

MINUTES

NORTH FORT BEND WATER AUTHORITY

December 19, 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 19th day of December, 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
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, Matt Froehlich, Ian Pietz, and Tiffany Moore of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, 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, INCLUDING PROPOSED 2020 FEES

There were no comments from the public.

Director Houghton announced the recent passing of Director Spell. The Board recognized Director Spell's service to the Board and expressed condolences to his family.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held November 21, 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") received presentations from three communications consulting firms for marketing and public communication services for the Authority. She stated that the Finance and CCR Committees concurred to authorize negotiations for a marketing and public communication services contract with Mighty Citizen. She stated that Glass House Strategy will continue to provide marketing and public communication services to the Authority on a monthly basis until termination of the Authority's Consulting Agreement with Glass House Strategy.

Ms. Kovar reported that 125 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during November, 2019. She stated that gift cards in the amount of \$100.00 each from Enchanted Garden were distributed to three winners during November 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. Kovar reported on implementation of the Authority's Larry's Toolbox water conservation program. She stated that the Finance and CCR Committees recommended that the Board approve third quarter water rebate payments to the 42 participants in the Authority's 2018 Larry's Toolbox water conservation program that earned the required nine points necessary to receive a reduced 2019 water rate in the total amount of \$329,395.19.

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 from (1) Masuen Consulting, LLC ("Masuen") for Cinco Municipal Utility District No. 9 in the amount of \$20,986.00, Fort

Bend County Municipal Utility District No. 118 in the amount of \$7,386.30, and Fort Bend County Municipal Utility District No. 2 in the amount of \$4,000.00; (2) Ridgewood Landscaping, Inc. ("Ridgewood") for Cinco Municipal Utility District No. 12 in the amount of \$18,520.00; and (3) WaterLogic, Inc. ("WaterLogic") for Fort Bend County Municipal Utility District No. 156 in the amount of \$21,360.00 and Fort Bend County Municipal Utility District No. 124 in the amount \$15,576.99.

Ms. Kovar stated that participants in the 2019 Larry's Toolbox water conservation program are required to submit their initiative data by December 31, 2019. She stated that the enrollment deadline for participation in the 2020 Larry's Toolbox Water Conservation Program is December 31, 2020.

Following review and discussion, Director Gay moved to:

- (1) approve third quarter water rebate payments to the 42 participants in the Authority's 2018 Larry's Toolbox water conservation program that earned the required nine points necessary to receive a reduced 2019 water rate in the total amount of \$329,395.19;
- (2) approve payment of three invoices from Masuen for the Authority's 2019 Larry's Toolbox water conservation program's Authority funded HOA Irrigation System Evaluations initiative in the total amount of \$32,372.30;
- (3) approve payment of one invoice from Ridgewood for the Authority's 2019 Larry's Toolbox water conservation program's Authority funded HOA Irrigation System Evaluations initiative in the amount of \$18,520.00; and
- (4) approve payment of two invoices from WaterLogic for the Authority's 2019 Larry's Toolbox water conservation programs' Authority funded HOA Irrigation System Evaluations initiative in the total amount of \$36,936.00.

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

TRAVEL REIMBURSEMENT GUIDELINES

The Board reviewed the Authority's Travel Reimbursement Guidelines and a schedule of conferences for 2020. Following review and discussion, Director Gay moved to authorize attendance of less than a quorum of Directors at the conferences and reimbursement of expenses in accordance with the Authority's Travel Reimbursement Guidelines. Director Hebert seconded the motion, which was approved by unanimous vote.

COMMENTS FROM THE PUBLIC

Ms. Patricia Tyrone addressed the Board regarding an excessively large water

bill she received from Cinco Municipal Utility District No. 7. Mr. Oliver explained that the Authority did not provide water to her residence and was unable to adjust her water bill. Following discussion, the Board authorized ABHR to contact Cinco Municipal Utility District No. 7 to assist Ms. Tyrone.

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, 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.

Ms. Lightbody reviewed a draft budget for the Authority's Enterprise Fund for fiscal year end December 31, 2020, a copy of which is attached. Following review and discussion, Director Gay moved to adopt the budget for the Enterprise Fund for fiscal year end December 31, 2020, as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

ADOPT AMENDED RATE ORDER AND DISTRIBUTE NOTICE

Mr. Oliver reviewed an Amended Rate Order implementing increases in the Authority's Groundwater Reduction Plan ("GRP") Fee to \$3.95 per 1,000 gallons of groundwater pumped and Surface Water Fee to \$4.30 per 1,000 gallons of surface water delivered by the Authority, which correspondingly increases the Imported Water Fee, effective January 1, 2020. Mr. Oliver discussed changes to the Amended Rate Order regarding clarification of realty interest matters related to conversion and a change in the amount of interest charged for late penalties.

Mr. Oliver discussed the Authority's financing plan for funding the cost of constructing, operating, and maintaining the Authority's current surface water supply system, as well as the capital costs associated with constructing the additional large-scale infrastructure projects needed to meet the Fort Bend Subsidence District's (the "FBSD") 2025 groundwater reduction requirements, including projected fee increases. Mr. Oliver reported on the status of Willdan Financial Services' preparation of an updated water rate analysis and financial forecast for the Authority and responded to meeting attendees' questions. Following review and discussion, Director Gay moved to adopt the Amended Rate Order and authorize distributing a notice of adoption of the Amended Rate Order to the Authority's GRP participants. Director Hebert seconded the motion, which was approved by unanimous vote.

2020 DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reported there was no need to amend the previously adopted Resolution Adopting Rules for 2020 Appointment Process for Directors.

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 performance of a valve survey for the Authority's distribution system and discussed a billing credit for an erroneous charge.

Mr. Clayton reported that generator no. 3 at the Bellaire Pump Station remains offline pending repair of the oil primer pump. He stated there was an increase in the cost of the repair from \$8,637.73 to \$11,182.59 because the prior quote received from Cummins Southern Plains, LLC was for the incorrect pump.

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 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. He reported that BGE submitted an application for over-conversion credits to the FBSD for the last permit year.

Mr. Froehlich reported on the status 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.

Mr. Froehlich 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.

Mr. Froehlich 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 (the "AWIA") by the March 31, 2020 deadline. Ms. Kovar noted that municipal utility districts will need to comply with the AWIA in the future.

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. In response to a meeting attendee's comment, Mr. Froehlich stated the chart will be corrected.

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 recommending approval of Pay Estimate No. 3 in the amount of \$462,636.90 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.

Mr. Froehlich reported on the construction schedule 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. He stated a Notice to Proceed, effective December 2, 2019, was issued to D.L. Elliott Enterprises, Inc.

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.

Mr. Froehlich recommended approval of an Agreement for Professional Design Consulting Services with RPS Infrastructure, Inc. for the Authority's Main Segment 11A in the amount of \$355,762.00. He stated that the preliminary construction cost estimate for Segment 11A is \$3,979,000.00.

Mr. Froehlich reported that BGE is calculating the estimated costs for lowering 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.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on coordination with ABHR on preparation of a contract with Enchanted Rock, LLC 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. He stated that information regarding the proposed contract has been forwarded to the West Harris County Regional Water Authority (the "WHCRWA") for review.

Mr. Froehlich reported that the WHCRWA issued a cash call to the Authority 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 due on February 1, 2020. He stated that the Authority's Capital Planning and Design Committee (the "CPD Committee") recommended that the Board authorize BGE to prepare and submit a request for use of escrowed bond funds to the Texas Water Development Board (the "TWDB") and authorize payment of the cash call upon TWDB approval.

Mr. Froehlich updated the Board on the status of design and right-of-way acquisition for the SWSP with the WHCRWA. He stated that the WHCRWA is planning a groundbreaking event for the project.

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 Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He stated that the City of Houston plans to issue Cash Call No. 9 to the Authority in the amount of \$30,206,056.00, 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 and discussed scheduling a tour of the site for the Directors.

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

- (1) Approve Pay Estimate No. 3 in the amount of \$462,636.90 submitted by JTR Constructors Inc. for construction of the wastewater plant improvements portion of reclaimed water system project for Grand Lakes;
- (2) Authorize execution of an Amendment to Agreement for Professional Design Consulting Services with RPS Infrastructure, Inc. for the Authority's Main Segment 11A in the amount of \$355,762.00; and
- (3) Authorize BGE to prepare and submit a request for use of escrowed bond funds to the TWDB and authorize payment of the cash call from the WHCRWA for fiscal year 2020 first quarter expenses for the SWSP in the amount of \$3,277,251.00 upon TWDB approval.

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

OPERATION OF AUTHORITY FACILITIES (CONTINUED)

Mr. Clayton reported that he is no longer requesting updated quotes from contractors for mowing services for the Authority's right-of-way for CPD Committee review because the current mowing subcontractor was able to continue to provide mowing services for the Authority. He stated that Inframark will continue to monitor the subcontractor's performance.

AUTHORITY FINANCING PLAN

Mr. Oliver 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.

Mr. Oliver 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.

EMINENT DOMAIN REPORT

Mr. Oliver reported on the Authority's filing requirements related to eminent domain authority. Following discussion, Director Gay moved to authorize filing of the Authority's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas as required. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line Easement and one side letter for the parcels owned by Fort Bend County Municipal Utility District No. 146, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement and side letter as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:57 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 6:59 p.m., the Board reconvened in open session. Following review and discussion, Director Gay moved to authorize moving forward with condemnation proceedings to acquire Parcels 146R.16 and 146R.32. Director Hebert seconded the motion, which was approved by unanimous vote.

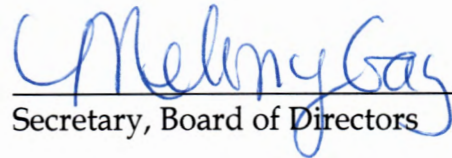
CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:00 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. 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 7:19 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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