

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 22, 2014

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 22nd day of October, 2014, 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	Director
Pat Hebert	Director

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler and Lindsay Kovar, of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; 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 September 24, 2014, and special meeting held on October 22, 2014. After review and discussion, Director Hebert 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. There being no 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 November 26, 2014, and December 24, 2014, meeting dates to November 20, 2014, and December 18, 2014, respectively.

PUBLIC COMMUNICATIONS AND WATER CONSERVATION AND REUSE

Ms. Kovar discussed water conservation and reuse matters. A copy of Ms. Kovar's Memorandum Regarding Water Conservation and Reuse is attached.

Ms. Kovar discussed membership in the Texas Desalination Association. Following discussion, Director Gay moved to approve the Authority's membership in the Texas Desalination Association in the amount of \$1,000.00. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar reported on the following matters: the schedule for presentations to municipal utility districts on the Authority's past activities and future plans; distribution of a water conservation newsletter; updates for the Authority's website; the status of reuse or alternative water credit projects/contracts for Grand Lakes M.U.D. Nos. 1, 2, and 4, Cinco M.U.D. No. 1, and Fort Bend County M.U.D. Nos. 34 and 35; the number of evaluations completed under the Authority's W.I.S.E. Guys Irrigation System Evaluation Program; and the formation of a water conservation committee consisting of representatives from municipal utility districts, homeowners associations, and other stakeholder groups to assist with development of a five-year water conservation implementation plan. She reported that the first meeting of the water conservation committee is scheduled for October 27, 2014.

Ms. Kovar reported on Glass House Strategy, LLC's ("GHS") activities related to the Authority's winter water conservation marketing campaign, including preparation of a second water conservation newsletter. She reviewed a proposal for (i) design and production of a thirty-second television commercial, (ii) design, production, printing, and posting of a billboard advertisement, and (iii) production of a bill insert and postcard for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program in the amount of \$14,550.00. Ms. Kovar reviewed a second proposal from GHS containing two quantity options for writing, designing, producing, and printing of tri-fold water conservation brochures. She recommended initially producing 2,500 brochures in the amount of \$4,500.00. She stated that the proposal amounts are within the Authority's previously approved water conservation marketing budget and are recommended for approval by the Finance and Policy Committee. Following review and discussion, Director Gay moved to approve the two proposals from GHS. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar reported on the use of the Authority's water conservation mobile teaching lab at the Fort Bend County Fair and proposed use of the lab at an event to be held by the City of Fulshear; meetings held and scheduled with school district superintendants to discuss implementation of water conservation education programs; and review of public comments on the proposed order related to the development of proposed landscape irrigation system requirements and development of responses to the comments.

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

Ms. Lightbody reviewed 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 W.I.S.E. Guys Irrigation System Evaluation Program, the income statement for the Enterprise Fund, and a quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the Authority's Investment Policy. Ms. Miller stated there were no recommended changes to the policy. Following review and discussion, Director Gay moved to adopt a Resolution Regarding Annual Review of Investment Policy. Director Hebert seconded the motion, which was approved by unanimous vote.

DEPOSITORY INSTITUTIONS

Ms. Miller reviewed an updated list of the Authority's depository institutions and qualified broker/dealers provided by the Authority's bookkeeper. Following review and discussion, Director Gay moved to adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the Authority May Engage in Investment Transactions. Director Hebert seconded the motion, which was approved by unanimous vote.

MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE

The Board reviewed a memorandum prepared by ABHR concerning the Securities and Exchange Commission Enforcement Division's Municipalities Continuing Disclosure Cooperation Initiative, a copy of which is attached. Ms. Miller reviewed the Authority's annual continuing disclosure process with the Board, and noted that ABHR has overseen that process pursuant to its engagement with the Authority. After review and discussion, the Board concurred that no action was necessary.

OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reviewed the operator's report and reported on the operations of the Authority's facilities, including maintenance and repairs and water accountability. A copy of the report is attached. He reported on a repair made to the power cable of the generator used for the Authority's water conservation mobile teaching lab and reviewed an invoice for performance of a valve inspection. He stated that a line item

for joint facility expenses has been added to the operator's report. He reported that all of the meters within the Authority were read and recorded at the end of the current permit term in accordance with the Fort Bend Subsidence District's (the "FBSD") Rules.

Ms. Miller reported that Governor Perry did not extend an Emergency Disaster Proclamation for Fort Bend County or Harris County. She reviewed a proposed notice for withdrawal of the Authority's implementation of Stage 1 voluntary reductions of its Drought Contingency Plan. Following review and discussion, Director Gay moved to withdraw implementation of Stage I of the Authority's Drought Contingency Plan, authorize distribution of the notice, and approve the operator's report. Director Hebert seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

Mr. Scholler presented the engineer's report. A copy of the engineer's report is attached.

DESIGN AND CONSTRUCTION PROJECTS, SERVICES CONTRACTS, ROUTING ANALYSES, AND REPORTS AND STUDIES

Mr. Scholler updated the Board on the operation of the Bellaire Pump Station and construction of the connection water line for Fort Bend County M.U.D. No. 206, Main Segments 10A and 10B, and combined Main Segments 13A and 16A. He recommended approving three pay estimates for the construction projects, Change Order No. 1 for Main Segment 10B for installing temporary concrete barriers along Grand Parkway as required by the Texas Department of Transportation, and Change Order No. 2 for Main Segment 13A for realignment of the connection to Main Segment 12B due to the location of a CenterPoint Energy transmission tower. He reviewed and recommended execution of CenterPoint Energy's standard form of contract to initiate electricity service for Main Segment 16A.

Mr. Scholler reported on the warranty inspection schedule for Main Segments 8A and 12B, decommissioning activities related to the October 31, 2014, expiration date for the Authority's lease of the D-158 Water Plant, and BGE's review of plans for compliance with the Authority's Crossing Guidelines.

Mr. Scholler reviewed a proposal from BGE for the first phase of a Communication Study of alternatives for transmission of real-time pumpage information from remote well sites to the Authority.

REGIONAL PLANNING MATTERS

JOINT PROJECTS

Mr. Scholler reported that a proposed amendment to the Joint Facilities Agreement between the Authority and the West Harris County Regional Water

Authority related to the revised alignment of the Second Source Water Line and current operations of the Bellaire Pump Station is on hold pending negotiations regarding a proposed second supplement to the Authority's Water Supply Contract with the City of Houston (the "COH").

WATER SUPPLY CONTRACT AND PROJECTS

Mr. Scholler discussed matters related to the planned expansion of the Northeast Water Purification Plant and a proposed second supplement to the Authority's Water Supply Contract with the COH, including continued coordination between the regional water authorities through a committee scheduled to meet weekly with the COH on such matters. He reported that the COH will begin a pilot study and the environmental permitting application process soon. He reported on a meeting held regarding additional alternative delivery methods and meetings scheduled regarding financing of the project.

REGULATORY MATTERS

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

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, projected and actual water use for the current permit year to date, and granted and potential early conversion credits.

Mr. Scholler recommended approval of additional costs for the U.S. Geological Survey's requested changes to the contract awarded for Cinco M.U.D. No. 1's construction of its test well for a joint brackish groundwater study in the Jasper aquifer.

Mr. Scholler reported that the FBSD's invoice for renewal of the Authority's well permit for the October 1, 2014, through September 30, 2015, term has been forwarded to the Authority's bookkeeper. He reported that BGE is preparing a report of the operator's meter readings performed at the end of the current permit term for all of the meters located within the Authority for submission to the FBSD in accordance with its Rules.

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

- (1) approve proposal from BGE for the first phase of a Communication Study of alternatives for transmission of real-time pumpage information from remote well sites to the Authority in the amount of \$60,000.00;
- (2) approve the following change orders:

Main Segment 10B, Change Order No. 1 in the amount of \$19,800.00, and
Main Segment 13A, Change Order No. 2 in the amount of \$21,070.00;

- (3) approve execution of a CenterPoint Energy's standard form of contract to initiate electricity service for Main Segment 16A;
- (4) approve the following pay estimates:
Bellaire Pump Station, Pay Estimate No. 28 in the amount of \$53,138.53,
Main Segment 10B, Pay Estimate No. 4 in the amount of \$83,182.12, and
Main Segments 13A and 16A, Pay Estimate No. 8 in the amount of \$311,822.73; and
- (5) approve additional costs for the U.S. Geological Survey's requested changes to the contract awarded for Cinco M.U.D. No. 1's construction of its test well for a joint brackish groundwater study in the Jasper aquifer in the additional amount of \$229,500.00, for a total amount of \$607,500.00.

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

CONTRACTS

There were no contracts, proposals, or work orders for consideration.

REALTY INTEREST ACQUISITION

There were no realty interest acquisition documents for consideration. Ms. Miller updated the Board on realty acquisition matters related to parcel nos. 10A.01, 10A.02, 10A.03, 10A.08, 10A.09, and 10A.10.

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.

[SIGNATURE PAGE FOR THE MINUTES OF THE OCTOBER 22, 2014, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



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