

MINUTES  
NORTH FORT BEND WATER AUTHORITY

February 27, 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 27th day of February, 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 Directors Houghton and Darden, thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, P.E., Charles Shumate, P.E., and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Tom Laseter of SWWC Services, Inc. ("SWWC"); Mark Yentzen of Severn Trent Services, Inc.; Barbara Payne of Payne Communications; Steve Bonjonia of PAS Property Acquisition Services, LLC; 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 the regular meeting held on January 23, 2013, and the special meeting held on January 30, 2013. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. There were no public comments.

PUBLIC COMMUNICATIONS

The Board discussed public communication and water conservation education

activities. Ms. Payne reported on the schedule for use of the Authority's water conservation mobile teaching lab. She noted that a portion of the boundaries of the Katy Independent School District are within the Authority while other portions are within the West Harris County Regional Water Authority. She discussed making modifications to the Authority's water conservation mobile teaching lab to concentrate on science education and to the West Harris County Regional Water Authority's water conservation mobile teaching lab to concentrate on social studies education so that both Authorities can use the other's mobile teaching labs within each other's boundaries. She stated that she will obtain a cost proposal for the proposed modifications to the Authority's mobile teaching lab for the Board's review.

Ms. Payne reported that she and Director Hebert are scheduled to meet with Lamar Independent School District in an effort to increase use of the mobile teaching lab. She noted that a portion of the schools within the Lamar School District are located outside of the Authority's boundaries.

Ms. Payne reported that a water conservation workshop is scheduled to be conducted for the Katy Independent School District in June, 2013.

Ms. Payne reported that the Authority's newsletter will be distributed by mail next week.

#### WATER CONSERVATION AND REUSE

Mr. Oliver updated the Board on the proposed process for the development of landscape irrigation requirements and stated that additional stakeholder meetings are tentatively scheduled to be held in April, 2013.

Mr. Oliver and Director Patton discussed a special meeting tentatively scheduled on April 3, 2013, to discuss requests received by the Authority for reuse credit agreements from Fort Bend County M.U.D. Nos. 34 and 35, and Cinco M.U.D. No. 1.

#### CONTRACT FOR ELECTRICITY

The Board concurred to defer this item.

#### 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, 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. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that the Authority's Finance and Policy Committee (the "Committee") considered correspondence from Cornerstones M.U.D. requesting an extended term of five years for Cornerstones M.U.D. to deliver water to Harris County M.U.D. No. 81 ("MUD 81") through its interconnect, for repayment in kind water received by Cornerstones M.U.D., per the Authority's granting of a waiver of the imported water fee pursuant to the Authority's Amended Rate Order. He stated that the Committee concurred to recommend that the Board approve a two-year repayment period. Following review and discussion, Director Gay moved to approve a two-year repayment period per the Committee's recommendation. Director Hebert seconded the motion, which was approved by unanimous vote.

#### OPERATION OF AUTHORITY FACILITIES

Mr. Laseter reported on the operations of the Authority's facilities, including maintenance and repairs and an update on staking activities. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Spell seconded the motion, which was approved by unanimous vote.

#### ENGINEERING MATTERS

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

Ms. Silva presented the engineer's report, including the monthly pumpage report and the status of new wells located within the Authority. She reviewed a list of recent and upcoming events, reported on outstanding information needed from the City of Houston to analyze the Fiscal Year 2011 true-up, and discussed the status of the wetlands delineation and funding for the Luce Bayou Project. A copy of the engineer's report is attached.

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

Ms. Silva updated the Board on design projects and the construction of Main Segments 7A, 7B, 7C, 8A, 8B, 9A, 9B, 12A, 12B, and 12D, the connection water line for Fort Bend County M.U.D. No. 118, and the Bellaire Pump Station and D-158 Water Plant Well Inspection projects, and reported on warranty inspections. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. Ms. Silva recommended approval of twelve pay estimates for the construction projects and change orders for Main Segments 7A, 9A, and 9B, and the Bellaire Pump Station project.

Ms. Silva updated the Board on the repair of an electrical failure of the booster pumps at the D-158 water plant.

Ms. Silva reviewed and requested approval of a proposal from B&G for engineering, surveying, abstracting, and property acquisition services related to

acquisition of the high priority easements for the 2025 surface water system, including Main Segment 10 and the segments requested for early conversion.

### ROUTING ANALYSES

Ms. Silva reported on the status of B&G's evaluation of a request for a change in routing for Main Segment 13 from the new developer of Cross Creek Ranch.

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

Ms. Silva updated the Board on the status of chloramine conversion projects and B&G's evaluation of a request for reimbursement for chloramine conversion received from Fort Bend County M.U.D. No. 30.

Ms. Silva reported that the equalization fee for the Authority's Groundwater Reduction Plan Participation Agreement with Fort Bend County M.U.D. No. 141 was received and an amendment to the Authority's Groundwater Reduction Plan will be prepared.

Ms. Silva stated that a request for over conversion credits was submitted to the Fort Bend Subsidence District (the "FBSD") on behalf of the Authority for permit year ending September 30, 2012, and is being processed by the FBSD.

Ms. Silva reported that the Authority's renewed 2012-2013 aggregate well permit with the FBSD has been verified by B&G. She stated that year-end pumpage numbers will be submitted to the FBSD once final pumpage numbers from December, 2012 are received.

### REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's evaluation of a proposed brackish groundwater project and preliminary permitting discussions with the FBSD.

Ms. Silva reported that B&G prepared an estimate of the Authority's electric power usage over the next few years based on water usage projections.

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. 11 in the amount of \$40,265.75,
  - Main Segment 7B, Pay Estimate No. 11 in the amount of \$0,
  - Main Segment 7C, Pay Estimate No. 2 in the amount of \$73,774.80,

Main Segment 8A, Pay Estimate No. 6 in the amount of \$145,575.67,  
Main Segment 8B, Pay Estimate No. 7 in the amount of \$66,243.49,  
Main Segment 9A, Pay Estimate No. 5 in the amount of \$0,  
Main Segment 9B, Pay Estimate No. 8 in the amount of \$26,392.50,  
Main Segment 12A, Pay Estimate No. 17 in the amount of \$0,  
Main Segment 12B, Pay Estimate No. 16 in the amount of \$0,  
Main Segment 12D, Pay Estimate No. 17 in the amount of \$0,  
Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 8 in the amount of \$26,942.00, and  
Bellaire Pump Station project, Pay Estimate No. 9 in the amount of \$1,245,816.35; and

- (2) approve the following change orders:

Main Segment 7A, Change Order No. 2 in the amount of \$99,288.55,  
Main Segment 9A, Change Order No. 1 in the amount of \$146,037.57,  
Main Segment 9B, Change Order No. 2 in the amount of \$229,501.90, and  
Bellaire Pump Station project, Change Order No. 4 in the amount of \$150,502.26; and

- (3) approve the proposal from B&G for engineering, surveying, abstracting, and property acquisition services related to acquisition of the high priority easements for the 2025 surface water system, including Main Segment 10 and the segments requested for early conversion in the amount of \$6,000.00 per parcel for an estimated 170 parcels.

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

#### MOWING PROPOSALS AND SERVICES AGREEMENT

Ms. Silva reported that proposals for mowing maintenance services were received from Storm Water Solutions, LP ("SWS") and Environmental Allies and SWS was the low bidder. Mr. Oliver reviewed a Contract for Maintenance Services with SWS for mowing maintenance services of recommended Authority facility locations within CenterPoint Energy Houston Electric LLC's right-of-way in the amount of \$6,090.96 per year. He stated that the contract also includes mowing maintenance of a facility located within a parcel owned by the Metropolitan Transit Authority of Harris County, Texas ("METRO") and subject to a License Agreement between METRO and the Authority. Following review and discussion, Director Gay moved to approve and authorize execution of the contract. Director Hebert seconded the motion, which was approved by unanimous vote.

## JOINT PROJECTS

Mr. Oliver and Ms. Silva generally updated the Board on the status of joint projects with the West Harris County Regional Water Authority, including matters related to the Second Source Water Line. Mr. Oliver stated that the next meeting of the Joint Facilities Committee is scheduled for February 28, 2013.

## CONTRACTS

There was no discussion on this item.

## REALTY INTEREST ACQUISITION

There was no discussion on this item.

## EXECUTIVE SESSION

The Board convened in executive session at 7:15 p.m., to conduct a private consultation with the Authority's attorney to discuss pending or contemplated litigation, or a settlement offer and to deliberate the purchase, exchange, lease, or value of real property.

## RECONVENE IN OPEN SESSION

At 8:29 p.m., the Board reconvened in open session. Director Gay moved to authorize sending a letter to Bluebonnet Groundwater Conservation District to request a contested case hearing related to a notice of permit applications submitted by Electro Purification, LLC, on November 21, 2012, and to engage Kemp Smith LLP. Director Hebert seconded the motion, which was approved by unanimous vote.

## LEGISLATIVE MATTERS

Mr. Oliver updated the Board on legislative matters.

## STATEMENTS OF QUALIFICATIONS AND PROPOSALS FOR OPERATING SERVICES AND TERMINATE OR ASSIGN SWWC CONTRACT

Mr. Oliver reported that, as approved at the Authority's special meeting held on February 21, 2013, the Authority's current Professional Services Contract for operating services with SWWC will be assigned to Severn Trent Services, Inc. at midnight. Mr. Yentzen reported on personnel in place for the transfer of operations.

The Board discussed responses to the Authority's Request for Qualifications for Operating Services for the Authority's Facilities ("RFQ") received from the following companies:

1. Si Environmental, LLC;
2. Severn Trent Services, Inc.;
3. Municipal Operations & Consulting, Inc.; and
4. Pipeline Industries, Inc.

Following review and discussion, Director Gay moved to reduce the number of companies for consideration to Si Environmental, LLC and Severn Trent Services, Inc. and authorize B&G to prepare a list of written questions and scenarios proposed to be sent to the two companies for review at the March, 2013 committee meetings. Director Fay seconded the motion, which was approved by unanimous vote.

#### NEGOTIATION OF OPERATION AND MAINTENANCE SERVICE CONTRACT

The Board concurred to defer this item.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE FEBRUARY 27, 2013, BOARD MEETING]

(SEAL)



*Melony Say*  
Secretary, Board of Directors



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