

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 27, 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 27th day of July, 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 except Director Gay, thus constituting a quorum.

Also present for all or part of the meeting were Lindsey Kovar, Shayna Chapman, Fred Bauhof, and Janice Hayes of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Dale Clayton of Severn Trent Services, Inc. ("STSI"); David Oliver, Christina Miller, Jennifer Ramirez, 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 its regular meeting held on June 22, 2016. After review and discussion, Director Patton moved to approve the minutes as written. Director Fay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. Mr. Steve Talecki requested information for addressing an ammonia smell coming from water in Fort Bend County Municipal Utility District 134C ("FB 134C"). Director Houghton stated Mr. Talecki should report it to FB 134C. Mr. Clayton stated he would investigate the matter further the next day, as STSI is also the operator for FB 134C. There being no further public comments, Director Houghton closed the meeting to public comments.

PUBLIC COMMUNICATIONS, WATER CONSERVATION AND REUSE

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 discussed development of a presentation, "Water Conservation - A Community Effort," and stated that the Authority has received several requests by libraries for a copy of the presentation. Ms. Chapman presented and reviewed a Service Agreement with freelance graphic designer, Farouk Taoutaou, in the amount of \$550.00, and a Service Agreement with A Single Click in the amount of \$900.00, for work related to the preparation of the Authority's water conservation animated presentation and recommended approval.

Ms. Chapman recommended the Authority participate in the Fort Bend County Master Gardners' Kids Kamp scheduled for August 11, 2016, at the Fort Bend County Agriculture Center and approve use of the Authority's water conservation mobile teaching lab at the event.

Ms. Chapman recommended the Authority approve use of the Authority's water conservation mobile teaching lab at the Grand Lakes National Night Out event on August 2, 2016.

Ms. Chapman requested authorization to allow BGE to purchase 4"x4" display ads from Krenek Printing to run in 12 community newsletters in the amount of \$2,417.10, as discussed with the Communication, Conservation, and Reuse Committee. She stated the ads would reach approximately 40,000 households in the Authority.

Ms. Chapman reported on the number of irrigation evaluations completed per the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program").

Ms. Chapman reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She stated that BGE is currently reviewing a geotechnical report received from Meadowbrook Farms Home Owners Association in Fort Bend County Municipal Utility District No. 34. She reported that BGE received a water credit request from Fort Bend County Municipal Utility District No. 122 that is currently under review.

Ms. Chapman reported on implementation of the Authority's Larry's Toolbox water conservation program. She stated that the following Larry's Toolbox Program Participation Agreements were ready for Board execution: (i) Cinco Municipal Utility District No. 7; and (ii) Fort Bend County Municipal Utility District No. 185.

Mr. Oliver stated that ABHR represents Fort Bend County Municipal Utility District No. 30 and Fort Bend County Municipal Utility District No. 143 in connection with certain matters related to the preparation and review of proposed agreements for

participation in the Authority's Larry's Toolbox water conservation program or certain initiatives contained therein, discussed the Authority's option to retain independent counsel or ABHR to represent it in connection with the agreements, and reviewed a legal conflicts waiver.

Ms. Chapman reported on the status of implementing the Larry's Toolbox water conservation program's Homeowners Association ("HOA") Irrigation Water Budget and HOA Golf Course Irrigation System Evaluations initiatives. She stated that Consulting Services Agreements with the following entities were ready for Board execution: (i) Fort Bend County Municipal Utility District No. 143 and Masuen Consulting, LLC; (ii) Fort Bend County Municipal Utility District No. 30 and Masuen Consulting, LLC; and (iii) Fort Bend County Municipal Utility District No. 185 and Water Logic, Inc.

Ms. Chapman reported on messages and bill inserts for distribution to participants in the Larry's Toolbox water conservation program's Conservation Information initiative. She stated that all Larry's Toolbox water conservation program participants would receive an e-mail from BGE with a mid-year status update on initiative implementation.

Ms. Chapman reported on Glass House Strategy's activities related to redesign of the Authority's logo.

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

- (1) Execution of a Service Agreement with freelance graphic designer, Farouk Taoutaou, in the amount of \$550.00, and a Service Agreement with A Single Click in the amount of \$900.00;
- (2) Participation with water conservation mobile lab usage at the Fort Bend County Master Gardeners' Kids Kamp on August 11, 2016, and the Grand Lakes National Night Out event on August 2, 2016;
- (3) BGE to purchase 4"x4" display ads from Krenek Printing to run in 12 community newsletters in the amount of \$2,417.10;
- (4) Execution of Larry's Toolbox Program Participation Agreements with Cinco Municipal Utility District No. 7 and Fort Bend County Municipal Utility District 185;
- (5) Execution of a legal conflicts waiver related to ABHR's preparation and review of proposed agreements for participation in the Authority's Larry's Toolbox water conservation program or certain initiatives contained therein with Fort Bend County Municipal Utility District No. 30 and Fort Bend County Municipal Utility District No. 143; and
- (6) Execution of Consulting Services Agreements with: (i) Fort Bend County

Municipal Utility District No. 30 and Masuen Consulting, LLC; (ii) Fort Bend County Municipal Utility District No. 143 and Masuen Consulting, LLC; and (iii) Fort Bend County Municipal Utility District No. 185 and Water Logic, Inc.

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

RECLAIMED WATER PRODUCTION AND SUPPLY AGREEMENT

Ms. Miller presented and discussed a Reclaimed Water Production and Supply Agreement with Grand Lakes Municipal Utility Districts Nos. 1, 2, and 4. In response to a question from Director Houghton, Ms. Miller updated the Board on the status of the easements related to the Reclaimed Water Production and Supply Agreement. Following review and discussion, Director Hebert moved to approve the Reclaimed Water Production and Supply Agreement with Grand Lakes Municipal Utility Districts Nos. 1, 2, and 4. Director Fay seconded the motion, which was approved by unanimous vote.

SERIES 2016A WATER SYSTEM JUNIOR LIEN REVENUE BONDS

Ms. Miller reviewed the procedures for issuance of the Authority's \$9,420,000 Water System Junior Lien Revenue Bonds, Series 2016A ("Series 2016A Bonds"). She stated that the Authority is required to have a pledged revenue analysis performed as a requirement for the second issue of Junior Lien Revenue Bonds. Ms. Miller presented an engagement letter from McGrath & Co., PLLC, to perform the required pledged revenue securities analysis. She stated that the closing date for the Authority's Series 2016A Bonds is scheduled for August 25, 2016. Following review and discussion, Director Hebert moved to: (1) adopt a Resolution Authorizing the Issuance, Sale, and Delivery of the North Fort Bend Water Authority Water System Junior Lien Revenue Bonds, Series 2016A; Approving the Form and Substance and Authorizing the Execution of a Fifth Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject; (2) authorize the Board of Directors to sign all documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action in connection with the issuance of the Authority's Series 2016A Bonds; (3) authorize execution of a Certificate Regarding Provision of Financial Advice; (4) engage McGrath & Co., PLLC to perform pledged revenue analysis; and (5) approve issuing a check to the Attorney General relating to bond issue transcript review. Director Fay seconded the motion, which was approved by unanimous vote.

LOAN FORGIVENESS AGREEMENT

Ms. Miller presented and reviewed a Loan Forgiveness Agreement and related Escrow Agreement with the Texas Water Development Board. She stated the Authority will receive loan forgiveness in the amount of \$1,620,000. Following review and

discussion, Director Hebert moved to: (1) authorize execution of the Loan Forgiveness Agreement with the Texas Water Development Board; and (2) authorize the Board of Directors to sign all documents relating to the Loan Forgiveness Agreement and authorize the Authority's attorney and financial advisor to take all necessary action in connection with the Loan Forgiveness Agreement. Director Fay seconded the motion, which was approved by unanimous vote.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Ms. Miller reviewed an insurance renewal proposal for the Authority's insurance policies scheduled to expire on August 2, 2016, in the amount of \$176,107.00, a copy of which is attached. Following review and discussion, Director Herbert moved to approve the insurance renewal proposal in the amount of \$176,107.00. Director Patton 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 and reviewed with the Board the bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, a summary of investments, a schedule of debt service payments, a schedule of the number of inspections completed for the Authority's WISE Guys Program, the income statement for the Enterprise Fund, and the quarterly investment report, a copy of which is attached. A copy of the bookkeeper's report is attached. Ms. Lightbody reported on the transfer of funds between accounts to pay for the Authority's debt service payment. Following review and discussion, Director Hebert moved to approve the bookkeeper's report. Director Patton seconded the motion, which was approved by unanimous vote.

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

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 on an emergency repair of a 48" waterline on Main Segment No. 1 in the amount of \$47,912.98. He stated that the repair was performed by D.L. Elliott Enterprises, Inc. in coordination with BGE's field inspector. In response to a question from Director Houghton, Mr. Clayton stated that the waterline was out of warranty.

Mr. Clayton presented and discussed a proposed amendment to the Authority's Professional Services Agreement with STSI to include irrigation inspection services for

implementation of the Authority's Larry's Toolbox water conservation program Irrigation Permits initiative. He indicated that the amendment contains a monthly service fee of \$650 to provide an inspector and program management, as well as the billing of irrigation inspections on a time and materials basis for the first year to provide a baseline for a standardized fee.

Following review and discussion, Director Hebert moved to: (1) approve the operator's report; and (2) approve the amendment to the Authority's Professional Services Agreement with STSI to include irrigation inspection services. Director Patton seconded the motion, which carried unanimously.

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 the engineer's report is attached.

Ms. Kovar reported on matters related to the Authority's GRP, including the status of the Authority's applications for over-conversion credits and permit fee rebates, monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority, and permitting matters. She reported that BGE is working with ABHR to review and standardize the Authority's policy for reimbursement of the costs of design and of the construction of connection surface water lines for additional water plants for municipal utility districts that have previously been converted to surface water.

ENGINEERING MATTERS

ROUTING ANALYSES, DESIGN, AND CONSTRUCTION PROJECTS

Ms. Kovar reported on property acquisition matters for the Fort Bend County Municipal Utility District No. 30 Water Plant No. 3 connection line and Main Segments 11, 13B, and 15.

Ms. Kovar reported on the status of the Authority's project with Cinco Municipal Utility District No. 1 ("Cinco 1") on the installation of the extensometer for the Authority's joint brackish groundwater study of a production well in the Jasper aquifer with Cinco 1. She reported that the project is complete, and Cinco 1 has presented a request for reimbursement of remaining costs in the amount of \$60,982.50 consistent with the terms of the letter agreement between Cinco 1 and the Authority.

Ms. Kovar reported on the status of the Authority's project to construct Main Segment 10B per its contract with Hurtado Construction Company. She stated that the contractor addressed minor finalization items for the cathodic protection system, and

the system is being retested.

Ms. Kovar reported that Fort Bend County Municipal Utility District No. 134A's construction of a surface water line connection and meter station for its Water Plant No. 2 is complete, and finalization of the project is pending successful test results for the meter station.

Ms. Kovar reported on the status of Fort Bend County Municipal Utility District No. 146's construction of a surface water line connection for its Water Plant No. 3. She stated construction is complete, and Fort Bend County Municipal Utility District No. 146 will receive surface water pending minor corrective actions by their contractor.

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.

FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

Ms. Kovar reported on the status of the preparation of design plans for the Authority's projects to construct surface water line connections for Fort Bend County Improvement District No. 24 by BGE and Fort Bend County Municipal Utility District No. 30's Water Plant No. 3 by Jones & Carter, Inc.

Ms. Kovar reported that BGE is preparing a proposal to perform a water blending study to determine whether additional chemical feed systems will be necessary to treat water received from the Northeast Water Purification Plant Expansion. She stated that BGE will have a proposal to present to the Board in August.

Ms. Kovar reported that BGE in conjunction with the Authority's property acquisition consultant is investigating possible locations for a potential second pump station to treat and re-pressurize surface water received from the West Harris County Regional Water Authority ("WHCRWA") via the Surface Water Supply Project.

Ms. Kovar stated that BGE is investigating a paving failure in Main Segment 7A in Fort Bend County Municipal Utility District No. 143 at Baldwin Elm Dr. She stated that BGE is obtaining a quote for repair.

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 two pump stations for the Surface Water Supply Project.

Ms. Kovar updated the Board on the status of the system improvements, upgrades, and programming modifications to fully utilize the monitoring, control, and

energy efficiency capabilities of the Bellaire Pump Station's Supervisory Control and Data Advisory system. She stated that the kick off meeting was held on July 20, 2016.

Ms. Kovar reported on BGE's investigation of a failure of the SolarBee floating mixer and inlet riser structure in ground storage tank no. 2 at the Bellaire Pump Station site. She reported that BGE is obtaining estimates for repairs to the inlet riser. She stated that BGE is not recommending replacement of the SolarBee floating mixer unit in the ground storage tank no. 2, as it is no longer necessary for operation.

Ms. Kovar reported on City of Houston ("COH") water supply matters. She stated that the fiscal year 2015 True-up calculations received from the COH for improvements on the Northeast Water Purification Plant have been reviewed, and BGE concurs with the information provided.

Ms. Kovar discussed the status of the Coastal Water Authority's Luce Bayou project, including the construction schedule for the Capers Ridge pump station and the design schedules for the canal and 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. He discussed a team chartering meeting conducted by the Project Management Team and workshop meetings attended by participants in the project to refine concept development. He reported that a Draft Basis of Design Report was submitted on July 25, 2016. He stated that the Basis of Design tasks (Component 1) are currently on schedule and budget.

Following review and discussion, Director Hebert moved to approve the engineer's report and approve the reimbursement request from Cinco 1 in the amount of \$60,982.50 for installation of the extensometer. Director Fay seconded the motion, which was approved by unanimous vote.

CONTRACTS FOR SERVICES

There was no discussion on this matter.

REALTY INTEREST ACQUISITION

Mr. Oliver presented and reviewed with the Board a Water Line Easement and a side letter agreement with Fort Bend County Improvement District No. 24 for Parcel 13A.L01.03, and an Effluent Reuse Facility Easement with Grand Lakes Mission Municipal Utility District No. 4, as listed on the attached Realty Interests Chart. Following review and discussion, Director Hebert moved to authorize execution of the Water Line Easement, side letter agreement, and Effluent Reuse Facility Easement. Director Patton seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 6:52 p.m., to consult with its attorneys regarding the Authority's legal rights and obligations under the Second Supplement to the Water Supply Contract with the COH. The Board determined that the attendance in this executive session of Mr. Bauhof, as the representative of the Authority, is necessary in order for the Board to obtain the necessary legal advice from its attorneys, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:30 p.m., the Board reconvened in open session. The Board took no action in open session.

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

(SEAL)




Secretary, Board of Directors

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