listed on the attached Realty Interests Chart. Following review and discussion, Director Darden moved to authorize execution of the Water Line Easements and Amended and Restated Water Line Easements as presented. Director Fay seconded the motion, which was approved by unanimous vote.

ADOPT ORDER DECLARING DIRECTORS ELECTED AND CANCELLING DIRECTOR APPOINTMENT PROCESS

Ms. Miller presented an Order Declaring Directors Elected and Cancelling Director Appointment Process. She discussed the appointment process and stated that the Director nominations for Precincts 1, 3, 5, and 7 were uncontested. After review and discussion, Director Darden moved to adopt the Order Declaring Directors Elected and Cancelling Director Appointment Process stating that Bruce Fay, Donald W. Abrahamson, II, Robert Patton, and Dana Hollingsworth are appointed as directors of the Authority, to serve until May 15, 2024, or until their successors have been duly appointed and qualified. Director Fay seconded the motion, which carried unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:05 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, Mr. Froehlich, 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 8:06 p.m., the Board reconvened in open session. Director Darden moved to (1) authorize BGE to prepare and submit a request for use of escrowed bond funds to the TWDB for 70% of Cash Call No. 1 issued by the WHCRWA for Segment C construction costs for SWSP in the amount of \$37,700,000; and (2) withhold payment of Cash Call No. 1, pending Board review and concurrence and approval by the TWDB. Director Patton seconded the motion, which was approved by unanimous vote.

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

/s/ Melony Gay
Secretary, Board of Directors

(SEAL)

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