

MINUTES

NORTH FORT BEND WATER AUTHORITY

June 26, 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 26th day of June, 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 Houghton and Gay, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Matt Froehlich, Fred Bauhof, and Whitney Milberger of BGE, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Sandra Staine, 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 meetings held May 14 and May 22, 2019. After review and discussion, Director Hebert moved to approve the minutes as presented. Director Darden seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. In response to a meeting attendee's inquiry, Mr. Bauhof stated that a tour of the site of the City of Houston's (the "COH") Northeast Water Purification Plant ("NEWPP") Expansion Project has been delayed until the fall. There being no additional public comments, Director Patton closed the meeting to public comments.

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 attendance at the Authority's booth at the Association of Water Board Directors ("AWBD") summer conference. She stated that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve the purchase of 400 assorted "Fun Ribbons" distributed at the booth in the amount of \$117.13.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve purchasing 720 Heavy Duty 7 Spray Hose Nozzles, 500 1.5 GPM Chrome Earth Showerheads, and 540 Blue Stop in Time shower timers in the amount of \$5,476.00.

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 community and municipal utility district events.

Ms. Kovar reported that 135 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during May, 2019. She stated that Rachio Generation 2 Smart Controllers were distributed to five winners during May using random number generator software to determine the winners pursuant to the WISE Guys Program's Giveaway Incentive Program.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported on her coordination with ABHR on the preparation of an Alternative Water Supply Agreement with Fort Bend County Municipal Utility District No. 133 for a proposed rain water harvesting system.

Ms. Kovar reported on implementation of the Authority's 2019 Larry's Toolbox water conservation program. She stated that additional bill inserts promoting water conservation have been distributed to the operating companies for distribution at customer care offices.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve purchasing two Larry's Toolbox water conservation signs for the City of Fulshear stating "Water Saving City" instead of "Water Saving MUD" in the amount of \$118.00.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve first quarter water rate rebate payments to the participants in the Authority's 2018 Larry's Toolbox water conservation program that earned the required seven points necessary to receive a reduced 2019 water rate in the amount of \$124,956.33.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board approve (i) proposals from Ridgewood Landscaping, Inc. ("Ridgewood") and execution of Consulting Service Agreements with Ridgewood and Cinco Municipal Utility District Nos. 5 and 12 for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amounts of \$13,800.00 and \$18,520.00, respectively; and (ii) a proposal from Masuen Consulting, LLC ("Masuen") and execution of a Consulting Service Agreement with Masuen and Fort Bend County Municipal Utility District No. 118 for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$24,621.00. Ms. Miller discussed an update to the procedures for the initiative related to requesting approval of the proposal and agreement at the same time to provide for more efficient implementation of the initiative.

Ms. Kovar reported that the Authority's CCR Committee recommended that the Board authorize execution of Consulting Service Agreements with (i) WaterLogic, Inc. ("WaterLogic") and Fort Bend County Municipal Utility District No. 156; and (ii) Masuen and Cinco Municipal Utility District No. 9 for previously approved proposals for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative.

Following review and discussion, Director Hebert moved to:

- (1) approve the purchase of 400 assorted "Fun Ribbons" distributed at the Authority's booth at the AWBD summer conference in the amount of \$117.13;
- (2) approve purchasing 720 Heavy Duty 7 Spray Hose Nozzles, 500 1.5 GPM Chrome Earth Showerheads, and 540 Blue Stop in Time shower timers in the amount of \$5,476.00;
- (3) approve purchasing two Larry's Toolbox water conservation signs for the City of Fulshear stating "Water Saving City" instead of "Water Saving MUD" in the amount of \$118.00;
- (4) approve first quarter water rate rebate payments to the participants in the Authority's 2018 Larry's Toolbox water conservation program that earned

the required seven points necessary to receive a reduced 2019 water rate in the amount of \$124,956.33;

- (5) approve proposals from Ridgewood and execution of Consulting Service Agreements with Ridgewood and Cinco Municipal Utility District Nos. 5 and 12 for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amounts of \$13,800.00 and \$18,520.00, respectively;
- (6) approve a proposal from Masuen and execution of a Consulting Service Agreement with Masuen and Fort Bend County Municipal Utility District No. 118 for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$24,621.00.
- (7) authorize execution of a Consulting Service Agreement with WaterLogic and Fort Bend County Municipal Utility District No. 156 for a previously approved proposal for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$21,360.00; and
- (8) authorize execution of a Consulting Service Agreement with Masuen and Cinco Municipal Utility District No. 9 for a previously approved proposal for implementing the 2019 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$29,980.00.

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. Logsdon 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. Ms. Logsdon reviewed one additional check for payment of an invoice for legal fees from Orrick, Herrington & Sutcliffe LLP. Following review and discussion, Director Hebert moved to approve the bookkeeper's report as presented, including execution of the additional check. 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 that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board approve a quote from Hayes Automation, LLC ("Hayes") for biannual maintenance and on-call services for the supervisory control and data acquisition ("SCADA") system at the Bellaire Pump Station and remote meter sites in the annual amount of \$61,650.00, subject to Inframark entering into a contract for the services with Hayes.

Mr. Clayton reported that the Authority's CPD Committee recommended that the Board approve a quote from Inframark to perform an annual survey of the Authority's 125 valves in the amount of \$30,000.00.

Following review and discussion, Director Hebert moved to approve the operator's report as presented, including approval of (1) a quote from Hayes for biannual maintenance and on-call services for the SCADA system at the Bellaire Pump Station and remote meter sites in the annual amount of \$61,650.00, subject to Inframark entering into a contract for the services with Hayes; and (2) a quote from Inframark to perform an annual survey of the Authority's 125 valves in the amount of \$30,000.00. 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 on a hearing held by the Fort Bend Subsidence District (the "FBSD") regarding the effects of groundwater withdrawal on subsidence of the land. She stated that the FBSD's 2018 Annual Groundwater Report Executive Summary will be posted on the FBSD's website.

Mr. Froehlich reported that BGE received notification and provided an acknowledgement letter regarding Fort Bend County Municipal Utility District No. 37's proposed annexation of a 10.43-acre tract of land.

Mr. Froehlich reported on coordination with ABHR on the preparation of GRP Participation Agreements with (1) Charleston Municipal Utility District; and (2) Fort Bend County Municipal Utility District No. 24 ("FB 24"), to include only the

approximately 520 acres of land proposed for annexation by FB 24. Mr. Froehlich stated the GRP Participation Agreement has been forwarded to Charleston Municipal Utility District for review and execution. He reported that BGE is coordinating with the engineer for FB 24 on information needed to prepare a final GRP Participation Agreement.

Mr. Froehlich reported on 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.

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 Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194"), consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated a final pay estimate from C4 Partners, LLC for the Phase 1 wastewater plant improvements is anticipated for July. He stated that submission of plans and specifications for the Phase 2 reclaimed water distribution system is pending completion of acquisition of the necessary property rights.

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 construction is nearing completion.

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 by Costello, Inc. for the Phase 2 reclaimed water distribution system are pending acquisition of the necessary property rights. Mr. Froehlich stated that the Texas Water Development Board (the "TWDB") approved the Authority's contract with JTR Constructors Inc. for construction of the Phase 1 wastewater plant improvements and issuance of Notice to Proceed to the contract is anticipated for July 15, 2019.

Mr. Froehlich reported that Jones & Carter, Inc. is waiting for the COH's final approval of the plans and 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. He reminded the Board that advertisement for bids for the project was previously authorized on October 24, 2018.

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"). He reported that BGE is coordinating with ABHR to expedite the preparation of a contract with Enchanted Rock, LLC ("Enchanted Rock") for the installation, commission, and servicing of 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.

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 Texas Water Development Board (the "TWDB") approved the Authority's request for release of escrowed bond funds for payment of the WHCRWA's cash call for third quarter 2019 expenses for the SWSP due July 1, 2019, in the amount of \$8,539,980.00.

Mr. Froehlich reported on the status of design and easement acquisition for Segments A, B, and C, and the design of the Kinder Morgan Segment, the sub-segments for Segment 3, the Re-Pump Station, and the Central Pump Station for the SWSP. He discussed the schedule for WHCRWA's contractor pre-qualification process for long tunnel contractors. He reported that a coordination meeting regarding controls and SCADA integration for the RePump and Central pump stations was held on June 19, 2019.

Mr. Froehlich reported that BGE reviewed the COH's Fiscal Year 2017 True-Up, supporting data, and O&M AUP report for the East Water Purification Plant and found no discrepancies. He stated that BGE recommends approval of the COH's Fiscal Year 2017 True-Up.

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. Bauhof reported on the status of design of the COH's NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). Mr. Bauhof reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6.

Mr. Bauhof reported that a Consensus Vote for the approval of the amendment to the Design-Build Agreement with HWT and the contract amendment for Carollo Engineers, Inc.'s Project Advisor/Technical Consultant ("PATC") services, followed by the COH's Cash Call Nos. 8B and 8C for funding of an initial portion of the Balance of Plant Guaranteed Maximum Price and the PATC services, are anticipated to be received on June 26, 2019. He reported that the Request for COH Council Action for the

amended HWT and PATC contracts is planned for July 10, 2019. He reported that the TWDB approved the Authority's request for release of escrowed bond funds for payment of the COH's Cash Call Nos. 8B and 8C, subject to receipt thereof in the amount of \$79,786,471.00.

Ms. Kovar reported that the COH City Council approved the Authority's First Amendment to Second Supplement to Water Supply Agreement with the COH. Mr. Oliver discussed operational, procedural, and funding mechanisms included in the agreement related to operations, maintenance, and the Authority's pro rata share of increased plant capacity.

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

- (1) authorize payment of a cash call from the WHCRWA for third quarter 2019 expenses for the SWSP in the amount of \$8,539,980.00;
- (2) approve COH's Fiscal 2017 True-Up for the East Water Purification Plant; and
- (3) authorize payment of Cash Call Nos. 8B and 8C from the COH for the NEWPP Expansion Project in the amount of \$79,786,471.00, subject to receipt.

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

AUTHORITY FINANCING PLAN MATTERS

Ms. Miller discussed the Authority's financing plan, including the anticipated 2019 schedule for issuing bonds through the TWDB's State Water Implementation Revenue Fund for Texas, as well as open market and refunding bonds.

Ms. Miller reminded the Board that the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. is scheduled to expire on August 15, 2019. She presented a First Amendment to Note Purchase Agreement extending the term of the agreement to August 15, 2021.

Ms. Miller reported that the Authority's Water System Revenue Note, Series A, issued to JPMorgan Chase Bank in the amount of \$30,000,000, matures on August 13, 2019. She stated that the Authority's financial advisor recommends approval of a Notice of Continuation to extend the maturity date to August 12, 2020.

Following review and discussion, Director Hebert moved to authorize execution of (1) the First Amendment to Note Purchase Agreement with JPMorgan Chase Bank, N.A. as presented; and (2) the Notice of Continuation of the Authority's Water System Revenue Note, Series A, issued to JPMorgan Chase Bank in the amount of \$30,000,000.

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

CONTRACTS AND LEGAL CONFLICT WAIVERS

The Board concurred to defer this item.


REALTY INTEREST ACQUISITION

Mr. Oliver reviewed four Water Line Easements for Parcels 146R.49, 146R.55, GLR.15, GLR.38, GLR.44, and GLR.65, as listed on the attached Realty Interests Chart. Following review and discussion, Director Hebert moved to authorize execution of the Water Line Easements as presented. Director Darden seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board did not convene in executive session.

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


Secretary, Board of Directors

(SEAL)



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