

MINUTES  
NORTH FORT BEND WATER AUTHORITY

May 28, 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 28th day of May, 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 Directors Hebert and Spell, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, Charles Shumate, Chris Jacob, and Emmanuel De Pau of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; David Oliver 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 April 23, 2014, and the special meetings held on April 29, 2014, and May 7, 2014. 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. There being no public comments, Director Houghton closed the meeting to public comments.

DIRECTORS' SWORN STATEMENTS AND OATHS OF OFFICE

The Board reviewed the Sworn Statements and Oaths of Office for Directors Darden, Gay, and Houghton. After review and discussion, Director Gay moved to approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the Authority, and that the Oaths of Office be filed with

the Secretary of State, as required by law. Director Fay seconded the motion, which passed by unanimous vote.

#### REORGANIZE THE BOARD AND DISTRICT REGISTRATION FORM

The Board considered reorganizing the Board of Directors and updating the District Registration Form to reflect the terms of the newly appointed directors. Following discussion, the Board concurred that changes to the current organization of the Board were not necessary. Director Gay made a motion to authorize filing of the updated District Registration Form with the Texas Commission on Environmental Quality and direct that the District Registration Form be retained in the Authority's official records. Director Patton seconded the motion, which passed by unanimous vote.

#### 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. She reported on matters related to upcoming training opportunities, status of reuse or alternative water credit contracts for Cinco M.U.D. No. 1 and Fort Bend County M.U.D. Nos. 34 and 35, the Authority's W.I.S.E. Guys Program, submission of the Authority's Water Conservation Plan, Drought Contingency Plan, and Annual Water Conservation Report to the Texas Water Development Board, follow-up on constituent submissions of Annual Water Conservation Reports, Glass House Strategy's development of a conservation campaign for the Authority, and BGE's review of the draft report on the first year of the Goldwater Project.

Ms. Kovar discussed the stakeholder meetings related to the Authority's development of proposed landscape irrigation system requirements held April 29, 2014, and reviewed the schedule for comments and additional presentations.

Following review and discussion, Director Gay moved to reinstate the Authority's irrigation rebate incentive program for the Authority's W.I.S.E. Guys Program. Director Fay seconded the motion, which was approved by unanimous vote.

#### ARBITRAGE REBATE STUDY PROPOSAL FOR SERIES 2009 BONDS

Mr. Oliver discussed the requirements for performance of an arbitrage rebate and yield restriction analysis every five years and at maturity for all outstanding bonds. He stated that an analysis is currently scheduled for the District's Series 2009 Bonds. He recommended approval of a proposal submitted by OmniCap Group, LLC for performance of the arbitrage rebate and yield restriction analyses in the amount of \$5,000.00. Upon a motion made by Director Gay and seconded by Director Darden, the Board voted unanimously to accept the OmniCap Group, LLC proposal.

## 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 schedule of debt service payments, the income statement for the Enterprise Fund, and a summary of investments. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Patton seconded the motion, which was approved by unanimous vote.

## ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's Critical Load Spreadsheet listing 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 Gay moved to authorize the annual filing of the Critical Load Spreadsheet. Director Darden seconded the motion, which carried by unanimous vote.

## OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reviewed the Operations report and reported on the operations of the Authority's facilities, including maintenance and repairs and water accountability. A copy of the operations report is attached. He reported that the Authority's Bellaire Pump Station is fully operational and the D-158 Water Plant is offline. He reviewed a proposal from Storm Water Solutions, LP for a revised scope of mowing services. Following review and discussion, Director Gay moved to approve the proposal from Storm Water Solutions, LP for a revised scope of mowing services. Director Fay seconded the motion, which was approved by unanimous vote.

## ENGINEERING MATTERS

### WATER SUPPLY CONTRACT AND LUCE BAYOU PROJECT

Mr. Scholler presented the engineer's report, including monthly pumpage, 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.

Mr. Scholler reported on the Luce Bayou Interbasin Transfer Project, including the status of the design of the Coastal Water Authority's Caper's Ridge Pump Station project and right-of-way acquisition for the project.

Mr. Scholler reported on the City of Houston's (the "COH") Advisory Committee meeting schedule. He reported on BGE's coordination with ABHR on a

response to the COH regarding the Fiscal Year 2011 True-up and continued discussions with the COH regarding the matter.

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. He reported on a meeting between representatives for the Authority, the West Harris County Regional Water Authority, the North Harris County Regional Water Authority, and the Central Harris County Regional Water Authority (the "Authorities"), representatives of the COH to discuss the approach to financing construction of the project. He stated that the discussion focused on the schedule of cash calls and the amounts that would be owed by each participant in the facility based on pumpage amounts of 80 mgd in 2021 and 240 mgd in 2025.

#### DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Mr. Scholler updated the Board on the testing and operation of the Bellaire Pump Station and construction of Main Segment 10B and combined Main Segments 13A and 16A. He recommended performing a televised inspection of the pipe joints for Main Segment 16A and approval of two pay estimates for the construction projects.

Mr. Scholler reported that three bids were opened on May 6, 2014, for the contract for the construction of the connection water line for Fort Bend County M.U.D. No. 206. He recommended awarding a contract in the amount of \$298,763.00 to the lowest bidder, R Construction, LLC, subject to final review of the insurance and bonds by ABHR. Following review and discussion, the Board concurred with the engineer's judgment that R Construction, LLC was a responsible bidder whose bid would result in the best and most economical completion of the project.

Mr. Scholler reported that three bids were opened on May 8, 2014, for the contract for the construction of Main Segment 10A. He recommended awarding a contract in the amount of \$2,144,894.00 to the lowest bidder, Hurtado Construction Company, Inc., subject to final review of the insurance and bonds by ABHR. Following review and discussion, the Board concurred with the engineer's judgment that Hurtado Construction Company, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Mr. Scholler reviewed and recommended approval of proposals from Terracon Consultants, Inc. for an increased budget authorization for final lab invoicing related to the Authority's pipe investigation and Storm Water Solutions, LP for storm water management services for the project to construct the surface water line connection to Fort Bend County M.U.D. No. 206.

Mr. Scholler reviewed and recommended approval of an agreement with Gorrondona & Associates, Inc. for construction materials testing for the project to

construct the surface water line connection to Fort Bend County M.U.D. No. 206.

### ROUTING ANALYSES

Mr. Scholler reported on the preparation of updated routing reports and activities related to right-of-way acquisition for the Authority's 2025 surface water distribution system.

### GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION, SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, REPORTS AND STUDIES

Mr. Scholler reported on a quarterly coordination meeting held between the Authorities and the staff of the Fort Bend Subsidence District (the "FBSD") and the Harris-Galveston Subsidence District (the "HGSD"). He stated that discussion included the FBSD's and the HGSD's administration of credits, the current composition and duties of active committees, and proposed legislation drafted by the brackish groundwater subcommittee of the Texas Water Conservation Association (the "Brackish Groundwater Subcommittee") regarding state level regulation of brackish groundwater. Mr. Oliver reported that the West Harris County Regional Water Authority and the North Harris County Regional Water Authority submitted comments on the proposed legislation to the Brackish Groundwater Subcommittee. He recommended that the Authority submit a letter of support for those comments to the Brackish Groundwater Subcommittee. Following discussion, Director Gay moved to authorize the Authority's submittal of a letter of support to the Brackish Groundwater Subcommittee as discussed. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Scholler reported on the status of the design of Cinco M.U.D. No. 1's test well for a proposed joint brackish groundwater study in the Jasper aquifer.

Mr. Scholler and Mr. Shumate reported on matters related to the FBSD, including the FBSD's approval of the Authority's applications for early conversion credits and rebate of overpaid permit fees.

Mr. Scholler reported that BGE is developing a Five Year Capital Improvement Plan for the Authority.

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

- (1) approve the following pay estimates:

Main Segments 13A and 16A, Pay Estimate No. 3 in the amount of \$247,924.94, and

Bellaire Pump Station project, Pay Estimate No. 24 in the amount of 45,006.67;

- (2) approve the televised inspection of the 36-inch water line pipe joints for Main Segment 16A in the amount of \$8,540.90;
- (3) approve the award and execution of a contract with R Construction, LLC for the construction of the water connection line for Fort Bend County M.U.D. No. 206 in the amount of \$298,763.00;
- (4) approve the award and execution of a contract with Hurtado Construction Company, Inc. for the construction of Main Segment 10A in the amount of \$2,144,894.00;
- (5) approve an increased budget for the Authority's contract with Terracon Consultants, Inc. for pipe testing services in the amount \$12,723.66;
- (6) approve a proposal from Storm Water Solutions, LP for storm water management services for the project to construct the water connection line for Fort Bend County M.U.D. No. 206 in the amount of \$8,510.00; and
- (7) approve an agreement with Gorrondona & Associates for construction materials testing for the project to construct the water connection line for Fort Bend County M.U.D. No. 206 in an amount not to exceed \$4,417.00.

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

### JOINT PROJECTS

Mr. Oliver reported that the COH provided a projected Capital Improvement Plan component of the preliminary O&M water rate for Fiscal Year 2015. He stated that the COH proposed changing billing for this component to semi-annually on actual expenditures in place of monthly on projected expenditures. Following discussion, Director Gay moved to authorize sending a response to the COH to express appreciation for the COH's willingness to consider alternatives to address the Authority's concerns about the volatile impact of capital costs on the Authority's rates and request a meeting to discuss implementation matters related to the proposed billing option for future years. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Scholler and Mr. Oliver reported on a revised draft of the proposed Second Supplement to the Authorities' Water Supply Contract with the COH related to the expansion of the Northeast Water Purification Plant, including matters related to determining the tie-in location for the Second Source Water Line and design of the Northeast Water Purification Plant.

## CONTRACTS

There was no discussion on this item.

## REALTY INTEREST ACQUISITION

There was no discussion on this item.

## CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 7:15 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer, and pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

## RECONVENE IN OPEN SESSION

At 7:52 p.m., the Board reconvened in open session. Director Darden moved to decline the counteroffer for Parcels 10A.08, 10A.09, and 10A.10 and authorize moving forward with appraisal and condemnation proceedings and to authorize a counteroffer for Parcel 10B.02 as discussed. 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 MAY 28, 2014, BOARD MEETING]

  
Secretary, Board of Directors

(SEAL)





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