

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 19, 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 19th day of December, 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, Emmanuel De Pau, and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; Barbara Payne of Payne Communications; David Oliver 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 November 21, 2013, and the special meeting held on December 4, 2013. 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 Patton opened the meeting to receive public comments. A member of the public submitted correspondence requesting contact information for members of the Board of Directors of Grand Mission M.U.D. No. 2 and addressed the Board regarding the request. A copy of the correspondence is attached. Mr. Yentzen stated that he will provide the requested information.

PRESENTATION OF WATER CONSERVATION RECOGNITION AWARD

Director Patton discussed the water conservation efforts and commitment to water conservation by the Board of Directors of Cinco M.U.D. No. 14 through the Board members' continued dedication to supporting the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). He presented a Water Conservation Excellence Award to each of the Board members: Ann Wilson, Jo Traylor, Jim Reuss, Patrick Carlson, and Patrick McDonald. Director Hebert moved to adopt a Resolution Commending Cinco Municipal Utility District No. 14 for Its Commitment to Water Conservation. Director Gay seconded the motion, which carried unanimously.

PUBLIC COMMUNICATIONS

Ms. Payne reported on public communication and water conservation education activities, including development of new educational materials for school programs and sponsorship of education programs by municipal utility districts and consultant firms. She stated that news articles regarding the Authority's presentation of a Water Conservation Excellence Award to Cinco Municipal Utility District No. 14 would be added to the Authority's website and distributed for media publication.

TRAVEL REIMBURSEMENT GUIDELINES

The Board reviewed the Authority's Travel Reimbursement Guidelines and a schedule of conferences for 2014. Following review and discussion, Director Gay moved to approve the schedule of conferences for 2014. Director Hebert seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE AND PROJECT MANAGER'S REPORT

Ms. Kovar distributed a Water Conservation and Reuse Memorandum, a copy of which is attached. She reported on matters related to reuse and alternative water credit requests and reviewed a proposed alternative water credit application.

Ms. Kovar reported on the Authority's WISE Guys Program and stated that Cinco M.U.D. No. 4 has signed an Irrigation System Evaluations Cost Sharing Agreement.

Ms. Kovar reported on follow-up regarding constituent submissions of Annual Water Conservation Reports and the proposed viewing schedule for the third of three informational webcasts on water conservation plans purchased from the American Water Works Association. She discussed scheduling a meeting with a representative of Texas A&M University to discuss water conservation programs developed with the City of College of Station and B&G's request for the most recent information from the Authority's New Development Water Conservation Comparative Study with Cross Creek Ranch for review.

Ms. Kovar reported on proposed activities for creation of a comprehensive plan for water conservation and alternative water in the Authority and reviewed a tentative schedule for completion of the plan.

FINANCIAL AND BOOKKEEPING MATTERS, ADOPT BUDGET, 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, 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. Lightbody requested approval of the following five items:

- 1) Maintenance of O&M Reserve at two months of budgeted Operating Expenditures with no change from prior year;
- 2) Payment of an estimated amount of \$6,550,000 from bond proceeds for the rehabilitation portion of the City of Houston monthly water invoice for fiscal year 2014;
- 3) Payment of an estimated amount of \$125,000 from bond proceeds for the purchase of Fort Bend Subsidence District Water Wise credits for fiscal year 2014;
- 4) Transfer of interest earned in the Debt Service Reserve Fund to the Debt Service Fund; and
- 5) Increase of Improvement Fund Reserve for Revenue Fluctuations from \$7,000,000 to \$9,000,000.

Ms. Lightbody reviewed the budget for fiscal year end December 31, 2014, a copy of which is attached.

Following review and discussion, Director Gay moved to approve the bookkeeper's report and the five items listed above, and adopt the budget as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

ADOPT AMENDED RATE ORDER

Mr. Oliver reviewed an Amended Rate Order implementing increases in the Authority's 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 adopt the Amended Rate Order and authorize distribution of a notice of adoption of the

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

The Authority's consultants responded to a meeting attendee's questions regarding the budget.

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 reported on continued coordination with Mark Loethen of the City of Houston to obtain additional information regarding the Fiscal Year 2011 True-up and a five-year Capital Improvement Plan to assist the Authority with its planning.

Mr. Scholler reported on the schedule for issuance of the permit for the Luce Bayou project, including the comment period for the Environmental Impact Statement, the schedule for publication of the Record of Decision, and submission of a Memorandum of Understanding. He stated that the Coastal Water Authority will schedule presentations on Statements of Qualifications for design of the pump station for the project from two engineering teams.

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, 9B, and 12D, and combined Main Segments 13A and 16A. 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 a Texas Commission on Environmental Quality ("TCEQ") Notice of Intent application for combined Main Segments 13A and 16A.

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 and related right-of-way acquisition activities.

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

Mr. Scholler recommended approval of requests for partial reimbursement of chloramines conversion project costs from Cinco Southwest M.U.D No. 1 and Fort Bend County M.U.D. No. 133.

Mr. Scholler reported on Fort Bend Subsidence District permit renewal matters and submission of an application for early conversion credits.

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 City of Houston 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.

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. 21 in the amount of \$0,

Main Segment 7C, Pay Estimate No. 12 in the amount of \$0,

Main Segment 8B, Pay Estimate No. 17 in the amount of \$0,

Main Segment 9A, Pay Estimate No. 15 in the amount of \$0,

Main Segment 9B, Pay Estimate No. 18 in the amount of \$160,231.07,

Main Segment 12D, Pay Estimate No. 27 in the amount of \$0, and

Bellaire Pump Station project, Pay Estimate No. 19 in the amount of \$246,536.51;

- (2) approve execution of TCEQ Notices of Intent applications for combined Main Segments 13A and 16A;
- (3) approve Cinco Southwest M.U.D No. 1's request for partial reimbursement for its chloramines conversion project in the amount of \$20,800.26; and
- (4) approve Fort Bend County M.U.D No. 133's request for partial reimbursement for its chloramines conversion project in the amount of \$4,882.00.

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

GROUNDWATER REDUCTION PLAN PARTICIPATION CONTRACT

Mr. Oliver reviewed a First Amendment to Groundwater Reduction Plan Participation Agreement and Memorandum of Agreement with The George Foundation to remove two tracts with a total acreage of 315.27 from the agreement. Following review and discussion Director Gay moved to approve the amendment. Director Hebert seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Scholler reported on a scheduled meeting of the City of Houston Advisory Committee.

CONTRACTS

There were no contracts for consideration.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed two Water Line Easements for Main Segment 13B and combined Main Segments 16A and 13A as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easements. Director Hebert seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:20 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 7:38 p.m., the Board reconvened in open session. Director Darden moved to

continue with condemnation proceedings to acquire such properties and property interests as discussed. Director Gay seconded the motion, which was approved by unanimous vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE DECEMBER 19, 2013, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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