

MINUTES  
NORTH FORT BEND WATER AUTHORITY

March 23, 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 23rd day of March, 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 David C. Scholler, Lindsay Kovar, Fred Bauhof, Matthew L. Froehlich, Janice Hayes, Chris Jacob, and Shayna Chapman of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Mark Yentzen and 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 regular meeting held on February 24, 2016. After review and discussion, Director Hebert moved to approve the minutes as written. Director Patton seconded the motion, which carried unanimously, except for Director Gay who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

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

MEETING SCHEDULE

Ms. Miller reported that the Willow Fork Country Club has a scheduling conflict on the Authority's April 27, 2016, meeting date. She stated that the Authority's April meeting has been rescheduled to April 20, 2016.

PUBLIC COMMUNICATIONS, WATER CONSERVATION AND REUSE, AND APPLICATION FOR FUNDING

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, distribution of outreach letters to the homeowners associations located within the Authority's boundaries, coordination with the Fort Bend Independent School District on an essay contest regarding subsidence, and the number of irrigation evaluations completed per the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She stated that bill inserts for the WISE Guys Program were distributed to participating municipal utility districts.

Ms. Kovar reported that the Authority will have an exhibitor booth at the Association of Water Board Directors summer conference and that she and Director Patton are giving a presentation at the conference.

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

Ms. Kovar reported on coordination between the Authority's consultants and the Texas Water Development Board (the "TWDB") on the closing process for funding from the Clean Water State Revolving Fund for the Grand Lakes Municipal Utility District Nos. 1, 2, and 4 proposed effluent reuse project. She reported on BGE's preparation of an Environmental Information Document required for projects that receive federal funding.

Ms. Miller stated that ABHR represents Fort Bend County Municipal Utility District Nos. 2 and 57 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, 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. Kovar reported on implementation of the Authority's Larry Toolbox water conservation program. She reported that the Authority's Communication, Water Conservation, and Reuse Committee recommended allowing three municipal utility districts that did not submit enrollment forms by the February 1, 2016, deadline to participate in the program and the Board concurred. She stated that there are 39 participants in the program with the addition of the three municipal utility districts. She reported that program participation agreements with Cinco Municipal Utility District No. 14 and Fort Bend County Municipal Utility District Nos. 122 and 123 are ready for execution.

Ms. Kovar reported on the status of implementing the Homeowners Association Irrigation System Evaluation and Water Budget initiatives, including receipt of proposals and preparation of contracts with approved vendors. She recommended adding WaterLogic, Inc. as an approved vendor for the Water Budget initiative.

Ms. Kovar reported on Glass House Strategy's creation of a website for the Authority's Larry's Toolbox water conservation program. She reviewed a cost estimate in the amount of \$3,500.00 for creation of the website, [www.TalkingSprinkler.com/Toolbox](http://www.TalkingSprinkler.com/Toolbox).

Ms. Kovar reported on the status of Glass House Strategy's preparation of the Authority's spring newsletter and bill inserts for the Resident Irrigation System Upgrade and Rain Barrel initiatives. She reported that information regarding National Water Week will be distributed to municipal utility districts participating in the Conservation Information initiative for inclusion in their April water bills.

Ms. Kovar reported that a meeting of the Authority's constituent water conservation committee will be scheduled in April, 2016.

Ms. Kovar reported on use of the Authority's promotional items for community outreach initiatives, mobile teaching lab events, conferences, and meetings, including the Seven Meadows Homeowners Association's 2016 community festival.

Following review and discussion, Director Gay moved to authorize:

- (1) approval of WaterLogic, Inc. as an approved vendor for the Homeowners Association Water Budget initiative;
- (2) approval of the creation of a webpage for the Authority's Larry's Toolbox water conservation program in the amount of \$3,500.00;
- (3) 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 with Fort Bend County Municipal Utility District Nos. 2 and 57; and
- (4) execution of agreements for participation in the Authority's Larry's Toolbox water conservation program with Cinco Municipal Utility District No. 14 and Fort Bend County Municipal Utility District Nos. 122 and 123.

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

Director Patton reported that BGE received an award for the Authority's Larry's Toolbox water conservation program. Ms. Kovar stated that the 2016 American Council of Engineering Corps of Texas awarded BGE a Silver Medal for Program Manager in the Water Conservation Group. Director Patton noted that approximately 200 projects were under consideration for the award.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Lightbody presented and reviewed with the Board the written 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. She reviewed one additional check in the amount of \$189.00 for payment of right-of-way acquisition costs. Following review and discussion, Director Gay moved to approve the bookkeeper's report and the additional check. Director Hebert seconded the motion, which was approved by unanimous vote.

## HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Ms. Lightbody reported that the Finance and Policy Committee recommended approval of a request for a waiver of penalties in the amount of \$245.00 for Fort Bend County Municipal Utility District No. 130's ("FB 130") November, 2015 pumpage fees. A copy of correspondence from Myrtle Cruz, Inc., the bookkeeper for FB 130, is attached. Following review and discussion, Director Gay moved to approve a one-time waiver of penalties for FB 130's November, 2015 pumpage fees. Director Hebert seconded the motion, which was approved by unanimous vote.

## OPERATION OF AUTHORITY FACILITIES AND ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Yentzen 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. Yentzen reported that an annual report on implementation of the Authority's Water Conservation Plan has been prepared in coordination with BGE for submission to the Texas Commission on Environmental Quality and the Texas Water Development Board prior to May 1, 2016, as required. Following review and discussion, Director Gay moved to approve the operator's report, including the annual report on implementation of the Authority's Water Conservation Plan, and direct that the annual report be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

## ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board conducted an annual review of the Authority's Drought Contingency Plan. Following review and discussion, Director Gay moved to leave the current plan in effect. Director Hebert seconded the motion, which was approved by unanimous vote.

## REGULATORY MATTERS

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

Mr. Scholler presented and reviewed with the Board the engineer's report. A copy of the engineers report is attached.

Mr. Scholler 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 stated that the Authority has accrued approximately 13.0 billion gallons of early conversion credits equal to approximately 37 months of credits. Mr. Scholler reported that an application for over-conversion credits and rebate of overpaid permit fees is being reviewed by the Fort Bend Subsidence District and that a check for rebate fees has been received from the Harris-Galveston Subsidence District.

Mr. Scholler reported that a Groundwater Reduction Plan Participation Agreement with Orbit Systems, Inc. is ready for signature.

## ENGINEERING MATTERS

### ROUTING ANALYSES, DESIGN, AND CONSTRUCTION PROJECTS

Mr. Scholler reported that construction of Main Segments 10A and 10B is complete and surface water is being delivered.

Mr. Scholler reported that three bids were received for construction of the Authority's connection water line to Grand Mission Municipal Utility District No. 1's Water Plant No. 3. He recommended awarding a contract in the amount of \$376,077.95 to Principal Services, Ltd., subject to final review of the insurance and bonds by ABHR. Following review and discussion, the Board concurred with the engineer's judgment that Principal Services, Ltd. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Mr. Scholler recommended approval of an Agreement for Professional Materials Engineering for Laboratory Services with Fugro Consultants, Inc. for the Grand Mission Municipal Utility District No. 1 Water Plant No. 3 connection water line project in the amount of \$52,015.00.

Mr. Scholler reported that Water Trunkline Financing and Water Supply Agreements with Fort Bend County Improvement District No. 24 are ready for execution. He presented and reviewed with the Board a proposal from BGE for design services for the Fort Bend County Improvement District No. 24 connection water line project in the amount of \$91,325.16.

Mr. Scholler reported on the status of Jones & Carter, Inc.'s preparation of design plans for the surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3. He stated that the preparation of design plans is expected to be completed in five months.

Mr. Scholler reported on the schedule for warranty inspections for Main Segments 13A and 16A.

#### FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

Mr. Scholler reported on the status of the Authority's Meter Station Communication Upgrades project pursuant to its contract with BL Technology, Inc.

Mr. Scholler reviewed a proposal from BGE for cathodic protection services for 2016 in the amount of \$70,000.00.

Mr. Scholler recommended reducing the Authority's Major Repair Reserve to \$1,000,000.00 plus the first annual contribution in the amount of \$284,000.00. He stated that the recommendation has the concurrence of the Authority's financial advisor and Finance and Policy Committee members. Director Houghton requested a copy of the backup calculations for the recommendation.

#### REGIONAL PLANNING MATTERS

#### JOINT PROJECTS, WATER SUPPLY CONTRACT, AND PROJECTS AND FUNDING

Mr. Scholler reported on matters related to the Authority's joint facilities with the West Harris County Regional Water Authority, including Bellaire Pump Station operations matters and selection of design consultants for the Surface Water Supply Project. He reported on the repair of a water line leak in Main Segment 1B and indicated that water delivery was interrupted for approximately four days.

Mr. Scholler reported on City of Houston ("COH") water supply matters. He discussed the status of the Coastal Water Authority's Luce Bayou project, including the construction schedules for the Capers Ridge pump station and the design schedules for the canal and three miles of parallel 96-inch water lines. He reported on BGE's review and concurrence regarding the amount of money to be refunded to the Authority by the COH for real estate acquisition matters related to the Luce Bayou project.

Mr. Bauhof reported on the status of the COH's Northeast Water Purification Plant Expansion project per its Design-Build Agreement with CH2M Hill, Inc., including installation of a Project Management Information System, the status of concept development, and the effectiveness of filter pilot testing.

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

- (1) execution of a Groundwater Reduction Plan Participation Agreement with Orbit Systems, Inc.;
- (2) execution of Water Trunkline Financing and Water Supply Letter Agreements with Fort Bend County Improvement District No. 24;
- (3) execution of a proposal from BGE for design services for the Fort Bend County Improvement District No. 24 connection water line project in the amount of \$91,325.16;
- (4) execution of a contract with Principal Services, Ltd. for the construction of the connection water line to Grand Mission Municipal Utility District No. 1's Water Plant No. 3 in the amount of \$376,077.95;
- (5) execution of an Agreement for Professional Materials Engineering for Laboratory Services with Fugro Consultants, Inc. for the Grand Mission Municipal Utility District No. 1 Water Plant No. 3 connection water line project in the amount of \$52,015.00;
- (6) execution of a proposal from BGE for cathodic protection services for 2016 in the amount of \$70,000.00; and
- (7) reduction of the Authority's Major Repair Reserve to \$1,000,000.00 plus the first annual contribution of \$284,000.00.

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

#### CONTRACTS FOR SERVICES

Mr. Oliver reviewed with the Board a term letter with Central Bank for renewal of the Authority's Letter of Credit in favor of CenterPoint Energy Houston Electric, LLC for an origination fee in the amount of \$10,000.00. Following review and discussion, Director Gay moved to authorize execution of the term letter. Director Hebert seconded the motion, which was approved by unanimous vote.

#### REALTY INTEREST ACQUISITION

Mr. Oliver presented and reviewed with the Board an Amendment to Water Line Easement and Consent with CenterPoint Energy Houston Electric, LLC for Main Segments 7A, 7C, 8A, 9A, and a Water Line Easement with Wyndehaven Lake Estates Community Association for Parcels 18.08 and 18.09, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements. Director Hebert seconded the motion, which was approved by unanimous vote.

#### CONVENE IN EXECUTIVE SESSION

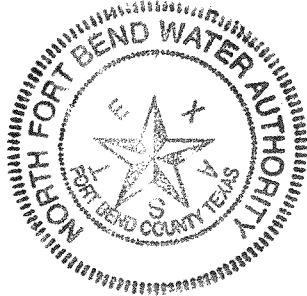
The Board did not convene in executive session.

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

adjourned.

*Melony Gay*  
Secretary, Board of Directors

(SEAL)





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