

MINUTES

NORTH FORT BEND WATER AUTHORITY

October 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 October, 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 except Directors Spell and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Matt Froehlich, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; Francine Stefan of Post Oak Municipal Advisors LLC; Joel Cleveland of Jeanne H. McDonald, P.C.; David Oliver, Christina Miller, Aaron Carpenter, 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 meetings held September 25, and October 9, 2019. After review and discussion, Director Gay moved to approve the minutes as presented. Director Darden seconded the motion, which carried unanimously, except for Director Houghton who was not present for the discussion or the vote.

MEETING SCHEDULE

Ms. Miller reminded the Board that the Authority's November 27, 2019, and December 25, 2019, meeting dates have been rescheduled to Thursday, November 21,

2019, and Thursday, December 19, 2019, respectively.

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 Authority's Communication, Conservation, and Reuse Committee recommended that the Board approve reserving a booth at the 2020 Spring Katy Home & Garden Show in the amount of \$1,295.00.

Ms. Kovar reported that 140 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during September, 2019. She stated that gift cards in the amount of \$100.00 each from Enchanted Garden were distributed to three winners during September pursuant to the WISE Guys Program Giveaway Incentive 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.

Ms. Milberger reported that a presentation regarding implementation of the Authority's 2020 Larry's Toolbox water conservation program will be given at the Authority's November regular meeting and placed on the Authority's website.

Following review and discussion, Director Gay moved to approve reserving a booth at the 2020 Spring Katy Home & Garden Show in the amount of \$1,295.00. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the 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 as presented. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the vote.

Ms. Miller stated that the Authority's \$244,110,000 Water System Junior Lien Revenue Bonds, Series 2019B and \$56,610,000 Water System Revenue Bonds, Series 2019C (the "Series 2019B and 2019C Bonds") were sold to the Texas Water Development Board (the "TWDB") through the TWDB's State Water Implementation Revenue Fund for Texas program on October 9, 2019, and are scheduled to close November 21, 2019. Following discussion, Director Gay moved to authorize disbursement of the proceeds from the Series 2019B and 2019C Bonds. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the 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 that the amounts included in the operator's report for water purchased from the City of Houston (the "COH") and accountability were incorrect because the COH's meter was offline for three days.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended approval of a quote in the amount of \$10,478.32 from Edustrial Solutions for raising a manhole located in Main Segment 6, two and a half feet to meet grade, and installing an extension. He stated that BGE is coordinating with the developer for Fort Bend County Municipal Utility District No. 190 ("FB 190") on payment for the work.

Following review and discussion, Director Gay moved to approve the operator's report as presented, including approval of the quote in the amount of \$10,478.32 from Edustrial Solutions, subject to receipt of payment from the developer of FB 190. 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 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. Kovar reported that well permits were received from the Fort Bend Subsidence District and copies of the permits will be available on the Authority's website soon.

Mr. Froehlich reported on BGE's review of an annexation notification from Willow Point Municipal Utility District.

Mr. Froehlich reported on coordination with ABHR on the preparation of a GRP Participation Agreement with Fort Bend County Municipal Utility District Nos. 23 and 24, to include only the approximately 520 acres of land proposed for annexation by Fort Bend County Municipal Utility District No. 24.

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 obtaining the necessary property rights for 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 stated that no pay estimates were submitted by JTR Constructors Inc. for construction of the wastewater plant improvements. Mr. Froehlich stated that agency submittals by Costello, Inc. for the reclaimed water distribution system are pending acquisition of the necessary property rights and responded to a meeting attendee's inquiry regarding the status of outstanding easements.

Mr. Froehlich reported that the contract with D.L. Elliott Enterprises, Inc. 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 ready for execution.

Mr. Froehlich reported on the status of the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194. He 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.

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"). Mr. Froehlich discussed the status of BGE's coordination with ABHR on the preparation of a contract with Enchanted Rock, LLC for installing, commissioning, and servicing six natural gas generators and associated equipment to provide auxiliary power for all of the Bellaire Pump Station pumps operating at full capacity in place of the current generators.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. Mr. Froehlich reported on easement acquisition for the SWSP and the anticipated construction schedule for Segment A. He discussed the status of design for Segments B and C, including the long tunnel portion of Segment B, the Kinder Morgan Segments, the sub-segments for Segment 3, the Re-Pump Station, and the Central Pump Station for the SWSP.

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 COH's Northeast Water Purification Plant 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.

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

AUTHORITY FINANCING PLAN MATTERS

Ms. Miller stated that, as previously reported, the Authority's Series 2019B and 2019C Bonds were sold to the TWDB through the TWDB's State Water Implementation Revenue Fund for Texas program on October 9, 2019, and are scheduled to close November 21, 2019.

Ms. Miller stated there were no updates regarding the Authority's obligations related to its revenue note placement program for interim financing in an amount not to exceed \$150,000,000 pursuant to the Note Purchase Agreement with JPMorgan Chase Bank, N.A.

Ms. Miller reported on coordination with the TWDB to amend the Authority's Loan Forgiveness Agreements in connection with the funding received from the TWDB's Clean Water State Revolving Fund for the reclaimed water system projects for Grand Lakes and Fort Bend County Municipal Utility District Nos. 146 and 194 with revised schedules. She stated that the TWDB has prepared an amendment to the Loan Forgiveness Agreement related to the Grand Lakes project for execution. She stated that the Authority's Capital Planning and Design Committee recommended that the Board approve the amendment to the Loan Forgiveness Agreement related to the Grand Lakes project. Following discussion, Director Gay moved to authorize execution of the amendment to the Loan Forgiveness Agreement related to the Grand Lakes

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

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

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

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:28 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 6:39 p.m., the Board reconvened in open session. Director Gay moved to (1) authorize deposit of the Award of the Special Commissioners for the inner tract of the Authority's second pump station site, containing approximately 4.328 acres of real property located in Harris County, Texas, as discussed; and (2) authorize a counter settlement offer for Parcel 18.02 as discussed, subject to execution of the Authority's easement document by November 15, 2019, without further negotiations, and to proceed with depositing the Award of the Special Commissioners if the easement document is not signed by November 15, 2019. Director Darden seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:40 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 7:10 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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