

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 25, 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 25th day of September, 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, thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, Dave Scholler, Charles Shumate, and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mark Yentzen and David Walker of Severn Trent Services, Inc.; Barbara Payne of Payne Communications; 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 August 28, 2013. After review and discussion, Director Gay 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. Ms. Miller and Director Houghton responded to public comments from Steve Talecki of Cornerstones M.U.D. and Peter Batura, a resident of the Authority, regarding Proposition 6 that is included on the Ballot for the November 5, 2013, Texas General Election, the Authority's proposed 2014 rate increase, the Authority's actions related to Mexico's water debt to the United States of America, and alternate water supply matters. There being no additional public comments, Director Houghton closed the meeting to public comment.

PUBLIC COMMUNICATIONS

Ms. Payne reported on public communication and water conservation education activities, including the Save Water Texas Coalition's development of a regional educational program related to Proposition 6 that is included on the Ballot for the November 5, 2013, Texas General Election providing for the creation of two funds to assist in the financing of priority projects in the state water plan. She reported on the proposed use of the Authority's Mobile Teaching Lab at the Fort Bend County Fair.

WATER CONSERVATION AND REUSE AND PROJECT MANAGER'S REPORT

Ms. Silva stated that activities related to water conservation and reuse matters will be discussed during the engineer's report.

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. Ms. Logsdon noted that 35 checks have been issued for the irrigation rebate incentive program related to the W.I.S.E. Guys Program. In response to an inquiry by Anna Agnew of Cinco M.U.D. No. 7, Ms. Logsdon stated that there have been no updates to the Authority's draft 2014 budget at present. Following review and discussion, Director Gay moved to approve the bookkeeper's report. 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. A copy of the operations report is attached. Mr. Yentzen reviewed a prioritized list of parts to keep in inventory and their costs, as quoted by Accurate Utility Supply, LLC. Following review and discussion, Director Patton moved to approve the operator's report and authorize purchase of the parts as listed in the amount of \$41,892.67. Director Fay 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 B&G is recommending that the Authority increase its groundwater permit amount based on groundwater usage within the Authority through August, 2013. Ms. Silva requested authorization for B&G to submit a request for the revised amount of 13.5 billion gallons to the Fort Bend Subsidence District ("FBSD") for approval. She reported on early conversion credits earned by the Authority.

Ms. Silva reported on a meeting held with Mark Loethen of the City of Houston (the "COH") on September 20, 2013. She stated that Mr. Loethen committed to providing written responses 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. She said that Mr. Loethen also agreed to provide more detailed information outlining the COH's proposed capital projects spanning the next five years by phase, duration, and cost. She stated that Mr. Loethen said that a separate meeting will be scheduled to discuss information related to the Northeast Water Purification Plant.

Ms. Silva discussed the schedule for the preparation of the Environmental Impact Statement, publication of the Record of Decision, and issuance of the permit for the Luce Bayou project. She stated that a Request for Qualifications for the design of the project's pump station will be issued in October, 2013.

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 requested authorization to advertise for bids for the construction of Main Segments 13A and 16A.

Ms. Silva updated the Board on the construction of Main Segments 7A, 7C, 8A, 8B, 9A, 9B, 12B, and 12D, and 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 nine pay estimates for the construction projects. She additionally recommended approval of a change order to the Authority's contract with Pepper-Lawson Waterworks, LLC for the construction of the Bellaire Pump Station project for control cabinet base risers.

Ms. Silva reviewed and recommended approval of a proposal from V&A Consulting Engineers for quarterly rectifier monitoring and annual cathodic protection system evaluation for large diameter transmission and pump station pipelines.

ROUTING ANALYSES

There was no update on routing analyses.

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

Ms. Silva reported that a request for an agreement providing reuse credits for a reclaimed water system project to begin construction before the end of the year was received from Fort Bend County M.U.D. No. 118. She requested authorization to respond to the request.

Ms. Silva reported that B&G distributed a Notice of Stage I Drought Conditions and a Notice of 2014 Preliminary Fees to well owners located within the Authority.

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, permit renewal matters, and B&G's review of meter readings and reported water use to prepare an application for early conversion credits. She stated that the FBSD has requested meter calibration certificates for all groundwater meters located within the Authority be submitted on a standardized timeline. She indicated that B&G would coordinate with the FBSD to coordinate the logistics of the request.

MATTERS RELATED TO ELECTROPURIFICATION APPLICATIONS

There was no report on the status of Electro Purification, LLC's well permit applications under consideration by the Bluebonnet Groundwater Conservation District.

REPORTS AND STUDIES

There was no discussion regarding engineering reports and studies.

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

- (1) authorize an increase in the Authority's FBSD well permit amount to the revised amount of 13.5 billion gallons;
- (2) authorize advertisement for bids for the construction of Main Segments 13A and 16A;
- (3) approve the following pay estimates:

Main Segment 7A, Pay Estimate No. 18 in the amount of \$0,
Main Segment 7C, Pay Estimate No. 9 in the amount of \$108,125.20,
Main Segment 8A, Pay Estimate No. 13 in the amount of \$0,
Main Segment 8B, Pay Estimate No. 14 in the amount of \$0,
Main Segment 9A, Pay Estimate No. 12 in the amount of \$64,341.73,
Main Segment 9B, Pay Estimate No. 15 in the amount of \$297,732.33,
Main Segment 12B, Pay Estimate No. 23 in the amount of \$0,
Main Segment 12D, Pay Estimate No. 24 in the amount of \$0, and
Bellaire Pump Station project, Pay Estimate No. 16 in the amount of \$645,161.84;

- (4) approve Change Order No. 7 to the Authority's construction contract with Pepper-Lawson Waterworks, LLC for the Bellaire Pump Station project in the amount of \$5,040.15;
- (5) approve proposal from V&A Consulting Engineers for quarterly rectifier monitoring and annual cathodic protection system evaluation for large diameter transmission and pump station pipelines in the amount \$64,500.00; and
- (6) authorize B&G to respond to request for an agreement providing reuse credits to the Authority's fees from Fort Bend County M.U.D. No. 118.

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

Director Houghton and Ms. Miller responded to Mr. Talecki's inquiry regarding the anticipated duration of the Authority's implementation of Stage I Drought Conditions.

JOINT PROJECTS

Ms. Silva reported that a meeting of the City of Houston Advisory Committee is scheduled on September 30, 2013. Ms. Miller stated that a cash call is expected soon from the West Harris County Regional Water Authority for additional easement surveying and acquisition costs related to the Second Source Water Line project.

CONTRACTS

The Board reviewed a Catering Contract with the Willow Fork Country Club for meeting space and food service for the Authority's regular monthly meetings to be held in 2014. Following review and discussion, Director Gay moved to authorize execution of the contract. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

There was no discussion on this item.

EXECUTIVE SESSION

The Board convened in executive session at 7:12 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 7:48 p.m., the Board reconvened in open session. Director Darden moved to authorize ABHR to negotiate an access agreement with a landowner as discussed. Director Spell 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 SEPTEMBER 25, 2013, BOARD MEETING]

(SEAL)




Secretary, Board of Directors

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