

MINUTES
NORTH FORT BEND WATER AUTHORITY

August 24, 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 24th day of August, 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 Dave Scholler, Lindsey Kovar, Matthew L. Froehlich, and Janice Hayes of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; 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 July 27, 2016. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously, except for Director Houghton who was not present for the discussion or the vote.

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 two BGE representatives at the Water Smart Innovations conference scheduled for October 5 - 7, 2016.

Ms. Kovar reported on BGE's preparation of a brochure providing information regarding the Authority, including current and future construction projects and water conservation initiatives.

Ms. Kovar reported on the development of a presentation entitled, "Water Conservation - A Community Effort," to be made available to elementary schools, libraries, and other entities.

Ms. Kovar reported on the use of the Authority's water conservation mobile teaching lab at the Fort Bend County Master Gardners' Kids Kamp and a Water Leak Detection Workshop at Home Depot on Grand Parkway. She recommended the Authority approve 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. She additionally recommended the Authority approve sponsoring beverages for the AG'tivity Barn event in the amount of \$250.00.

Ms. Kovar reported on the Authority's participation in homeowners association meetings.

Ms. Kovar reported on the development of the Authority's First Annual Essay Contest to be held at Hodges Bend and David Crockett Middle Schools in the Fort Bend Independent School District.

Ms. Kovar reported on the development of display ads promoting residential irrigation evaluations for publication in at least 13 community newsletters.

Ms. Kovar 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. 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 Larry's Toolbox Program Participation Agreements with Fort Bend County Municipal Utility District Nos. 34 and 35 were ready for the Board's execution. She reported that a meeting will be held at 6:00 p.m. on September 8, 2016, to provide information on the Authority's 2017 Larry's Toolbox water conservation program.

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

Ms. Kovar reported that the Performance Service Agreement with Randy

Lemmon for spokesperson services is tabled pending Mr. Lemmon's execution.

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

- (1) Attendance of two BGE representatives at the Water Smart Innovations conference;
- (2) Participation and water conservation mobile lab use at the Fort Bend County Fair's AG'tivity Barn event, homeowners associations' National Night Out and Fall Festival events, and the Girl Scout Water Conservation Badge Program;
- (3) Sponsorship for beverages for the Fort Bend County Fair's AG'tivity Barn event in the amount of \$250.00; and
- (4) Execution of Larry's Toolbox Program Participation Agreements with Fort Bend County Municipal Utility District Nos. 34 and 35.

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.

INTERLOCAL AGREEMENT FOR WATER WISE PROGRAM

The Board concurred to table this item.

SERIES 2016A WATER SYSTEM JUNIOR LIEN REVENUE BONDS CLOSING MATTERS

Mr. Oliver and Ms. Miller updated the Board on activities undertaken in connection with the issuance of the Authority's \$9,420,000 Water System Junior Lien Revenue Bonds, Series 2016A ("Series 2016A Bonds"). Mr. Oliver stated that the Series 2016A Bonds are scheduled to close August 25, 2016.

FINANCING AGREEMENT FOR SERIES 2016B WATER SYSTEM JUNIOR LIEN REVENUE BONDS

Ms. Miller reviewed and recommended approval of a Financing Agreement between the Authority and the Texas Water Development Board (the "TWDB") for financing of the Authority's portions of the City of Houston's (the "COH") Northeast Water Purification Plant Expansion project and the joint Surface Water Supply project with the West Harris County Regional Water Authority (the "WHCRWA") from the State Water Implementation Revenue Fund for Texas ("SWIRFT"). Mr. Oliver discussed the TWDB SWIRFT financing process, including the proposed schedule for issuance of the Authority's \$11,025,000 Water System Junior Lien Revenue Bonds, Series 2016B. Following review and discussion, Director Gay moved to authorize execution of the Financing Agreement with the TWDB. 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.

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 reviewed a report on the distribution of proceeds from the Authority's Series 2016A Bonds. Following review and discussion, Director Gay moved to approve the bookkeeper's report. 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. 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 that the Authority received a \$90,000.00 permit fee rebate and 2,199,000,000 in over-conversion credits from the Fort Bend Subsidence District for the 2015 permit period.

Mr. Froehlich requested authorization for submittal of the Authority's updated Emergency Preparedness Plan to the Texas Commission on Environmental Quality.

ENGINEERING MATTERS

ROUTING ANALYSES, DESIGN, AND CONSTRUCTION PROJECTS

Mr. Froehlich reported on property acquisition matters for the Fort Bend County Municipal Utility District No. 30 Water Plant No. 3 connection line, Main Segments 11, 13B, and 15, and the proposed site for a potential second pump station to treat and re-pressurize surface water received from the WHCRWA via the Surface Water Supply Project.

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'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.

Mr. Froehlich 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. He stated that the contractor, Principal Services, Ltd., has mobilized and construction is underway.

FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

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

Mr. Froehlich reported that a new data connection will be added to the Authority's account with Verizon to provide communication between the new meter station installed for the surface water line connection to Fort Bend County Municipal Utility District No. 194's Water Plant No. 3 and the Authority's Bellaire Pump Station.

Mr. Froehlich requested approval of BGE's proposal for on-call urban forestry consulting services, utilizing C.N. Koehl Urban Forestry, Inc. as a sub-consultant on a time and materials basis, in an amount not to exceed \$50,000.00.

Mr. Froehlich requested approval of BGE's proposal to perform Phase I of a four-phase water blending study to determine whether additional chemical feed systems are needed to treat water received from the COH's Northeast Water Purification Plant in an amount not to exceed \$155,000.00.

Mr. Oliver stated that ABHR represents Fort Bend County Municipal Utility

District No. 206 ("FB 206") in connection with certain matters related to the preparation and review of a proposed surface water supply letter agreement, discussed the Authority's option to retain independent counsel or ABHR to represent it in connection with the agreement, and reviewed a legal conflicts waiver.

Mr. Froehlich reported that FB 206's water distribution system which is currently being supplied surface water requires extensive additional flushing at an approximate cost of \$3,000.00 a month to FB 206 due to low water usage. He recommended approving FB 206's request to temporarily cease receiving surface water from the Authority and use solely groundwater from its well until at least 30 connections are active on its distribution system. He stated that complying with FB 206's request would result in additional required flushing of the Authority's connection line at an approximate cost of \$400.00 a month. He reported that the Authority's Capital Planning and Design Committee recommended approval of the request and instructed ABHR to prepare an agreement for consideration by the full Board. Ms. Miller reviewed and recommended approval of a surface water supply letter agreement between the Authority and FB 206, requiring FB 206 to pay the extra cost for the additional flushing to the Authority.

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

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 Authority's Bellaire Pump Station Supervisory Control and Data Advisory system.

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. Scholler 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 the schedules for reviewing, reporting, and commenting on the Draft Basis of Design Report submitted on July 25, 2016. He stated that the Basis of Design tasks (Component 1) are currently on schedule and budget. He reported on a Notice of Cash Call No. 5 received from the COH per the Authority's Second Supplement to Water Supply Contract with the COH. Mr. Oliver discussed the

anticipated timing of the Authority's receipt and payment of Cash Call Nos. 4 and 4A from the COH and stated that the Authority's consultants recommend payment of Cash Call Nos. 4 and 4A upon receipt and subject to review by the Authority's project representative.

In response to Director Patton's inquiry, Mr. Scholler discussed the proposed four-phase water blending study. He stated that the study will determine whether additional chemical feed systems are needed to treat water received from the Northeast Water Purification Plant to ensure consistent delivery of surface water by the Authority.

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

- (1) Approval of the Authority's updated Emergency Preparedness Plan and submittal to the Texas Commission on Environmental Quality;
- (2) Execution of BGE's proposal for on-call urban forestry consulting services utilizing C.N. Koehl Urban Forestry, Inc. as a subconsultant in an amount not to exceed \$50,000;
- (3) Execution of BGE's proposal to perform Phase I of a four-phase water blending study in an amount not to exceed \$155,000;
- (4) Execution of a legal conflicts waiver related to ABHR's preparation and review of a proposed surface water supply letter agreement with FB 206;
- (5) Execution of a surface water supply letter agreement with FB 206; and
- (6) Payment of Cash Call Nos. 4 and 4A for the Authority's portion of the COH's Northeast Water Purification Plant Expansion project per the Authority's Second Supplement to Water Supply Contract with the COH, upon receipt and subject to review by the Authority's project representative.

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

CONTRACTS FOR SERVICES

Mr. Oliver reviewed with the Board a Catering Contract with the Willow Fork Country Club for meeting space and food service for the Authority's regular monthly meetings to be held in 2017, including the following proposed alternate meeting dates: Thursday, April 20, 2017; Thursday, November 16, 2017; and Wednesday, December 21, 2017. Following review and discussion, Director Gay moved to authorize execution of the Catering Contract with the Willow Fork Country Club. Director Hebert seconded the motion, which carried unanimously.

REALTY INTEREST ACQUISITION

Mr. Oliver presented and reviewed with the Board a Water Line Easement with Harris-Fort Bend Counties Municipal Utility District Nos. 5 and 1 for Parcel 18.07, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement. 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.


Secretary, Board of Directors

(SEAL)



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