

MINUTES
NORTH FORT BEND WATER AUTHORITY

May 22, 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 22nd day of May, 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 Gay, Fay, and Hebert thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, P.E. and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mark Yentzen, David Walker, and Dale Clayton of Severn Trent Services, Inc.; David Oliver and Christina Miller 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 April 24, 2013. After review and discussion, Director Patton moved to approve the minutes as written. Director Spell seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Houghton 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. Miller reported that Barbara Payne of Payne Communications is preparing for the water conservation education workshops scheduled for teachers.



WATER CONSERVATION AND REUSE

The Board discussed the proposed process for the development of landscape irrigation requirements. Mr. Oliver and Ms. Silva discussed the stakeholder meetings held during the preliminary phase of the process and stated that a summary of the meetings will be reviewed with the Board to determine the next steps in the process.

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, a schedule of debt service payments, and quarterly investment report. She reported that the check for payment of the City of Houston's (the "City") invoice for the 2011 Fiscal Year True-up has been voided and payment has not been made, until additional information is provided by the City. A copy of the bookkeeper's report is attached. Following review and discussion, Director Spell moved to approve the bookkeeper's report. Director Patton seconded the motion, which was approved by unanimous vote.

CONTRACT FOR ELECTRICITY

Mr. Harrington reviewed an analysis of electricity rates from seven retail electric providers. He recommended executing an Electric Energy Sales Agreement with Reliant Energy Retail Services, LLC for a rate of \$0.05185 for a term of 60 months to begin on June 13, 2013. Following review and discussion, Director Patton moved to authorize execution of the agreement. Director Spell seconded the motion, which was approved by unanimous vote.

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's Critical Load Spreadsheet, which lists the facilities operated by the Authority that receive electricity. Mr. Oliver stated that the Critical Load Spreadsheet was updated by the Authority's consultants and is required to be filed annually with the appropriate entities, including CenterPoint Energy and Harris and Fort Bend Counties, for emergency purposes. After review and discussion, Director Darden moved to authorize the annual filing of the Critical Load Spreadsheet, subject to final review by the Authority's consultants. Director Spell seconded the motion, which carried by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reported on the operations of the Authority's facilities, including maintenance and repairs. A copy of the operations report is attached. Following review and discussion, Director Darden moved to approve the operator's report. Director Patton 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. A copy of the engineer's report is attached.

Ms. Silva reviewed a list of recent and upcoming events and conferences, and discussed matters related to preparation of the Environmental Impact Statement and archeological work for the Luce Bayou project.

Ms. Silva reported that a letter requesting outstanding information needed from the City of Houston to analyze the Fiscal Year 2011 True-up and providing comments the Fiscal Year 2014 O&M Rate has been forwarded to ABHR for review.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva updated the Board on the design of Main Segments 10A and 10B. She recommended approval of a change order to the design contract for Main Segment 10A for additional survey work.

Ms. Silva updated the Board on the construction of Main Segments 7A, 7B, 7C, 8A, 8B, 9A, 9B, 12B, and 12D, the connection water line for Fort Bend County M.U.D. No. 118, and the Bellaire Pump Station project, and reported on warranty inspections, and coordination with the City of Houston on the delivery of pumps from the completed D-158 Water Plant Well Inspection project. She updated the Board on delivery of surface water to Fort Bend County M.U.D. No. 118 and witness testing and delivery schedules for the Bellaire Pump Station project. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. She recommended approval of eleven pay estimates for the construction projects. She additionally recommended approval of a change order to the Authority's contract for the construction of the Bellaire Pump Station project for tank accent painting and increasing the size of the gas supply line to the generators.

Ms. Silva recommended entering into a Construction Contract with Hurtado Construction Company, Inc. for removal, replacement, and storage of a section of pipeline in Main Segment 4B.

Ms. Silva reviewed and requested approval of proposal from B&G for conservation and reuse facilitation services.

ROUTING ANALYSES

Ms. Silva reviewed and recommended approval of routing analysis reports for Main Segments 11, 13, 15, 16, 17, and 18, together with approval of amended routing



analysis reports for Main Segments 10 and 19.

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 requests for reimbursement for chloramine conversion. A spreadsheet summarizing the status of chloramine conversion projects and reimbursement is attached to the engineer's report. She recommended approval of reimbursement to Fort Bend County M.U.D. No. 30 for its chloramine conversion costs.

Ms. Silva reported that B&G has issued a letter of no objection to Fort Bend County M.U.D. No. 206 for its proposed construction of a water plant.

Ms. Silva stated that the Fort Bend Subsidence District ("FBSD") has issued a certificate to the Authority for over-conversion credits for permit year ending September 30, 2012.

Ms. Silva noted that the FBSD did not take final action on proposed changes to its regulatory plan, including a proposed change to the definition of Alternate Water Supply, at its meeting earlier in the day, and FBSD intended to discuss the proposed changes at its next Regulatory Planning Committee Meeting.

REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's evaluation of preliminary brackish groundwater well site locations.

Ms. Silva reported on the status of submission of Water Conservation Plan Annual Reports by the Authority's constituents.

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

- (1) approve the following pay estimates:
 - Main Segment 7A, Pay Estimate No. 14 in the amount of \$117,766.76,
 - Main Segment 7B, Pay Estimate No. 14 in the amount of \$98,837.55,
 - Main Segment 7C, Pay Estimate No. 5 in the amount of \$1,268,576.82,
 - Main Segment 8A, Pay Estimate No. 9 in the amount of \$148,261.75,
 - Main Segment 8B, Pay Estimate No. 10 in the amount of \$146,354.66,
 - Main Segment 9A, Pay Estimate No. 8 in the amount of \$0,
 - Main Segment 9B, Pay Estimate No. 11 in the amount of \$0,
 - Main Segment 12B, Pay Estimate No. 19 in the amount of \$0,



Main Segment 12D, Pay Estimate No. 20 in the amount of \$0,
Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No.
11 in the amount of \$2,042.50, and
Bellaire Pump Station project, Pay Estimate No. 12 in the amount of
\$2,455,425.00;

- (2) approve change order to the design contract for Main Segment 10A for additional survey work in the amount of \$5,000.00;
- (3) approve proposal from B&G for conservation and reuse facilitation services;
- (4) approve Change Order No. 5 to the Authority's construction contract for the Bellaire Pump Station project in an amount not to exceed \$22,952.43;
- (5) approve Construction Contract with Hurtado Construction Company, Inc. for removal, replacement, and storage of a section of pipeline in Main Segment 4B in the amount of \$5,500.00;
- (6) approve reimbursement to Fort Bend County M.U.D. No. 30 for its chloramine conversion costs in the amount of \$668,237.50; and
- (7) approve the routing analysis reports for Main Segments 10, 11, 13, 15, 16, 17, 18, and 19, and move that the Board of the Authority, in a record vote, adopt Resolutions 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 resolutions for Main Segments 10, 11, 13, 15, 16, 17, 18, and 19, 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 Spell seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver reported on a conference call of the Joint Facilities Committee to discuss the additional surface water reservation requests made by the Authority and the West Harris County Regional Water Authority ("WHCRWA") to the City of Houston and waivers of the notice period granted by the Authority and the WHCRWA to each other. He stated that the waivers will be sent soon to the City of Houston. Ms. Silva reported that a proposed website for the Second Source Waterline project was discussed.



CONTRACTS

Mr. Oliver reviewed legal conflicts waivers related to ABHR's representation of the Authority and Fort Bend County M.U.D. No. 57 on certain matters related to a proposed easement for water line facilities and Fort Bend County M.U.D. No. 58 on certain matters related to a proposed Water Trunkline Financing Agreement. Following review and discussion, Director Patton moved to approve the legal conflict waivers. Director Spell seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

There was no discussion on this item.

LEGISLATIVE MATTERS

Mr. Oliver updated the Board on legislative matters. He stated that Senate Bill 1825, adding two new Board members to the Board of Directors of the FBSD, to be appointed by the Authority for two-year terms, has passed and been sent to the Governor of Texas for signature. He stated that discussion regarding the appointments will be held at upcoming Committee meetings.

EXECUTIVE SESSION

The Board convened in executive session at 6:51 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 7:41 p.m., the Board reconvened in open session. Director Darden moved to authorize the Authority's consultants to obtain an option contract and an appraisal for property needed for a well field in coordination with Property Acquisition Services, LLC. Director Patton seconded the motion, which was approved by unanimous vote.

Director Darden moved to authorize execution of an engagement letter with Joyce, McFarland + McFarland LLP for representation on litigation matters as discussed. Director Patton 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 MAY 22, 2013, BOARD MEETING]

Melony Say
Secretary, Board of Directors

(SEAL)



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