

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 24, 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 24th day of July, 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 Gay, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, P.E., Melinda Silva, P.E., Charles Shumate, P.E., Jennifer Mays, P.E., and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Barbara Payne of Payne Communications; Mark Yentzen and David Walker of Severn Trent Services, Inc.; 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 June 26, 2013. After review and discussion, Director Hebert 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 reviewed direct mail and billing insert brochures for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") and stated that the brochures will be sent to the municipal utility districts currently participating in the WISE Guys Program for distribution to their residents. Discussion ensued regarding offering an incentive program to include a \$15.00 credit to



residents who participate in the WISE Guys Program. Following discussion, Director Hebert moved to authorize ABHR to coordinate with Ms. Payne on drafting and sending a letter to the municipal utility districts currently participating in the WISE Guys Program to provide notice of the decreased fee structure and the incentive program for the WISE Guys Program, subject to Director Patton's approval. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Payne reported on water conservation education workshops held for teachers, new educational programs for students, and upcoming reservations for the Authority's Mobile Teaching Lab.

Ms. Payne updated the Board on 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

Ms. Silva introduced Ms. Mays and discussed her new role as Conservation and Reuse Facilitation Project Manager. Ms. Mays reported on her activities related to the WISE Guys Program, constituent Water Conservation Reports, including follow-up on outstanding constituent Water Conservation Plan Annual Report submittals, evaluation of requests for reuse credit agreements, and coordination with Ms. Payne on the distribution of low flow water nozzles for use in the cafeterias of schools located within the Authority. She stated that she will meet monthly with Ms. Payne to coordinate efforts on these matters. She distributed summaries of her review of the Drought Contingency Plans for the City of Houston, the West Harris County Regional Water Authority, and the North Harris County Regional Water Authority.

INTERLOCAL AGREEMENT FOR WATER WISE PROGRAM

Mr. Oliver reviewed with the Board an Interlocal Agreement with the Fort Bend Subsidence District for the Authority's sponsorship of students for the Learning to be Water Wise Program. Following review and discussion, Director Hebert moved to authorize execution of the agreement to provide for sponsorship of students in eligible area schools in an amount not to exceed \$125,000.00. Director Fay seconded the motion, which was approved by unanimous vote.

REUSE MATTERS

Director Houghton discussed an informal conversation he had with the attorney for Fort Bend County M.U.D. Nos. 34 and 35 ("MUDs 34 and 35") regarding MUDs 34 and 35's proposal for an agreement with the Authority that provides credits to the districts for metered, reused effluent to be applied against the Authority's fees. Discussion ensued regarding the proposal, previous contact with the former engineer



for MUDs 34 and 35, and information needed to properly evaluate the proposal. Following discussion, Director Hebert moved to authorize B&G to send a letter to MUDs 34 and 35 to express the Board's interest in the proposed effluent reuse credit agreement and to request a meeting with representatives from MUDs 34 and 35 and the Authority to discuss the proposal. Director Patton 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, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. Ms. Logsdon reviewed the Authority's current budget allocation for invoices from the City of Houston for Rehabilitation Capital Costs and a Statement of Revenues and Expenditures and stated that an additional allocation from bond proceeds is needed for the increased City of Houston costs. Discussion ensued regarding the increased costs. Following review and discussion, Director Hebert moved to approve the bookkeeper's report and the additional allocation of bond proceeds as requested. Director Patton 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 that the low pressure incidents previously experienced at the D-158 Pump Station and water quality issues have been addressed by the City of Houston. Following review and discussion, Director Fay moved to approve the operator's report. Director Spell seconded the motion, which was approved by unanimous vote.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. Oliver reviewed a renewal proposal from SIG/McDonald & Wessendorff Insurance in the amount of \$158,834.00 for the Authority's insurance policies scheduled to expire on August 2, 2013. Following review and discussion, Director Hebert moved to accept the proposal. 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, 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.



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

Ms. Silva discussed matters related to the preparation of the Environmental Impact Statement and archeological work for the Luce Bayou project.

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 the current design projects. She reviewed and requested approval of a proposal from C.N. Koehl Urban Forestry, Inc. for urban forestry consulting services for Main Segment 10A.

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, including witness testing and delivery schedules for the Bellaire Pump Station project, and reported on warranty inspections. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. She recommended approval of twelve pay estimates for the construction projects. She noted that pay estimates for the Bellaire Pump Station project are being held until lien issues are resolved, and the final pay estimates for the connection water line for Fort Bend County M.U.D. No. 118 and the D-158 Water Plant Well Inspection project are being held until receipt of close-out documentation. She additionally recommended approval of a change order to the Authority's contract with Hurtado Construction Co., Inc. for the construction of Main Segment 7C for cathodic protection and hydro-excavation efforts.

Ms. Silva reviewed and requested approval of a change order to the Authority's contract with HTS, Inc. for materials testing services for the Bellaire Pump Station project.

Ms. Silva reviewed and requested approval of a proposal from B&G for preparation of As-Built drawings for Main Segments 13A and 16A as required by CenterPoint Energy.

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 recommended reimbursement to Fort Bend County M.U.D. No. 134A for its chloramine conversion costs.



Ms. Silva reported on the status of B&G's review of a second revised petition from Fort Bend County M.U.D. No. 25 for the exclusion of an additional 3.8 acres from the Authority's boundaries for a total of approximately 27.8 acres.

Ms. Silva reported on the status of B&G's review of a revised proposal for early surface water conversion of Fort Bend County M.U.D. No. 58.

Ms. Silva reported on the Authority's schedule for surface water delivery and permit renewal matters.

Ms. Silva noted that the Fort Bend Subsidence District has not taken final action on proposed changes to its regulatory plan, including a proposed change to the definition of Alternate Water Supply.

ELECTROPURIFICATION APPLICATIONS

Ms. Silva reported on the status of Electro Purification, LLC's well permit applications under consideration by the Bluebonnet Groundwater Conservation District. She stated that the preliminary hearing before the State Office of Administrative Hearings regarding the applications has been postponed until late October, 2013, at the request of the applicant.

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. She noted that a draft due diligence report was presented at the July meeting of the Finance and Policy Committee (the "Committee") and that the Committee concurred that an additional month is needed to perform due diligence.

Ms. Silva reported that the Texas Water Development Board will recommend that the Region H Water Planning Group amend the Authority's Water User Group Projections based on B&G's updated water demand and population projections.

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

- (1) approve proposal from C.N. Koehl Urban Forestry, Inc. for urban forestry consulting services for Main Segment 10A in the amount of \$2,500.00;
- (2) approve the following pay estimates:
 - Main Segment 7A, Pay Estimate No. 16 in the amount of \$29,925.00,
 - Main Segment 7B, Pay Estimate No. 16 in the amount of \$20,874.35,
 - Main Segment 7C, Pay Estimate No. 7 in the amount of \$43,220.63,
 - Main Segment 8A, Pay Estimate No. 11 in the amount of \$90,488.64,



Main Segment 8B, Pay Estimate No. 12 in the amount of \$24,349.59,
Main Segment 9A, Pay Estimate No. 10 in the amount of \$162,983.15,
Main Segment 9B, Pay Estimate No. 13 in the amount of \$100,507.50,
Main Segment 12B, Pay Estimate No. 21 in the amount of \$0,
Main Segment 12D, Pay Estimate No. 22 in the amount of \$0,
Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 13 and Final in the amount of \$68,573.75, pending receipt of closeout documents,

D-158 Water Plant Well Inspection project, Pay Estimate No. 3 and Final in the amount of \$10,520.00, pending receipt of closeout documents, and
Bellaire Pump Station project, Pay Estimate No. 14 in the amount of \$1,349,566.87, pending resolution of lien issues;

- (3) approve Change Order No. 2 to the Authority's construction contract with Hurtado Construction Co., Inc. for Main Segment 7C in the amount of \$0;
- (4) approve Change Order No. 2 to the Authority's contract with HTS, Inc. for materials testing services for the Bellaire Pump Station project in the amount of \$30,000.00;
- (5) approve proposal from B&G for preparation of As-Built drawings for Main Segments 13A and 16A as required by CenterPoint Energy in the amount of \$20,000.00; and
- (6) approve reimbursement to Fort Bend County M.U.D. No. 134A for its chloramine conversion costs in the amount of \$339,288.75.

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

JOINT PROJECTS

Mr. Oliver stated that a meeting of the Joint Facilities Committee will be held in August, but a date has yet to be determined.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed two Water Line Easements and one Consent to Encroachment for Main Segments 13A, 16A, and 9B as listed on the attached Realty Interests Chart. Following review and discussion, Director Fay moved to authorize execution of the realty interest acquisition documents as recommended. Director Hebert seconded the motion, which was approved by unanimous vote.



EXECUTIVE SESSION

The Board convened in executive session at 7:33 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 8:43 p.m., the Board reconvened in open session. Director Hebert moved to authorize Drew Miller at Kemp Smith, LLP, special counsel to the Authority, to send a letter or memorandum to the Fort Bend Subsidence District ("FBSD") in support of the FBSD's proposed changes to its regulatory plan to include a change to the definition of Alternate Water Supply, consistent with the previous letter sent by the Authority and also addressing issues raised in a memorandum submitted to the FBSD dated July 17, 2013, by Davidson, Troilo, Ream & Garza, PC. Director Fay seconded the motion, which was approved by unanimous vote.

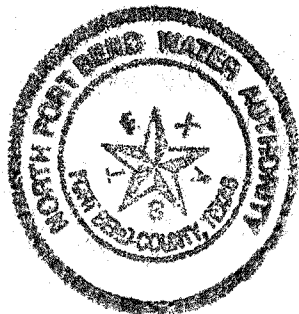
There being no further business to come before the Board, the meeting was adjourned.



[SIGNATURE PAGE FOR THE MINUTES OF THE JULY 24, 2013, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Bookkeeper's Report.....	3
Operations Report.....	3
Engineer's Report.....	3
Realty Interests Chart.....	6

