

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 26, 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 26th day of March, 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, Charles Shumate, Emmanuel De Pau, Lindsay Kovar, and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; 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 March 26, 2014, and the special meeting held on March 5, 2014. 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 Houghton opened the meeting to receive public comments. There being no public comments, Director Houghton closed the meeting to public comments.

PUBLIC COMMUNICATIONS AND WATER CONSERVATION AND REUSE

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 stated that a Wastewater Treatment Plant Effluent Reuse Fee Credit Agreement with Cinco M.U.D. No. 1 was ready for execution. Following review and discussion, Director Gay moved to authorize execution of the agreement. Director

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

Ms. Kovar reviewed a report on the Authority's W.I.S.E. Guys Irrigation System Evaluation Program and reported on outstanding constituent submissions of Annual Water Conservation Reports. She reviewed and recommended approval of a request for an exemption from the Authority's requirement for submission of a Water Conservation Plan on Well Nos. 353 and 1291 from Terrabrook Cinco Ranch Southwest. Following review and discussion, Director Gay moved to approve the requested exemption. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar discussed upcoming training opportunities. She reviewed a request for a partnership contribution to the AgriLIFE Extension, the Houston Gulf Coast Irrigation Association, and the City of Sugar Land for an Irrigation Symposium to be held on July, 25, 2014. Following review and discussion, Director Gay moved to approve a contribution in the amount of \$500.00 for the symposium. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar discussed activities related to the development of a comprehensive plan for water conservation and alternative water utilization in the Authority, including working with Glass House Strategy on a scope of work for development of water conservation marketing materials.

Ms. Kovar reviewed Fort Bend County M.U.D. No. 106's reservation request for the Authority's Water Conservation Mobile Teaching Lab for the Greatwood Homeowners Association Spring Fling on April 12, 2014. She stated that Fort Bend County M.U.D. No. 106 is a non-school entity located outside of the boundaries of the Authority and reviewed reservation requirements. Following review and discussion, Director Gay moved to approve Fort Bend County M.U.D. No. 106's reservation request. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar reported that stakeholder meetings related to the Authority's development of proposed landscape irrigation requirements are scheduled for April 29, 2014, at noon and 6:00 p.m. at the Willow Fork Country Club. Mr. Oliver and Ms. Kovar discussed the phased process being undertaken by the Authority for developing proposed landscape irrigation requirements in response to a meeting attendee's questions. Mr. Oliver reviewed Banquet Order Forms for the stakeholder meetings. Following review and discussion, Director Gay moved to authorize execution of the Banquet Order Forms. Director Hebert seconded the motion, which was approved by unanimous vote.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT

Mr. Oliver reminded the Board that the Authority is required to file an Annual Report by June 30, 2014, in accordance with the Continuing Disclosure of Information Agreement contained in the Authority's bond resolutions and SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually. Following discussion, Director Gay moved to authorize the Authority's consultants to prepare the updated financial and operating data in accordance with the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12. 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. She reviewed a memorandum regarding unclaimed property and the annual utility consumption report. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

RENEWAL OF LETTER OF CREDIT

Mr. Oliver discussed a proposed one-year renewal of the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000 in favor of CenterPoint Energy, due to expire on June 4, 2014. Following discussion, Director Gay moved to approve the one-year renewal of the Letter of Credit issued by Central Bank in favor of CenterPoint Energy. 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 maintenance and repairs and water accountability. A copy of the operations report is attached. He reviewed a cost estimate for installation of an entry point sample device at 13380 Bellaire Blvd. in the amount of \$1,705.00. He discussed coordination with the Authority's engineer and representatives of Fort Bend County M.U.D. No. 57 on the repair of a side slope of a drainage channel located near the Authority's Main Segment 12D waterline. Following review and discussion, Director Gay moved to approve the operator's report, including the cost estimate for the installation of an entry point sample device. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver discussed Governor Perry's Proclamation Extending Drought Emergency to Fort Bend County and discussed statewide drought conditions and methods of encouraging reduced water usage.

ADOPT UPDATED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board reviewed an updated Crisis Management Media Relations Plan. Following review and discussion, Director Gay moved to adopt the updated Crisis Management Media Relations Plan as presented. 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 monthly pumpage, 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 that B&G is reviewing the City of Houston's (the "COH") written responses to B&G's previous questions regarding the Fiscal Year 2011 true-up and the COH's five-year Capital Improvement Plan.

Mr. Scholler reported that the Coastal Water Authority is negotiating a contract with the design consultant chosen for the Luce Bayou project.

Mr. Shumate and Mr. Oliver discussed matters related to the planned expansion of the Northeast Water Purification Plant, including meetings related to the COH's proposed second supplement to the Authority's Water Supply Contract with the COH.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Mr. Scholler updated the Board on the schedules for advertising for bids for the projects to construct Main Segment 10A and the connection water line for Fort Bend County M.U.D. No. 206.

Mr. Scholler updated the Board on the construction of the Bellaire Pump Station project, Main Segments 7C and 9A, and combined Main Segments 13A and 16A. He recommended approval of four pay estimates for the construction projects and final acceptance of Main Segments 7C and 9A.

Mr. Scholler reported that six bids were opened on March 21, 2014, for the contract for the construction of Main Segment 10B. He stated that the low bid in the amount of \$2,285,191 submitted by Hurtado Construction Company, Inc. is under review.

Mr. Scholler recommended approval of a change order for an increased budget allocation to the Authority's contract with HTS, Inc. Consultants for additional material testing services performed for the Bellaire Pump Station project.

ROUTING ANALYSES

Mr. Scholler reported on B&G's continued 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 efforts.

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

Mr. Scholler reported on the status of requests for reimbursement for chloramines conversion projects by municipal utility districts within the Authority. He recommended approval of reimbursements for chloramines conversion projects for Fort Bend County M.U.D. Nos. 133 and 142, and Grand Mission M.U.D. No. 1.

Mr. Scholler reported on matters related to Fort Bend Subsidence District ("FBSD"), including FBSD's continued review of the Authority's application for the rebate of overpaid pumpage fees.

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

- (1) approve the following pay estimates:
 - Main Segment 7C, Pay Estimate No. 15 and Final in the amount of \$279,886.71,
 - Main Segment 9A, Pay Estimate No. 18 and Final in the amount of \$62,132.55,
 - Main Segments 13A and 16A, Pay Estimate No. 1 in the amount of \$123,839.92, and
 - Bellaire Pump Station project, Pay Estimate No. 22 in the amount of 471,173.36;
- (2) approve final acceptance of the projects for construction of Main Segments 7C and 9A;
- (3) approve an additional budget authorization for the Authority's contract with HTS, Inc. Consultants for materials testing services for the Bellaire Pump Station project in the amount of \$13,500.00; and
- (4) approve reimbursement payments for chloramines conversion projects for Fort Bend County M.U.D. No. 133 in the amount of \$58,525.00, Fort Bend

County M.U.D. No. 142 in the amount of \$413,812.50, and Grand Mission M.U.D. No. 1 in the amount of \$35,588.50.

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

Mr. Oliver reviewed an Amended and Restated Resolution Authorizing Acquisition of Real Property Segments 0 and 1. Following review and discussion, Director Gay moved that the Board of Directors of the Authority, in a record vote, adopt a Resolution authorizing the use of the power of eminent domain to acquire certain properties and other property interests at the general locations and along the general routes, as shown on Exhibit A to the resolution, for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water, and delegating to the Authority's Chief Administrative Official the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests. This first record vote applies to all units of property to be condemned. Director Hebert seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver reported that the Joint Facilities Committee meetings continue to be postponed pending resolution of coordination efforts with the COH on the proposed Second Supplement to the Authorities' Water Supply Contract with the COH related to the expansion of the Northeast Water Purification Plant and matters related to determining the tie-in location for the Second Source Water Line and design of the Northeast Water Purification Plant.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line and Meter Easement for Main Segment 7B and three Water Line Easements for Main Segment 13A as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:08 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer, and pursuant to

Section 551.072, Texas Government Code, 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.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE MARCH 26, 2014, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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