

MINUTES  
NORTH FORT BEND WATER AUTHORITY

June 25, 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 25th day of June, 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 Houghton, thus constituting a quorum.

Also present for all or part of the meeting were Charles Shumate, Lindsay Kovar, and Chris Jacob of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Severn Trent Services, Inc.; David Oliver 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 May 28, 2014, and the special meeting held on June 4, 2014. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Steve Talecki of Cornerstones M.U.D. suggested that the Board contact the Great Southwest Equestrian Center to determine whether its electronic sign located on Mason Road was available for lease for the display of messages related to water conservation.

There being no additional public comments, Director Patton 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. 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, follow-up on constituent submissions of Annual Water Conservation Reports, Glass House Strategy's development of a conservation campaign for the Authority, and a presentation and an extension of the public comment period related to the development of proposed landscape irrigation system requirements. Director Patton recommended attendance at the Texas Water Reuse Conference scheduled for July 18, 2014.

## ANNUAL REPORT

Mr. Oliver reviewed the Authority's updated financial and operating data included in the Annual Report prepared 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 Hebert seconded the motion, which was approved by unanimous vote.

## 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, 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. Ms. Lightbody reviewed a voided check and a replacement check for payment of a revised invoice and an additional check for payment of a Director's conference and meeting fees. Ms. Lightbody and Mr. Oliver discussed bookkeeping and reporting requirements related to the Bellaire Pump Station being placed in service under the Authority's Joint Facilities Agreement with the West Harris County Regional Water Authority. Following review and discussion, Director Gay moved to approve the bookkeeper's report and the two additional checks as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

## OPERATION OF AUTHORITY FACILITIES

Mr. Clayton 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. Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which was

approved by unanimous vote.

## ENGINEERING MATTERS

### WATER SUPPLY CONTRACT AND LUCE BAYOU PROJECT

Mr. Shumate presented the engineer's report, including monthly pumpage and a list of recent and upcoming events and conferences. A copy of the engineer's report is attached.

Mr. Shumate 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.

Mr. Shumate reported that the City of Houston (the "COH") is coordinating a meeting to discuss the Fiscal Year 2011 True-up, the COH's proposed five-year capital improvement plan, and the Fiscal Year 2015 O&M rate. He reported on the COH's Advisory Committee meeting schedule.

Mr. Shumate 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 coordination on future capacity reservation amounts in the plant.

### DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Mr. Shumate updated the Board on the operation of the Bellaire Pump Station and construction of Main Segment 10B and combined Main Segments 13A and 16A. He recommended approval of two pay estimates for the construction projects.

### ROUTING ANALYSES

Mr. Shumate 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. He reviewed and recommended approval of a routing analysis report for Main Segment 14 and an amended routing analysis report for Main Segment 15.

### GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION, SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, REPORTS AND STUDIES, AND ADOPT ORDER SETTING A PUBLIC HEARING FOR THE EXCLUSION OF CERTAIN LAND

The Board considered setting a public hearing date for the exclusion of the site for Fort Bend County Municipal Utility District No. 25's ("FBCMUD 25") second wastewater treatment plant site. Mr. Oliver reminded the Board that FBCMUD 25 has

paid for all previous costs associated with prior exclusions for the district and will pay for all costs associated with the proposed exclusion.

Mr. Shumate reported on the status of requests for reimbursement for chloramines conversion projects by municipal utility districts within the Authority. He recommended approval of reimbursement to Fort Bend County M.U.D. No. 57 for its chloramines conversion project.

Mr. Shumate reported on proposed legislation drafted by the brackish groundwater subcommittee of the Texas Water Conservation Association regarding state level regulation of brackish groundwater.

Mr. Shumate 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. Shumate reported on BGE's development of 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. 4 in the amount of \$212,780.82, and

Bellaire Pump Station project, Pay Estimate No. 25 in the amount of \$54,556.95;

- (2) approve a routing analysis report for Main Segment 14 and an amended routing analysis report for Main Segment 15;
- (3) adopt an Order Setting a Public Hearing for the Exclusion of Certain Lands for July 23, 2014, at 6:00 p.m., at the Authority's regular meeting place, at the Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas 77450 and authorize publication of notice of the hearing; and
- (4) approve reimbursement to Fort Bend County M.U.D. No. 57 for its chloramines conversion project in the amount of \$257,085.00.

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

Mr. Oliver reviewed a Resolution Authorizing Acquisition of Real Property for Segment 14 and an Amended and Restated Resolution Authorizing Acquisition of Real Property for Segment 15. Following review and discussion, Director Gay moved that the Board of Directors of the Authority, in a record vote, adopt Resolutions authorizing

the use of the power of eminent domain to acquire certain properties and other property interests at the general locations and along the general routes, as shown on Exhibit A to the resolutions for Main Segments 14 and 15, for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water, and delegating to the Authority's Chief Administrative Official the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests, and that this first record vote applies to all units of property to be condemned. Director Hebert seconded the motion, which was approved by unanimous vote.

### JOINT PROJECTS

There was no additional discussion regarding joint projects.

### COST SHARING AGREEMENT WITH CINCO M.U.D. NO. 1 FOR BRACKISH GROUNDWATER PROJECT AND WELL-BORE EXTENSOMETER

Mr. Oliver discussed a proposed joint brackish groundwater study in the Jasper aquifer with Cinco M.U.D. No. 1. He reviewed a letter agreement with Cinco M.U.D. No. 1 for reimbursement of costs related to constructing a well-bore extensometer for a brackish test well for the study. Following review and discussion, Director Gay moved to authorize execution of the letter agreement. Director Hebert seconded the motion, which was approved by unanimous vote.

### SURPLUS PROPERTY

The Board discussed the Authority's chlorine and liquid ammonium sulfate addition system equipment located at the COH's D-158 Water Plant and concurred that the equipment is surplus property because the Bellaire Pump Station is operational, it is no longer needed by the Authority, and it is advantageous to the Authority to sell the equipment. Mr. Oliver reviewed a schedule for the proposed purchase of the equipment by the Port O'Connor Improvement District ("POCID"). Following review and discussion, Director Gay moved to adopt a Resolution Declaring Surplus Property to authorize the transfer of the surplus property to the POCID in exchange for \$30,000, and authorize execution of a letter agreement and Bill of Sale for the transfer. Director Hebert seconded the motion, which was approved by unanimous vote.

### CONTRACTS

There was no discussion on this item.

### REALTY INTEREST ACQUISITION

Mr. Oliver reviewed two Water Line Easements for Parcel 10B.02 and Main Segment 12B, one Abandonment of Water Line Easement for Parcel 13B.10, and one

Conflict Waiver Letter for Parcels 13B.10, 13B.10R, and 13B.10TE, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easement documents and conflict waiver letter. Director Hebert seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

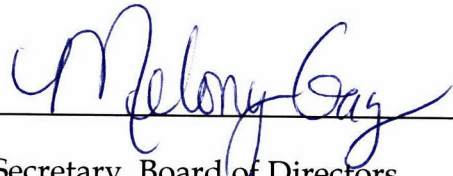
The Board convened in executive session at 7:19 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer, and pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 8:20 p.m., the Board reconvened in open session. Director Gay moved to authorize Director Houghton to execute a letter to the COH confirming the Authority's reservation amount for future additional treated water capacity in the planned expanded Northeast Water Purification Plant, up to the Authority's 2040 projected demand amount, and authorize the Authority's attorney and engineer to negotiate with the COH on the proposed second supplement to the Authority's Water Supply Contract with the COH. Director Hebert 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 25, 2014, BOARD MEETING]



Secretary, Board of Directors

(SEAL)



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