

MINUTES
NORTH FORT BEND WATER AUTHORITY

November 17, 2016

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 17th day of November, 2016, 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, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Fred Bauhof, and Shayna Chapman of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Dale Clayton of Severn Trent Services, Inc. ("STSI"); Christina Miller 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 regular meeting held October 26, 2016, and special meeting held November 7, 2016. After review and discussion, Director Gay moved to approve the minutes as presented. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. A member of the public commented that the Authority was doing a great job. There being no additional public comments, Director Houghton closed the meeting to public comments.

MEETING SCHEDULE

Ms. Miller reminded the Board and the meeting attendees that the Authority has rescheduled its December 28, 2016, meeting date to Wednesday, December 14, 2016.

She stated that the December 7, 2016, special meeting of the Board has been cancelled.

ENGAGE ACCOUNTING FIRM

The Board considered an engagement letter from McCall Gibson Swedlund Barfoot, PLLC ("MGSB") for preparation of the Authority's annual financial statements. Ms. Miller discussed a requirement for the Authority's auditors to prepare additional supplemental schedules related to financing received from the Texas Water Development Board. She stated that MGSB's estimated fee for the fiscal year ending December 31, 2016, is not anticipated to exceed \$33,500. She reported that the Authority's Finance and Policy Committee recommended authorizing execution of the engagement letter with MGSB. Following review and discussion, Director Gay moved to authorize execution of the engagement letter with MGSB for preparation of the Authority's annual financial statements. Director Hebert seconded the motion, which was approved by unanimous vote.

ENGAGE AUDITOR

The Board considered an engagement letter from McGrath & Co., PLLC ("McGrath") for preparation of the Authority's annual audits. Ms. Miller stated that McGrath's estimated fee for the fiscal year ending December 31, 2016, is not anticipated to exceed \$31,500. She reported that the Authority's Finance and Policy Committee recommended authorizing execution of the engagement letter with McGrath. Following review and discussion, Director Gay moved to authorize execution of the engagement letter with McGrath for preparation of the Authority's annual audits. Director Hebert seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS, WATER CONSERVATION, AND REUSE MATTERS

Ms. Chapman presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached. She discussed matters related to public communications, water conservation, and effluent reuse, including training opportunities.

Ms. Chapman reported that 39 essays were received for the Authority's First Annual Essay Contest held October 3 - 23, 2016, on the topic of "Subsidence - what is it, how are we impacted, and how can we control it?" She stated that Certificates of Appreciation will be distributed to all of the participants in the contest. She reported that awards for essays that were judged to have placed 1st, 2nd, and 3rd in each of the grade levels will be distributed next month to students at Hodges Bend and James Bowie Middle Schools. She reported that two 7th graders at Bowie Middle School placed 3rd and requested authorization for the purchase of a \$100.00 gift card award for the additional 3rd place winner. She stated that a list of essays receiving awards is posted on the Authority's website.

Ms. Chapman reminded the Board of the previously approved expenditure for the purchase of materials for badges and mini rain barrels for a rescheduled Girl Scouts water conservation badge workshop event in the amount of \$390.00. She reported that the event had not yet been rescheduled and that Director Patton authorized use of the materials for a water conservation event held at Frost Elementary in Lamar Consolidated Independent School District on November 16, 2016.

Ms. Chapman discussed participation in scheduled homeowners association ("HOA") outreach activities, including Cinco Southwest Municipal Utility District No. 2's Family Festival on December 17, 2016.

Ms. Chapman reported that 166 irrigation evaluations were completed in October, 2016, through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She stated that a bill insert will be distributed this month to municipal utility districts participating in the WISE Guys Program.

Ms. Chapman reported that an Alternative Water Supply Credit Agreement with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") for construction of effluent reuse system facilities has been finalized and is ready for the Board's consideration.

Ms. Chapman reported on implementation of the Authority's 2017 Larry's Toolbox water conservation program. She stated that enrollment forms were distributed on September 29, 2016, and they are due for submission to the Authority by December 31, 2016.

Ms. Chapman reported on implementation of the Authority's 2016 Larry's Toolbox water conservation program. She recommended authorizing payment for six invoices from Masuen Consulting, LLC ("Masuen") for services related to the program's HOA irrigation system water evaluation/water budget initiatives.

Ms. Chapman reported on Glass House Strategy's activities, including development of a plan to transition to the Authority's new logo, development of a new tagline for the Authority, and review of a draft newsletter for distribution by the Authority.

Following review and discussion, Director Gay moved to authorize the following:

- (1) Purchase of a \$100.00 gift card for the additional 3rd place essay contest winner;
- (2) Execution of a Reclaimed Water Agreement with FB 146 and FB 194 for the Authority's project to construct the FB 146 and FB 194 effluent reuse system facilities; and

- (3) Payment of invoices submitted by Masuen for services related to the Authority's 2016 Larry's Toolbox water conservation program's HOA irrigation system water evaluation/water budget initiatives for:
- i. Cinco Municipal Utility District No. 1 ("Cinco 1") in the amount of \$863.50;
 - ii. Cinco Southwest Municipal Utility District No. 1 in the amount of \$31,919.80;
 - iii. Fort Bend County Municipal Utility District No. 30 in the amount of \$1,540.00;
 - iv. Fort Bend County Municipal Utility District No. 143 in the amount of \$11,180.40;
 - v. Fort Bend County Municipal Utility District No. 146 in the amount of \$662.31; and
 - vi. Fort Bend County Municipal Utility District No. 151 in the amount of \$376.20.

Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

FINANCIAL AND BOOKKEEPING MATTERS AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Ms. Logsdon presented and reviewed with the Board the bookkeeper's report, including checks for payment, 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 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. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the vote.

Ms. Logsdon reported that there were no delinquent fees or rule violations for consideration.

NOTICE OF PROPOSED ADOPTION OF AMENDED RATE ORDER

The Board reviewed a draft Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases which states that, at the Authority's December 14, 2016, meeting, the Board intends to consider adoption of an Amended Rate Order implementing a Groundwater Reduction Plan Fee in the amount of \$3.05 per 1,000 gallons of groundwater pumped and a Surface Water Fee in the amount of \$3.40 per 1,000 gallons of water delivered by the Authority, which increase correspondingly increases the Imported Water Fee, effective January 1, 2017. Following review and

discussion, Director Gay moved to authorize distribution of the Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases. Director Hebert 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 and reviewed with the Board 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 cost estimates for repairing or replacing the motor for the Bellaire Pump Station's Booster Pump No. 5 have been received from three contractors. He reported that the Authority's Capital Planning and Design Committee recommended that the Board approve the proposal from Burke's Mechanical Services, Inc. for repairing the motor in the amount of \$31,600.00. He updated the Board on research performed to determine the cause of the motor failure and whether it was eligible for submission as a claim to the Authority's insurance company. Following review and discussion, Director Gay moved to approve the proposal from Burke's Mechanical Services, Inc. for repairing the motor for the Bellaire Pump Station's Booster Pump No. 5 in the amount of \$31,600.00. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the discussion or the vote.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP"), AND RELATED AGREEMENTS

Ms. Kovar presented and reviewed with the Board 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 and permitting matters. She reported on a quarterly Fort Bend Subsidence District stakeholder meeting held November 10, 2016, including a tour of Cinco 1's effluent reuse facilities by the meeting participants.

Ms. Kovar reported on the development of a connection line reimbursement policy under review by the Authority's Capital Planning and Design Committee.

ENGINEERING MATTERS: ROUTING ANALYSES, DESIGN, AND CONSTRUCTION

Ms. Kovar reported on property acquisition matters for Main Segment 11 and the proposed site for a potential second pump station to treat and re-pressurize surface

water received from the West Harris County Regional Water Authority (the "WHCRWA") to be received via the Surface Water Supply Project.

Ms. Kovar reported that the Authority's contract with Hurtado Construction Company for construction of Main Segment 10B will be finalized pending receipt of a final report on testing of the cathodic protection system.

Ms. Kovar reported that Fort Bend County Municipal Utility District No. 134A has completed construction of a surface water line connection for its Water Plant No. 2. She stated the construction contract will be finalized when the plant receives electricity in approximately 30 days.

Ms. Kovar reported on the status of the Authority's project to construct a surface water line connection for Grand Mission Municipal Utility District No. 1's Water Plant No. 3. She reported that the Authority's Capital Planning and Design Committee recommended that the Board authorize payment of Pay Estimate No. 3 submitted by Principal Services Ltd. in the amount of \$105,104.07.

ENGINEERING MATTERS: FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

Ms. Kovar reported on the status of BGE's design of a surface water line connection for Fort Bend County Improvement District No. 24. She stated that advertisement for bids for the construction contract is pending easement acquisition.

Ms. Kovar reported on the status of Jones & Carter, Inc.'s preparation of design plans 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. She stated that 90% plan submittal to reviewing agencies is on hold pending 90% water plant plans.

Ms. Kovar reported on the status of BGE's Phase I Water Blending Study to determine whether additional chemical feed systems are needed to treat water to be received from the expanded Northeast Water Purification Plant. She stated that BGE is coordinating with the City of Houston (the "COH") and the municipal utility districts within the Authority to collect data for the study.

Ms. Kovar reported on the status of DCS Engineering, LLC's preparation of design plans for the Authority's project to construct the FB 146 and FB 194 effluent reuse system facilities to include an at-grade concrete water storage tank in place of the previously designed buried tank.

Ms. Kovar reported on STSI's schedule for performing communication system upgrades for the meter stations for the Authority's surface water line connections for FB 134A's Water Plant No. 2 and Fort Bend County Municipal Utility District No. 194's Water Plant No. 3. She stated that installation of equipment for the upgrade project is

anticipated to begin soon.

REGIONAL PLANNING MATTERS: JOINT PROJECTS, WATER SUPPLY CONTRACT, AND PROJECTS AND FUNDING

Ms. Kovar reported on matters related to the Authority's joint facilities with the WHCRWA, including the status of design contracts for the transmission line and two pump stations for the Surface Water Supply Project. She reported that the WHCRWA has begun providing its monthly engineering reports to the Authority, and they will be placed on the Authority's document sharing site.

Ms. Kovar reported on the status of the improvement project for the Bellaire Pump Station's Supervisory Control and Data Advisory system. She stated the majority of the new equipment is installed and functional and that the plant is anticipated to be operating completely on the new system in early December, 2016.

Ms. Kovar reported that Precon Corporation is scheduled to repair the inlet riser pipe for Ground Storage Tank No. 2 located at the Bellaire Pump Station site in December, 2016.

Ms. Kovar reported on coordination with Comcast on the installation of a hardwired internet connection to provide internet service to the Bellaire Pump Station that will be faster than the current cellular internet access.

Ms. Kovar reported that the Authority's Capital Planning and Design Committee recommended submitting an application to the COH for renewal of the storm water quality permit for the Bellaire Pump Station expiring November 21, 2016.

Ms. Kovar reported on COH water supply matters. She discussed the status of the Coastal Water Authority's Luce Bayou project, including the schedules for construction of the Capers Ridge pump station, construction contract advertisement and award for the canal, and design of three miles of parallel 96-inch water lines.

Mr. Bauhof reported on the status of the COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team, including development of a revised scope, budget, and schedule for the COH's proposed increase in plant capacity.

In response to Directors' inquiries, Jim Cusack of Cinco 1 reported that Cinco 1 is testing its effluent reuse water prior to delivery. He stated that construction of Cinco 1's brackish well is nearly complete, and construction of Cinco 1's desalination plant is underway.

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

- (1) Payment of Pay Estimate No. 3 submitted by Principal Services Ltd. in the amount of \$105,104.07 for the Authority's project to construct a surface water line connection for Grand Mission Municipal Utility District No. 1's Water Plant No. 3; and
- (2) Submission of an application to the COH for renewal of the storm water quality permit for the Bellaire Pump Station expiring November 21, 2016.

Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

CONTRACTS

Ms. Miller reviewed with the Board a proposal for performance of required arbitrage rebate and yield restriction analyses for the Authority's Series 2011 Bonds by OmniCap Group, LLC in the amount of \$5,000.00. Upon a motion made by Director Gay and seconded by Director Hebert, the Board voted unanimously to accept the proposal from OmniCap Group, LLC as recommended, except for Director Houghton who was not present for the vote.

REALTY INTEREST ACQUISITION

Ms. Miller presented and reviewed with the Board six Water Line Easements with Firethorne Community Association, Inc. for ten parcels located in Main Segment 15, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easements. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

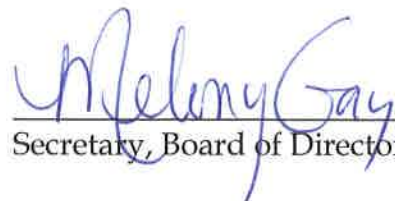
CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session.

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

(SEAL)




Secretary, Board of Directors

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