

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 28, 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 28th day of September, 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 Houghton, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, Lindsey Kovar, Matthew L. Froehlich, Fred Bauhof, and Janice Hayes of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Terrell Palmer of FirstSouthwest, a Division of Hilltop Securities Inc.; Dale Clayton of Severn Trent Services, Inc.; David Oliver, 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 its meetings held August 24, and September 7, 2016. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. There being no public comments, Director Patton closed the meeting to public comments.

PUBLIC COMMUNICATIONS, WATER CONSERVATION AND REUSE

Ms. Kovar 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. She requested that the Board authorize the attendance of Director Gay at the Texas Water Conservation Association's 2016 Fall Conference scheduled for October 12 - 14, 2016.

Ms. Kovar reported on the use of the Authority's water conservation mobile teaching lab at the Fort Bend County Fair's AG'tivity Barn event from September 26 - 30, 2016, several homeowners associations' National Night Out and Fall Festival events scheduled during October, 2016, and a Girl Scout Water Conservation Badge Program scheduled November 5, 2016.

Ms. Hayes reported on the development of the Authority's First Annual Essay Contest on the topic of subsidence. She stated that the contest is scheduled to be held at Hodges Bend and David Crockett Middle Schools in the Fort Bend Independent School District during October 3 - 23, 2016. She stated that the Authority's Communication, Conservation, and Reuse Committee recommended that the Board approve adding James Bowie Middle School as a third participant in the contest. She said that the committee also recommended that the Board approve providing gift card prizes to first, second, and third place winners at each of the schools in the total amount of \$5,400.00, and certificates of participation for each contestant. She invited volunteers to act as judges for the contest.

Ms. Kovar reported on the development of a tri-fold, color brochure providing information regarding the Authority, including current and future construction projects and water conservation initiatives. She stated that the Authority's Communication, Conservation, and Reuse Committee recommended that the Board authorize the execution of a Service Agreement with Brian Torvik Design for design and printing of 1,000 copies of the brochure in the amount of \$590.00.

Ms. Kovar reported that 227 irrigation evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program").

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts.

Ms. Kovar reported on implementation of the Authority's 2016 Larry's Toolbox water conservation program. She stated that a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 151 and Masuen Consulting, LLC ("Masuen") for the program's Homeowners Association ("HOA") Irrigation Water Budget and HOA and Golf Course Irrigation System Evaluations initiatives in the amount of \$12,405.00 was ready for the Board's execution. She recommended that the Board authorize payment for two invoices from Masuen for services related to the program's initiatives for Cinco Municipal Utility District No. 1 and Fort Bend County Municipal Utility District No. 146 in the total amount of \$19,846.00.

Ms. Kovar discussed the proposed schedule for implementing the Authority's 2017 Larry's Toolbox water conservation program. She reported that 28 people attended an information session regarding the program held September 8, 2016.

Ms. Kovar reported that the Authority's Finance and Policy Committee recommended that the Board authorize execution of a Performance Service Agreement with Randal Lemmon for spokesperson services.

Ms. Kovar reported on Glass House Strategy's activities related to redesign of the Authority's logo and development of a tagline.

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

- (1) Attendance of Director Gay at the Texas Water Conservation Association's 2016 Fall Conference;
- (2) Addition of James Bowie Middle School as a participant in the Authority's first annual essay contest and purchase and distribution of gift card prizes in the total amount of \$5,400.00, and certificates of participation;
- (3) Execution of a Service Agreement with Brian Torvik Design for design and printing of 1,000 copies of a tri-fold, color brochure providing information regarding the Authority in the amount of \$590.00;
- (4) Execution of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 151 and Masuen for the Authority's 2016 Larry's Toolbox water conservation program's initiatives in the amount of \$12,405.00;
- (5) Payment of invoices submitted by Masuen for services related to the Authority's 2016 Larry's Toolbox water conservation program's initiatives for Cinco Municipal Utility District No. 1 and Fort Bend County Municipal Utility District No. 146 in the total amount of \$19,846.00; and
- (6) Execution of a Performance Service Agreement with Randal Lemmon for spokesperson services.

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

2017 LARRY'S TOOLBOX WATER CONSERVATION PROGRAM

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse and Finance and Policy Committees recommended that the Board adopt a Resolution Establishing the 2017 Larry's Toolbox Water Conservation Program and the Guide Document for the program. She stated that no participation agreements will be required and no changes have been made to the program's initiatives. She reported that submission of new enrollment forms will be required for participation in the program and discussed the schedule for distributing information regarding the program to the

Authority's constituents. Following review and discussion, Director Gay moved to adopt a Resolution Establishing the 2017 Larry's Toolbox Water Conservation Program. Director Hebert seconded the motion, which carried unanimously.

AMENDED POLICY FOR WATER CONSERVATION MOBILE TEACHING LAB USE

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee recommended that the Board adopt a Resolution Adopting Third Amended Policy for Use of Water Conservation Mobile Teaching Lab. Ms. Miller reviewed changes made to the policy and stated that the changes are intended to facilitate use of the trailer. Following review and discussion, Director Gay moved to adopt a Resolution Adopting Third Amended Policy for Use of Water Conservation Mobile Teaching Lab. Director Hebert seconded the motion, which carried unanimously.

INTERLOCAL AGREEMENT FOR WATER WISE PROGRAM

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee recommended that the Board authorize execution of an Interlocal Agreement with the Fort Bend Subsidence District for the Authority's sponsorship of students for the Learning to be Water Wise Program. Following discussion, Director Gay moved to authorize execution of the agreement to provide for sponsorship of students in eligible area schools. Director Hebert seconded the motion, which was approved by unanimous vote.

ISSUANCE OF SERIES 2016B WATER SYSTEM JUNIOR LIEN REVENUE BONDS

Mr. Palmer reviewed with the Board a document titled, "Regulatory Disclosure Regarding Municipal Advisory Agreement" pursuant to Rule G-42 of the Municipal Securities Rulemaking Board. He reported that the document was previously sent to Director Houghton who acknowledged receipt. Following discussion, the Board directed that the document be filed appropriately and retained in the District's official records.

Mr. Palmer discussed the Authority's planned issuance of a series of privately placed bond issues with the Texas Water Development Board (the "TWDB") from 2015 through 2022 that are subsidized by the State Water Implementation Revenue Fund for Texas ("SWIRFT") to pay for the Authority's share of costs for the Surface Water Supply Project and the City of Houston's (the "COH") Northeast Water Purification Plant Expansion Project. He discussed interest cost savings over the lifespan of the bonds and recommended awarding the Authority's Series 2016B Bonds to the TWDB.

Mr. Oliver reviewed the procedures for issuing the Authority's Series 2016B Bonds. He stated that the closing date for the Authority's Series 2016B Bonds is scheduled for October 27, 2016. Following review and discussion, Director Gay 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 2016B; Approving the Form and Substance and Authorizing the Execution of a Sixth 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 2016B Bonds; (3) authorize execution of a Certificate Regarding Provision of Financial Advice; and (4) approve issuing a check to the Attorney General relating to bond issue transcript review. Director Hebert seconded the motion, which was approved by unanimous vote.

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

Ms. Lightbody 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, and the income statement for the Enterprise Fund. A copy of the bookkeeper's report is attached.

Ms. Lightbody reported that the Authority's Finance and Policy Committee recommended that the Board approve renewing an expiring Certificate of Deposit with Compass Bank and adopting updated Resolutions Authorizing Consultant Representative to include an additional authorized consultant representative, Laurie Temple. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including renewal of an expiring Certificate of Deposit with Compass Bank and adoption of updated Resolutions Authorizing Consultant Representative to include Laurie Temple as an additional authorized consultant representative. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Lightbody 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 that cost estimates are being solicited for repairing or replacing the motor for the Bellaire Pump Station's booster

pump no. 5. He discussed back-charges assessed to a contractor that damaged a water line in Main Segment 4B. He stated that the water accountability rates for July and August, 2016 were impacted by the timing of meter readings and responded to Director Patton's inquiry regarding the amount of bleach purchased. Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which carried unanimously.

REGULATORY MATTERS

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

Mr. Froehlich presented and reviewed with the Board the engineer's report. A copy of the engineer's report 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 and permitting matters. He reported on a public hearing held earlier in the day regarding the Fort Bend Subsidence District's proposed rule amendment related to metering of small wells. He stated that BGE does not recommend objecting to the amendment.

Mr. Froehlich reported that water supply matters were discussed with the Authority's Capital Planning and Design Committee, and the committee instructed ABHR to draft Water Supply Letter Agreements with Fort Bend County Municipal Utility District Nos. 30, 58, 146, and 194. Ms. Miller stated that the agreements were drafted per the Authority's standard form of agreement per direction of the committee and reviewed legal conflict waiver provisions included in the agreements informing the Board of its option to retain independent counsel or ABHR to represent it in connection with the agreements. She stated that the agreements were ready for consideration by the Board.

Mr. Froehlich reported that the Texas Commission on Environmental Quality has acknowledged receipt of the Authority's updated Emergency Preparedness Plan.

ENGINEERING MATTERS

ROUTING ANALYSES, DESIGN, AND CONSTRUCTION PROJECTS

Mr. Froehlich reported on property acquisition matters for the surface water line connection to Fort Bend County Municipal Utility District No. 30's Water Plant No. 3 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") via the Surface Water Supply Project.

Mr. Froehlich reported on BGE's coordination with a property owner and the engineer for Fort Bend County Municipal Utility District No. 132 ("FB 132") to determine a mutually agreeable relocation site for a barbed wire fence through Parcels 8.02, 8.04, and 8.05 for FB 132's project to install a sanitary sewer line and force main.

Mr. Froehlich reported that a meeting will be held with representatives of Harris-Fort Bend Counties Municipal Utility District No. 3 ("HFB 3") to discuss HFB 3's concerns regarding the Authority's proposed construction of a 60-inch water line and the associated easement located in a portion of HFB 3's lift station site in Parcel 19.05.

Mr. Froehlich 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.

Mr. Froehlich reported that Fort Bend County Municipal Utility District No. 134A ("FB 134A") has completed construction of a surface water line connection to its Water Plant No. 2 and has requested that the Authority deliver surface water to the plant. He stated that the plant will be powered by an auxiliary generator for approximately 60 days prior to receiving electricity.

Mr. Froehlich reported on the status of the Authority's project to construct a surface water line connection to Grand Mission Municipal Utility District No. 1's Water Plant No. 3. He reported that the Authority's Capital Planning and Design Committee recommended that the Board authorize payment of Pay Estimate No. 1 submitted by Principal Services Ltd. in the amount of \$87,500.53.

FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

Mr. Froehlich reported on the status of BGE's design of a surface water line connection to Fort Bend County Improvement District No. 24. He stated that the Authority's Capital Planning and Design Committee recommended that the Board authorize advertisement of bids for construction of the project, subject to receipt of plan review comments and acquisition of the necessary easements.

Mr. Froehlich 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 to Fort Bend County Municipal Utility District No. 30's Water Plant No. 3.

Mr. Froehlich reported on the status of BGE's Phase I Water Blending Study to determine whether additional chemical feed systems are needed to treat water received from the expanded Northeast Water Purification Plant.

Mr. Froehlich reported on BGE's review of DCS Engineering, LLC's proposal for revising the design plans for the Authority's project to construct Fort Bend County Municipal Utility District Nos. 146 and 194 effluent reuse system facilities to include an

at-grade concrete water storage tank in place of the currently designed buried tank.

Mr. Froehlich reported that quotes are being solicited for communication system upgrades needed for the meter stations of the recently constructed surface water line connections to FB 134A's Water Plant No. 2 and Fort Bend County Municipal Utility District No. 194's Water Plant No. 3. He stated that the upgrades are estimated to cost approximately \$25,000.00 for each meter.

REGIONAL PLANNING MATTERS

JOINT PROJECTS, WATER SUPPLY CONTRACT, AND PROJECTS AND FUNDING

Mr. Froehlich 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.

Mr. Froehlich reported on the status of the improvement project for the Bellaire Pump Station's Supervisory Control and Data Advisory system.

Mr. Froehlich reported that two quotes were obtained for repairs needed for the inlet riser pipe for Ground Storage Tank No. 2 located at the Bellaire Pump Station site. He recommended approval of a quote from Precon Corporation in the amount of \$15,100.00 for the repairs.

Mr. Froehlich reported that BGE has obtained a quote from Comcast in the amount of \$215.00 per month for installing a hardwire internet connection and providing internet service to the Bellaire Pump Station that would be faster than the current cellular internet access. He stated that a service agreement has been requested from Comcast for review.

Mr. Froehlich reported on COH water supply matters. He 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, including development of a revised schedule and budget for the COH's and the Coastal Water Authority's proposed increase in plant capacity. He stated that the COH and the participating Water Authorities provided comments on the Draft Basis of Design Report on August 22, 2016. He reviewed deposits made by the participants in the project for Cash Calls 4 and 4A. Mr. Scholler reported on efforts to address the possibility of substantial increases in project costs.

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

report and authorize:

- (1) Execution of Water Supply Agreements with Fort Bend County Municipal Utility District Nos. 30, 58, 146, and 194;
- (2) Payment of Pay Estimate No. 1 submitted by Principal Services Ltd. in the amount of \$87,500.53 for the Authority's project to construct a surface water line connection to Grand Mission Municipal Utility District No. 1's Water Plant No. 3;
- (3) Advertisement of bids for construction of a surface water line connection to Fort Bend County Improvement District No. 24, subject to receipt of plan review comments and acquisition of the necessary easements; and
- (4) BGE to proceed with recommended repairs for the inlet riser pipe for Ground Storage Tank No. 2 located at the Bellaire Pump Station site in the amount of \$15,100.00.

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

LEGAL CONFLICT WAIVERS

Ms. Miller stated that ABHR represents Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and 194") and Fort Bend County Municipal Utility District No. 151 ("FB 151") in connection with certain matters related to the preparation and review of a proposed reclaimed water agreement and an alternate water supply agreement, respectively, discussed the Authority's option to retain independent counsel or ABHR to represent it in connection with the agreements, and reviewed legal conflicts waivers. Following review and discussion, Director Gay moved to authorize execution of the legal conflicts waivers. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

The Board concurred to defer this agenda item.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:00 p.m., to consult with its attorneys regarding the Authority's legal rights and obligations related to pending litigation, a settlement offer, and the value of real property. The Board determined that the attendance in this executive session of Mr. Froehlich, as the representative of the Authority, was 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 7:08 p.m., the Board reconvened in open session. Director Gay moved to authorize the Authority's attorney to accept a settlement offer from Avalon at Seven Meadows Community Association, Inc. related to Parcels 10A.08, 10A.09, and 10A.10. Director Hebert seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors

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