

MINUTES
NORTH FORT BEND WATER AUTHORITY

June 26, 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 26th day of June, 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 Darden, Fay, and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, P.E., Dave Scholler, P.E., and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Barbara Payne of Payne Communications; Mark Yentzen, David Walker, and Dale Clayton of Severn Trent Services, Inc. ("STS"); 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 special meeting held on May 14, 2013, and regular meeting held on May 22, 2013. After review and discussion, Director Spell moved to approve the minutes as written. Director Patton 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 comment.

PUBLIC COMMUNICATIONS

The Board discussed public communication and water conservation education activities. Ms. Payne stated that water conservation and storm sewer pollution brochures are available to municipal utility districts to place as inserts into their utility



bills. She discussed items included on the Authority's website. She reported on water conservation education workshops scheduled for teachers and students and a new book program related to drought topics. She discussed an upcoming opportunity for the Authority to participate in a proposed regional educational program related to Senate Joint Resolution 1 that proposes a constitutional amendment providing for the creation of two funds to assist in the financing of priority projects in the state water plan.

WATER CONSERVATION AND REUSE

PROJECT MANAGER

Director Houghton noted that Jennifer Mays of B&G provided an update on priority items she is focusing on in her new role as Conservation and Reuse Facilitation Project Manager during the June meeting of the Finance and Policy Committee.

VEPO AMENDMENT

Mr. Oliver reviewed a First Amendment to the W.I.S.E. Guys Irrigation System Evaluation Agreement that includes decreases in the minimum annual evaluations and fee structure. Following review and discussion, Director Gay moved to approve the amendment. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that the Finance and Policy Committee is discussing implementing a proposed incentive program for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). He stated that a notice of the decreased fee structure will be distributed to the municipal utility districts located within the Authority.

Director Houghton responded to a meeting attendee who requested clarification regarding a letter sent by the Authority requesting a list of the top 10% of water users located within municipal utility districts participating in the WISE Guys Program. Director Houghton stated that the Authority is seeking information to assist with identifying a program to lower water use. He stated that the water users have not been contacted and that such contact would not be made without coordination with the municipal utility districts.

In response to a meeting attendee's inquiry on the Authority's follow-up with WISE Guys Program participants to determine whether a reduction in water use was achieved, Ms. Silva stated that surveys were sent to program participants, and the responses are being evaluated.

DEVELOPMENT OF LANDSCAPE IRRIGATION REQUIREMENTS

The Board discussed the proposed process for the development of landscape



irrigation requirements. Mr. Oliver 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 at a special meeting to be scheduled to determine the next steps in the process.

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. She reported that the check for the Bellaire Pump Station project is being held until lien issues are resolved. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Spell seconded the motion, which was approved by unanimous vote.

ANNUAL REPORT

The Board considered approving the Annual Report and authorizing filing of same with the appropriate information depositories in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Following review and discussion, Director Gay moved to approve the updated financial and operating data, and direct that the report be filed appropriately and retained in the Authority's official records. Director Spell seconded the motion, which was approved 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. He reported on notifications sent to municipal utility districts regarding the need to monitor and adjust chloramine ratios due to the use of second source water by the City of Houston (the "COH") during the repair of an 80-inch main water line. He discussed communications with the COH during low pressure incidents experienced at the D-158 Pump Station. Following review and discussion, Director Gay moved to approve the operator's report. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Yentzen reviewed a proposal for annual electrical surveying and thermal imaging of the Authority's facilities. Following review and discussion, Director Gay moved to approve proceeding with a generator load bank test in the amount of \$1,800.00 and to table consideration of any annual services until the July meeting of the Finance and Policy Committee. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Yentzen reviewed a proposal from Water Utility Services, Inc. for



nitrification monitoring in the amounts of \$1,900 per month and \$100 per month for additional sites. Following review and discussion, Director Gay moved to approve the proposal and authorize execution of a Service Agreement with Water Utility Services, Inc. Director Spell seconded the motion, which was approved by unanimous vote.

Mr. Oliver reviewed a Letter Agreement with STS regarding the dedicated telephone number for Authority operations and reporting purposes. Following review and discussion, Director Gay moved to authorize execution of the Letter Agreement. Director Spell seconded the motion, which was approved by unanimous vote.

Ms. Silva responded to Director Houghton's questions regarding the water production report included in the operations report.

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. She reported on a meeting of the Population and Water Demand Committee of the Region H Water Planning Group and recommended sending a letter to the Region H Water Planning Group to amend the Authority's Water User Group Projections based on B&G's updated water demand and population projections.

Ms. Silva reported on a meeting of the Advisory Committee held on June 17, 2013, and recommended sending a letter to the COH regarding provisions of the Water Supply Contract that pertain to the time period during which the COH is required to provide the Authority with the 15 million gallons per day requested via the Authority's current outstanding reservation request.

Ms. Silva discussed matters related to preparation of the Environmental Impact Statement and archeological work for the Luce Bayou project and reported that a schedule for the Northeast Water Purification Plant expansion and modification project has not been made available by the COH.

Ms. Silva reported that the COH indicated that a meeting would be scheduled to address the outstanding information needed from the COH to analyze the Fiscal Year 2011 True-up and the Fiscal Year 2014 O&M Rate.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva updated the Board on the design of Main Segments 10A, 10B, 13A, and 16A, and geotechnical field work for all of the current design projects.



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 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 and noted that, as discussed during the bookkeeper's report, the pay estimate for the Bellaire Pump Station project is being held until lien issues are resolved. She additionally recommended approval of a change order to the Authority's contract for the construction of the Bellaire Pump Station project for additional materials and piping for changed field conditions, subject to receipt of the contractor's signature on the change order.

Ms. Silva reviewed and recommended approval of a release form and permit application needed to provide electricity service to the Bellaire Pump Station.

Ms. Silva reviewed and requested approval to amend the previously approved 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 to add ten additional parcels for Main Segment 19.

ROUTING ANALYSES

There was no update on routing analyses.

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 from Fort Bend County M.U.D. No. 134A.

Ms. Silva reported on permit renewal matters.

Ms. Silva noted that the Fort Bend Subsidence District (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 Regulatory Planning Committee meeting held on June 18, 2013 or at the Board meeting earlier today, and discussed possible changes to the General Manager position of the FBSD.

ELECTROPURIFICATION APPLICATION AND REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's evaluation of preliminary brackish groundwater well site locations and the property needed for a well field, including performance of due diligence for a 26.16 acre tract of land.



Ms. Silva reported on B&G's follow-up on outstanding constituent Water Conservation Plan Annual Reports submittals.

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. 15 in the amount of \$0,
 - Main Segment 7B, Pay Estimate No. 15 in the amount of \$285,402.69,
 - Main Segment 7C, Pay Estimate No. 6 in the amount of \$889,413.80,
 - Main Segment 8A, Pay Estimate No. 10 in the amount of \$7,410.00,
 - Main Segment 8B, Pay Estimate No. 11 in the amount of \$0,
 - Main Segment 9A, Pay Estimate No. 9 in the amount of \$0,
 - Main Segment 9B, Pay Estimate No. 12 in the amount of \$188,237.70,
 - Main Segment 12B, Pay Estimate No. 20 in the amount of \$0,
 - Main Segment 12D, Pay Estimate No. 21 in the amount of \$0,
 - Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 12 in the amount of \$12,445.00, and
 - Bellaire Pump Station project, Pay Estimate No. 13 in the amount of \$1,573,483.24, pending release of liens;
- (2) approve Change Order No. 6 to the construction contract for the Bellaire Pump station project for additional materials and piping for changed field conditions in the amount of \$54,760.54, subject to receipt of the contractor's signature on the change order;
- (3) approve an amendment to a proposal from B&G for engineering, surveying, abstracting, and property acquisition services related to the acquisition of the high priority easements for the 2025 surface water system to add ten additional parcels for Main Segment 19 in the amount of \$60,000.00;
- (4) authorize sending a letter to the Region H Water Planning Group to amend the Authority's Water User Group Projections based on B&G's updated water demand and population projections;
- (5) authorize sending a letter to the COH regarding provisions of the Water Supply Contract that pertain to the time period during which the COH is required to provide the Authority with the 15 million gallons per day requested via the Authority's current outstanding reservation request; and
- (6) authorize execution of a release form and permit application needed to



provide electricity service to the Bellaire Pump Station.

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

JOINT PROJECTS

Mr. Oliver stated that a meeting of the Joint Facilities Committee is being scheduled.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed a legal conflict waiver related to ABHR's representation of the Authority and Cinco Southwest M.U.D. No. 1 on certain matters related to a proposed easement for water line facilities as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to approve the legal conflict waiver. Director Spell seconded the motion, which was approved by unanimous vote.

LEGISLATIVE MATTERS

Mr. Oliver updated the Board on legislative matters. He reported that a letter was received from the FBSD acknowledging the passage of 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. He stated that discussion regarding the appointments will be held at upcoming Committee meetings.

EXECUTIVE SESSION

The Board convened in executive session at 7:53 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 8:43 p.m., the Board reconvened in open session. Director Gay moved to authorize Director Houghton and ABHR to negotiate a purchase contract based on the final appraisal for property needed for a brackish well field in coordination with Property Acquisition Services, LLC. Director Spell seconded the motion, which was approved by unanimous vote.

Director Gay moved to accept the proposal from Fugro, Inc. for estimation of subsidence for water level drawdown scenarios from proposed ElectroPurification



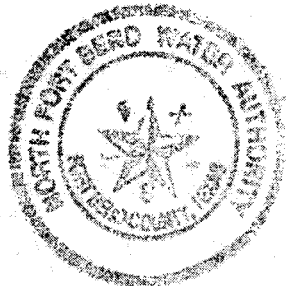
wells and adopt a Resolution Regarding Representation Related to Applications of Electro Purification, LLC for Permits before the Bluebonnet Groundwater Conservation District. Director Patton seconded the motion, which was approved by unanimous vote.

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



[SIGNATURE PAGE FOR THE MINUTES OF THE JUNE 26, 2013, BOARD MEETING]

(SEAL)



David H. Gale
Asst, Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Bookkeeper's Report.....	3
Operations Report.....	3
Engineer's Report.....	4
Realty Interests Chart.....	7

