

MINUTES
NORTH FORT BEND WATER AUTHORITY

November 5, 2014

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session, open to the public, on the 5th day of November, 2014, at the offices of Brown & Gay Engineers, Inc., 10777 Westheimer, 3rd Floor, Houston, Texas, outside 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 Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Steve Talecki of Cornerstones M.U.D.; Charles "Chuck" Matheson of Grand Lakes M.U.D. No. 4; Dave Scholler, Lindsay Kovar, Matt Froehlich, and Shayna Chapman of Brown & Gay Engineers, Inc.; Pamela Logsdon and Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; and David Oliver of Allen Boone Humphries Robinson LLP.

EXPANSION OF THE NORTHEAST WATER PURIFICATION PLANT

Mr. Oliver and Mr. Scholler discussed negotiations with the City of Houston regarding an agreement for expansion of the Northeast Water Purification Plant, including alternative project delivery methods. Mr. Oliver and Mr. Scholler responded to questions from the Board regarding the various project delivery methods. Mr. Oliver stated that the City of Houston's consultant recommended procuring the project using a Progressive Design-Build process. Mr. Oliver and Mr. Scholler stated that they had no objections to procuring the project using Progressive Design-Build process. After discussion, the Board concurred with including the Progressive Design-Build process as the project delivery method in the agreement for expansion of the Northeast Water Purification Plant.

Mr. Oliver discussed engaging an attorney specializing in bankruptcy matters to assist with the negotiations. Following discussion, the Board concurred with considering jointly engaging John Higgins at Porter Hedges LLP to assist with bankruptcy matters related to negotiations with the City of Houston on an agreement for expansion of the Northeast Water Purification Plant.

BUDGET WORKSHOP FOR FISCAL YEAR END 2015

The Board conducted a budget workshop for fiscal year end 2015, including discussion regarding matters related to the City of Houston's calculation of the Annual O&M Budget for the Authority and coordination with the Authority's electricity consultant regarding the possibility of selling electricity to the grid. Mr. Oliver discussed the schedule and process for setting the Authority's pumpage fee and surface water fee and adopting a budget for fiscal year end 2015.

EFFLUENT REUSE AGREEMENTS

Mr. Oliver discussed the status of the Authority's proposed Wastewater Treatment Plant Effluent Reuse Agreement with Fort Bend County M.U.D. No. 34 and stated that the agreement will be finalized when a meter location is determined.

Ms. Kovar reported on a meeting held with representatives of Grand Lakes M.U.D. Nos. 1, 2, and 4, regarding a proposed effluent reuse project and noted that the district asked whether the Authority would finance the project. She reviewed a map of the proposed distribution system for the project, a copy of which is attached. She reviewed an economic analysis of the project and discussed the potential implications for other potential effluent reuse projects. For reuse projects financed by the Authority, she recommended that the Authority consider adopting a policy on the rate to be charged for effluent reuse based on a percentage of the pumpage fee. She suggested a rate of 90% of the Authority's pumpage fee if the Authority operates the facility and 90% of the Authority's pumpage fee less \$0.30 if the municipal utility district operates the facility. She also discussed the potential for obtaining funding from the Texas Water Development Board for effluent reuse projects. After discussion, Director Gay moved to authorize BGE to provide the economic analysis of the project to Grand Lakes M.U.D. Nos. 1, 2, and 4, and offer the rates as recommended by Ms. Kovar. Director Darden seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION COMMITTEE ACTIVITIES

Ms. Kovar reported on the first meeting of the water conservation committee to assist with creating a five-year water conservation plan for the Authority and responded to questions from the Board.

WATER CONSERVATION EDUCATION ACTIVITIES

Ms. Kovar noted that she received inquiries on the cost of the rulers for distribution in the water bills of municipal utility districts. Following discussion, the Board concurred to provide the rulers to municipal utility districts at the Authority's cost with no subsidy or mark-up.

Ms. Kovar discussed a reservation request received from the City of Fulshear for use of the Authority's water conservation mobile teaching lab at an upcoming event. Mr. Oliver reviewed the terms of the mobile teaching lab use agreement. Following

discussion, Director Gay moved to waive the Authority's insurance requirements for the City of Fulshear's use of the water conservation mobile teaching lab. Director Patton seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION MARKETING CAMPAIGN

Ms. Kovar discussed the Authority's winter water conservation marketing campaign and stated that the Authority's television commercial has been added to the document sharing site.

PUBLIC COMMUNICATIONS, INCLUDING WEBSITE REDESIGN


Ms. Kovar reported on redesign of the Authority's website.

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 NOVEMBER 5, 2014, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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