

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 24, 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 24th day of September, 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, except Director Fay, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, Emmanuel De Pau, Lindsay Kovar, Shayna Chapman, and Chris Jacob of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc. ("STSI"); Christina Miller 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 August 27, 2014. After review and discussion, Director Patton moved to approve the minutes as written. Director Darden 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 discussed water conservation and reuse matters. A copy of a Water Conservation and Reuse Memorandum is attached. Ms. Kovar discussed membership in the WateReuse Association. Following discussion, Director Hebert moved to approve the Authority's membership in the WateReuse Association in the amount of \$659.00. Director Darden seconded the motion, which was approved by unanimous

vote.

Ms. Kovar reported on the following matters: the schedule for presentations to municipal utility districts on the Authority's past activities and future plans; the status of reuse or alternative water credit projects/contracts for Grand Lakes M.U.D. Nos. 1, 2, and 4, Cinco M.U.D. No. 1, and Fort Bend County M.U.D. Nos. 34 and 35; the number of evaluations completed under the Authority's W.I.S.E. Guys Irrigation System Evaluation Program; follow-up on constituent submissions of Annual Water Conservation Reports; water conservation marketing campaign activities; formation of a water conservation committee consisting of representatives from municipal utility districts and homeowners associations to assist with development of a five-year water conservation implementation plan; preparation of water conservation newsletters by Glass House Strategy, LLC; the use of the Authority's water conservation mobile teaching lab at the upcoming Fort Bend County Fair and items for inclusion in a bag of items to be distributed to children attending the event; meetings held with school district superintendents to discuss implementation of water conservation education programs; development of responses to public comments on the proposed order related to the development of proposed landscape irrigation system requirements; Glass House Strategy, LLC's development of a new design for the Authority's website; and the distribution of brochures regarding landscaping and water efficient systems at no cost to municipal utility districts from the Texas Department of Agriculture. Following discussion, Director Gay moved to authorize distribution of an Authority water conservation newsletter to residents within the Authority, subject to review and comment by the Board. Director Hebert seconded the motion, which was approved by unanimous vote. Director Patton polled the meeting attendees to determine whether they have viewed the Authority's water conservation commercials.

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, a summary of investments, a schedule of debt service payments, a schedule of the number of inspections completed for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program, and the income statement for the Enterprise Fund. A copy of the bookkeeper's report is attached. Discussion ensued regarding electricity costs and the final lease payment for the D-158 Water Plant. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reviewed the operator's report and reported on the operations of the Authority's facilities, including maintenance and repairs and water accountability. A

copy of the report is attached. He reported on repair of a flow meter under warranty and performance of a valve survey. He additionally reported on decommissioning activities related to the October 31, 2014, expiration date for the Authority's lease of the D-158 Water Plant and reviewed three proposals for disconnection of the plant from the City of Houston (the "COH"). Following review and discussion, Director Spell moved to approve the proposal from Tackle Construction Company, Inc. for disconnection of the D-158 Water Plant from the COH in the amount of \$35,000 on a time and materials basis because it was the only proposal that could complete the disconnection in the period of time required per the Authority's lease. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

ENGINEERING MATTERS

WATER SUPPLY CONTRACT AND PROJECTS

Mr. Scholler presented the engineer's report and reported on monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority, projected and actual water use for the current permit year to date, granted and potential early conversion credits, and a list of recent and upcoming events and conferences. A copy of the engineer's report is attached.

Mr. Scholler discussed matters related to the planned expansion of the Northeast Water Purification Plant and a proposed second supplement to the Authority's Water Supply Contract with the COH, including continued coordination between the regional water authorities through a committee scheduled to meet weekly with the COH on such matters. Ms. Miller reviewed a Letter of Agreement with the COH to evidence the Authority's commitment to pay its proportionate share of costs for developmental engineering related to the planned expansion of the Northeast Water Purification Plant in an amount not to exceed \$5,500,000.00. Following review and discussion, Director Gay moved to authorize execution of the Letter of Agreement. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Scholler discussed the regional water planning process, including the Texas Water Development Board's (the "TWDB") development of rules for the State Water Implementation Fund for Texas. He reported that a meeting is scheduled with the TWDB's Team 4, which is designated for projects in the Gulf Coast Region.

Mr. Scholler reported on matters related to the Authority's Water Supply Contract with the COH. He reported that BGE is evaluating information on the Fiscal Year 2012 True-up received from the COH.

DESIGN AND CONSTRUCTION PROJECTS, SERVICES CONTRACTS, AND ROUTING ANALYSES

Mr. Scholler updated the Board on the operation of the Bellaire Pump Station and construction of the connection water line for Fort Bend County M.U.D. No. 206, Main Segments 10A and 10B, and combined Main Segments 13A and 16A. He recommended approving three pay estimates for the construction projects and notifying the Authority's insurance company to add the Bellaire Pump Station to the Authority's coverage.

Mr. Scholler reported on coordination between BGE, STSI, representatives of the COH, and the contractor on decommissioning activities related to the October 31, 2014, expiration date for the Authority's lease of the D-158 Water Plant.

Mr. Scholler discussed engineering services performed in connection with re-routing Main Segments 14 and 15 and reviewed a proposal from BGE for an increase in the routing analysis budget for the project.

GROUNDWATER REDUCTION PLAN ("GRP"), CHLORAMINES CONVERSION, SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND REPORTS AND STUDIES

Mr. Scholler reported on matters related to the Authority's GRP, including the status of chloramines conversion reimbursement projects. He reported that the Water Supply Agreement with Fort Bend County M.U.D. No. 142 ("FB 142") is ready for signature per the Authority's Water Distribution Line Financing Agreement with FB 142.

Mr. Scholler reported that the Authority's consultants submitted comments to the Fort Bend Subsidence District (the "FBSD") on its proposed Rules changes and discussed BGE's quarterly coordination meeting schedule with the FBSD on Authority matters.

Mr. Scholler reported that a construction contract was awarded and discussed the construction schedule for Cinco M.U.D. No. 1's test well for a joint brackish groundwater study in the Jasper aquifer. He stated that the preliminary cost of the extensometer is approximately \$400,000.00.

Mr. Scholler reported on BGE's development of a Five Year Capital Improvement Plan for the Authority for discussion during the committee meetings.

Mr. Scholler reported that a proposed amendment to the Joint Facilities Agreement between the Authority and the West Harris County Regional Water Authority related to the revised alignment of the Second Source Water Line and current operations of the Bellaire Pump Station is on hold pending negotiations regarding a

proposed second supplement to the Authority's Water Supply Contract with the COH.

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

- (1) approve Letter of Agreement with the COH to evidence the Authority's commitment to pay its proportionate share of costs for developmental engineering related to the planned expansion of the Northeast Water Purification Plant;
- (2) approve notification of the Authority's insurance company to add the Bellaire Pump Station to the Authority's coverage;
- (3) approve the following pay estimates:

Bellaire Pump Station, Pay Estimate No. 27 in the amount of \$194,108.15,

Main Segment 10B, Pay Estimate No. 3 in the amount of \$298,368.23, and

Main Segments 13A and 16A, Pay Estimate No. 7 in the amount of \$146,977.64;
- (4) approve the proposal from BGE for an increase in the routing analysis budget for Main Segments 14 and 15 in the amount of \$15,000.00; and
- (5) approve execution of a Water Supply Agreement with FB 142.

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

Discussion ensued regarding budget matters related to operation and maintenance of the Bellaire Pump Station.

Ms. Miller reported on approval of a Motion for Dismissal of the litigation by the Cities of Richmond and Rosenberg against the FBSD challenging the FBSD's regulatory plan, as amended. She reported that the FBSD approved revised Groundwater Reduction Plans for both of the Cities and discussion ensued.

ADOPT POLICY ON MINIMUM WELL CAPACITY

Ms. Kovar reviewed a Resolution Adopting Policy on Minimum Well Capacity stating that the minimum well capacity required for each water system supplied surface water by the Authority shall be 0.35 gallons per minute per equivalent single family connection as required by the Texas Commission on Environmental Quality. Ms. Miller noted that the resolution formalizes the Authority's current practice. Following review and discussion, Director Gay moved to adopt a Resolution Adopting Policy on Minimum Well Capacity. Director Hebert seconded the motion, which was approved

by unanimous vote.

JOINT PROJECTS

There was no additional discussion regarding joint projects.

CONTRACTS

Ms. Miller discussed a First Amendment to Professional Services Agreement with STSI for storage and transportation of the Authority's water conservation mobile teaching lab. Following discussion, Director Gay moved to authorize execution of a First Amendment to Professional Services Agreement with STSI for storage and transportation of the Authority's water conservation mobile teaching lab, subject to review and finalization. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed realty interest acquisition documents consisting of two Water Line Easements, two side letters, one Abandonment of Water Line Easement, and a Conflict Disclosure Letter with Cinco Southwest M.U.D. No. 1 for Parcels 10A.01, 10A.04, 10A.05, 10A.06, 13A.01A, and 13A.02A, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the realty interest acquisition documents. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 24, 2014, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Water Conservation and Reuse Memorandum.....	1
Bookkeeper’s Report.....	2
Operator’s Report.....	3
Engineer’s Report.....	3
Realty Interests Chart.....	6