

MINUTES  
NORTH FORT BEND WATER AUTHORITY

November 21, 2013

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 21<sup>st</sup> day of November, 2013, 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, except Director Houghton, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, Charles Shumate, Lindsay Kovar, and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; Barbara Payne of Payne Communications; David Oliver, Christina Miller, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the regular meeting held on October 23, 2013, and the special meetings held on October 9, 2013, and November 6, 2013. After review and discussion, Director Hebert moved to approve the minutes as written. Director Gay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Board members and the Authority's consultants responded to public comments regarding the Authority's budget, development of incentives for decreased water use, and the Authority's construction schedule.

## MEETING SCHEDULE

Mr. Oliver reminded the Board and the meeting attendees that the Authority has rescheduled its December 25, 2013, meeting date to December 19, 2013.

## ENGAGE ACCOUNTING FIRM

The Board considered an engagement letter from McCall Gibson Swedlund Barfoot, PLLC for preparation of the Authority's financial statements for fiscal year ending December 31, 2013, for an estimated fee not to exceed \$30,000. Following review and discussion, Director Gay moved to authorize execution of the engagement letter and direct that the engagement letter be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

## AUTHORIZE ANNUAL AUDIT

The Board considered authorizing McGrath & Co., PLLC to conduct the Authority's annual audit for fiscal year ending December 31, 2013, for an estimated fee not to exceed \$30,000 per the Authority's current engagement letter. Following review and discussion, Director Hebert moved to authorize McGrath & Co., PLLC to conduct the annual audit for fiscal year ending December 31, 2013. Director Gay seconded the motion, which was approved by unanimous vote.

## PUBLIC COMMUNICATIONS

Ms. Payne reported on public communication and water conservation education activities, including membership and activity updates for the Save Water Texas Coalition, water conservation billing inserts available to municipal utility districts, and new educational materials developed for school programs.

## WATER CONSERVATION AND REUSE AND PROJECT MANAGER'S REPORT

Ms. Kovar reported on water conservation and reuse matters, including follow-up on reuse or alternative water credit requests that the Authority has received to date and development of an application for reuse and alternative water credit requests. A copy of Ms. Kovar's memorandum regarding Water Conservation and Reuse is attached.

Ms. Kovar reviewed reasons given by municipal utility districts for not participating in the Authority's W.I.S.E. Guys Irrigation System Evaluation Program.

Ms. Kovar reported on efforts to obtain outstanding water conservation plan annual reports.

Ms. Kovar reported on the proposed viewing schedule for the second of three informational webcasts on water conservation topics purchased from the American Water Works Association.

Ms. Kovar reported that she is coordinating the scheduling of presentations from Laura Raun Public Relations and Glass House Strategy regarding approaches to the Authority's efforts to market water conservation and education programs.

Ms. Kovar reported that she is meeting with a representative of Texas A&M University to discuss water conservation programs developed with the City of College Station.

Ms. Kovar reported that she has requested the most recent information from the Authority's New Development Water Conservation Comparative Study with Cross Creek Ranch for review.

#### AMENDED AND RESTATED OVER-CONVERSION CREDIT POLICY

Mr. Oliver reviewed a Resolution Adopting Amended and Restated Over-Conversion Credit Policy that incorporates recommendations and other revisions per the Authority's November 6, 2013, special meeting. Following review and discussion, Director Gay moved to adopt a Resolution Adopting Amended and Restated Over-Conversion Credit Policy. 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. Logsdon reviewed the written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the income statement for the Enterprise Fund, a summary of investments, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Ms. Logsdon reported that the rebates for the Authority's Series 2010B Build America Bonds are scheduled to decrease in the amount of seven and one-half percent due the federal government's sequester reduction. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

#### NOTICE OF PROPOSED ADOPTION OF AMENDED RATE ORDER

Mr. Oliver reviewed a Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases which states that, at the Authority's December meeting, the Board intends to consider and implement an increase in its pumpage and surface water fees to \$2.20 per 1,000 gallons of groundwater pumped and \$2.55 per 1,000 gallons of water delivered by the Authority, effective January 1, 2014. Following review and

discussion, Director Gay moved to authorize distribution of the notice. Director Hebert seconded the motion, which was approved by unanimous vote.

#### 2014 DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reported that the terms of offices for the Directors of Precinct Nos. 2, 4, and 6 will expire in May, 2014. He stated that notices will be sent to the utility districts located within the Authority and the City of Fulshear requesting submission of candidate nominations from Precinct Nos. 2, 4, and 6 and 2013 water usage from all districts. He reviewed a Resolution Adopting Rules for 2014 Appointment Process for Directors which states that candidate nominations are due by February 15, 2014, and the deadline for all utility districts to submit their water usage is March 1, 2014. He noted that ballots for precincts with contested appointments will be sent to the utility districts within the applicable precinct by March 15, 2014, and the deadline for the districts to submit completed ballots is April 30, 2014. Following discussion, Director Gay moved to adopt the Resolution Adopting Rules for 2014 Appointment Process for Directors, and direct that the resolution be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

#### OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reviewed the Operations report and reported on the operations of the Authority's facilities, including verification of meter readings and installation of identification plates. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which was approved by unanimous vote.

#### ENGINEERING MATTERS

##### WATER SUPPLY CONTRACT AND LUCE BAYOU PROJECT

Mr. Scholler presented the engineer's report, including the monthly pumpage report, the status of new wells located within the Authority, and a list of recent and upcoming events and conferences. A copy of the engineer's report is attached.

Mr. Scholler reviewed a summary of key points covered during the City of Houston's (the "COH") presentation on the planned expansion of the Northeast Water Purification Plant during an Advisory Committee meeting held on October 4, 2013.

Mr. Scholler reported on a meeting held with Mark Loethen of the COH and staff members regarding the Fiscal Year 2011 True-up and continued coordination with Mr. Loethen on the matter. He stated that Mr. Loethen reaffirmed the COH's commitment to provide more information regarding the Fiscal Year 2011 True-up and a five-year Capital Improvement Plan to assist the Authority with its planning.

Mr. Scholler discussed the schedule for the comment period for the Environmental Impact Statement, publication of the Record of Decision, and issuance of the permit for the Luce Bayou project. He stated that Statements of Qualifications for the design of the Caper's Ridge Pump Station were received on November 15, 2013.

#### DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Mr. Scholler updated the Board on the design of Main Segments 10A and 10B, and the connection waterline for Fort Bend County M.U.D. No. 206.

Mr. Scholler updated the Board on the construction of the Bellaire Pump Station project and Main Segments 7A, 7C, 8B, 9A, and 9B. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. He recommended approval of seven pay estimates for the construction projects and Change Order No. 8 submitted by Pepper-Lawson Waterworks, LLC for the Authority's Bellaire Pump Station construction project.

Mr. Scholler reported that six bids were opened on November 7, 2013, for the contract for the construction of combined Main Segments 13A and 16A and recommended that the Board award a contract in the amount of \$1,920,054.50 to the lowest bidder, E.P. Brady, Ltd. Following review and discussion, the Board concurred with the engineer's judgment that E.P. Brady, Ltd. was a responsible bidder whose bid would result in the best and most economical completion of the project. A copy of the bid tabulation is attached to the engineer's report.

Mr. Scholler recommended approval of proposals for construction material testing services from Geotest Engineering, Inc. for combined Main Segments 13A and 16A, Fugro Consultants, Inc. for Main Segment 10A, and HVJ Associates, Inc. for Main Segment 10B.

#### ROUTING ANALYSES

Mr. Scholler reported on B&G's evaluation of the future extension of the Authority's surface water transmission system for the 2025 surface water conversion. He stated that the future extension will incorporate the City of Fulshear's water plants, Cross Creek Ranch, new Fort Bend County M.U.D. Nos. 182, 188, and 189, and other future development.

#### GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION, AND SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING

Mr. Scholler reported on the schedule for delivery of surface water.

Mr. Scholler recommended approval of Cinco Southwest M.U.D No. 1's request for partial reimbursement for its chloramines conversion project.

Mr. Scholler reported that B&G communicated to the developer's representatives for Cross Creek Ranch that early delivery of surface water was not feasible at this time due to limited funds and water supply.

Mr. Scholler reported on Fort Bend Subsidence District permit renewal matters and B&G's review of meter readings and reported water usage to prepare an application for early conversion credits.

Mr. Scholler reported on B&G's evaluation of the permit for Fort Bend County M.U.D. No. 134's groundwater well temporarily providing water to maintain a mitigation wetlands area.

#### MATTERS RELATED TO ELECTROPURIFICATION APPLICATIONS

There was no report on the status of Electro Purification, LLC's well permit applications under consideration by the Bluebonnet Groundwater Conservation District.

#### REPORTS AND STUDIES

Mr. Scholler reported on B&G's evaluation of population and water demand projections to coordinate with the COH on the quantity and timing of water needed in order to meet 2025 conversion requirements and as part of an on-going coordination with the West Harris County Regional Water Authority and Second Source Water Line projects.

#### GROUNDWATER REDUCTION PLAN

Mr. Oliver reviewed a Water Supply Letter Agreement amending the Daily Commitment Amount included in the Authority's Water Supply Agreement with Grand Mission M.U.D. No. 1 from 1,500,000 gallons per day of water to 900,000 gallons per day of water, effective as of December 1, 2013.

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

- (1) approve the following pay estimates:

Main Segment 7A, Pay Estimate No. 20 in the amount of \$0,

Main Segment 7C, Pay Estimate No. 11 in the amount of \$62,455.13,

Main Segment 8B, Pay Estimate No. 16 in the amount of \$0,

Main Segment 9A, Pay Estimate No. 14 in the amount of \$121,438.55,

Main Segment 9B, Pay Estimate No. 17 in the amount of \$281,874.92,

Main Segment 12D, Pay Estimate No. 26 in the amount of \$0, and Bellaire Pump Station project, Pay Estimate No. 18 in the amount of \$330,719.15;

- (2) approve Change Order No. 8 submitted by Pepper-Lawson Waterworks, LLC for the Authority's Bellaire Pump Station construction project in the amount of \$134,267.18;
- (3) approve the award and execution of a contract with E.P. Brady, Ltd. for the construction of combined Main Segments 13A and 16A in the amount of \$1,920,054.50;
- (4) approve the proposals for construction material testing services from Geotest Engineering, Inc. for combined Main Segments 13A and 16A in the amount of \$95,463.00, Fugro Consultants, Inc. for Main Segment 10A in the amount of \$75,000.00, and HVJ Associates, Inc. for Main Segment 10B in the amount of \$59,503.00;
- (5) approve Cinco Southwest M.U.D No. 1's request for partial reimbursement for its chloramines conversion project in the amount of \$11,400.00; and
- (6) approve the Water Supply Letter Agreement amending the Daily Commitment Amount included in the Authority's Water Supply Agreement with Grand Mission M.U.D. No. 1.

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

Mr. Scholler and Mr. Oliver responded to a meeting attendee's questions regarding the Authority's construction contract for the Bellaire Pump Station project.

#### JOINT PROJECTS

Mr. Scholler reported on a scheduled meeting of the City of Houston Advisory Committee. He discussed right-of-way acquisition matters for the Second Source Water Line project.

#### CONTRACTS

Mr. Oliver reviewed a Consent to Assignment of the Authority's Mobile Teaching Lab Trailer Transport Agreement from AWM Utility Management, Ltd. dba Advantage Water Management to Tejas Environmental Enterprises, LLC dba Texas Operations & Professional Services. Following review and discussion, Director Gay moved to approve the Consent to Assignment. Director Hebert seconded the motion, which was approved by unanimous vote.

## REALTY INTEREST ACQUISITION

Mr. Oliver reviewed three Water Line Easements for Main Segment 13A and one legal conflicts waiver with Fort Bend County M.U.D. No. 169 for Main Segment 13B as listed on the attached Realty Interests Chart. Following review and discussion, Director Hebert moved to authorize execution of the Water Line Easements and legal conflicts waiver. Director Gay seconded the motion, which was approved by unanimous vote.

## EXECUTIVE SESSION

The Board convened in executive session at 7:29 p.m., to conduct a private consultation with the Authority's attorney and to deliberate the purchase, exchange, lease, or value of real property.

## RECONVENE IN OPEN SESSION

At 7:53 p.m., the Board reconvened in open session. No action was taken by the Board.

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



[SIGNATURE PAGE FOR THE MINUTES OF THE NOVEMBER 21, 2013, BOARD MEETING]

  
Secretary, Board of Directors

(SEAL)



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