

MINUTES
NORTH FORT BEND WATER AUTHORITY

February 26, 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 26th day of February, 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 Dave Scholler, Charles Shumate, Emmanuel De Pau, and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc. ("ST"); 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 January 22, 2014, and the special meetings held on January 29, 2014, and February 5, 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. There being no public comments, Director Patton closed the meeting to public comments.

PUBLIC COMMUNICATIONS

Director Fay reported on public communication and water conservation education activities, including preparation of the Authority's newsletter and radio and television promotions on water conservation sponsored by the Save Water Texas

Coalition.

WATER CONSERVATION AND REUSE AND PROJECT MANAGER'S REPORT

Ms. Kovar distributed a Water Conservation and Reuse Memorandum, a copy of which is attached. She reported on matters related to reuse and alternative water credit requests, reviewed a report on the Authority's W.I.S.E. Guys Irrigation System Evaluation Program, reported on outstanding constituent submissions of Annual Water Conservation Reports, and discussed upcoming training opportunities.

Ms. Kovar discussed activities related to the development of a comprehensive plan for water conservation and alternative water utilization in the Authority.

Ms. Kovar reported that a summary of the Authority's New Development Water Conservation Comparative Study with Cross Creek Ranch will be posted on the Authority's website after review and comment by the Board and its consultants.

Ms. Kovar reported that stakeholder meetings related to the Authority's development of proposed landscape irrigation requirements are being scheduled in April. Mr. Oliver discussed the phased process being undertaken by the Authority for developing proposed landscape irrigation requirements and noted that Phase I stakeholder meetings were held in 2013.

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, 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. She recommended closing three trust bank accounts containing zero balances. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including closing of the three trust bank accounts as recommended. 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, including maintenance and repairs and water accountability matters. A copy of the operations report is attached. He reviewed a Transfer of Service Agreement with AT&T Corp. for transfer of the Authority's emergency phone line account from ST to the Authority. Following review and discussion, Director Hebert moved to approve the operator's report, including execution of the Transfer of Service Agreement. Director Darden 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 Advisory Committee meeting held on February 7, 2014. He stated that a summary of the status of true-ups for prior years and a five-year Capital Improvement Plan were provided by the City of Houston (the "COH"). He stated that the COH plans to provide written responses to B&G's previous questions regarding the Fiscal Year 2011 true-up soon.

Mr. Scholler reported that the Coastal Water Authority has received permits from the United States Army Corps of Engineers and the Texas Commission on Environmental Quality for the Luce Bayou project.

Mr. Scholler reported that the engineers for the water authorities participating in the expansion of the Northeast Water Purification Plant submitted questions to the COH per request prior to a scheduled meeting with the COH's design consultant for the project.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Mr. Scholler updated the Board on the schedules for advertising for bids for the projects to construct Main Segments 10A and 10B, and the connection water line for Fort Bend County M.U.D. No. 206. He recommended approval of a letter agreement with Dow Pipeline Company regarding crossing conditions for Main Segment 10A.

Mr. Scholler updated the Board on the construction of the Bellaire Pump Station project, Main Segments 7C, 9A, and 9B, and combined Main Segments 13A and 16A. A drawing summarizing the status of construction projects is attached to the engineer's report. He recommended approval of four pay estimates for the construction projects and final acceptance of Main Segment 9B.

Mr. Scholler recommended approval of an increased budget allocation for the Authority's contract with Fugro for additional material testing services performed for Main Segment 9B.

ROUTING ANALYSES

Mr. Scholler reported that B&G continues to evaluate the future extension of the Authority's surface water transmission system for the 2025 surface water conversion and work on related right-of-way acquisition activities.

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

Mr. Scholler reported on the status of requests for reimbursement for chloramines conversion projects by municipal utility districts within the Authority.

Mr. Scholler reported on matters related to Fort Bend Subsidence District ("FBSD"), including FBSD's continued review of the Authority's application for the rebate of overpaid pumpage fees and submission of the Authority's annual pumpage report to FBSD. He reported that the Authority's annual pumpage report for one well has been submitted to the Harris-Galveston Subsidence District.

MATTERS RELATED TO ELECTROPURIFICATION APPLICATIONS

There was no discussion on this item.

REPORTS AND STUDIES

Mr. Scholler reported on B&G's evaluation of population and water demand projections to coordinate with the COH on the quantity and timing of water needed to meet 2025 conversion requirements and as part of an on-going coordination with the West Harris County Regional Water Authority on Second Source Water Line projects. He stated that the final Population and Water Demand Report has been uploaded to the Authority's electronic document sharing program.

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

- (1) approve the following pay estimates:
Main Segment 7C, Pay Estimate No. 14 in the amount of \$0,
Main Segment 9A, Pay Estimate No. 17 in the amount of \$0,
Main Segment 9B, Pay Estimate No. 20 and Final in the amount of \$141,569.77, and
Bellaire Pump Station project, Pay Estimate No. 21 in the amount of \$321,114.80;
- (2) approve a letter agreement with Dow Pipeline Company regarding crossing conditions for Main Segment 10A;
- (3) approve final acceptance of the project for construction of Main Segment 9B; and
- (4) approve an additional budget authorization for the Authority's contract with Fugro in the amount of \$3,775.42.

Director Fay seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

JOINT PROJECTS

Mr. Oliver reported that the Joint Facilities Committee meetings are being postponed while representatives from the Authority, the West Harris County Regional Water Authority, the North Harris County Regional Water Authority, and the Central Harris County Regional Water Authority coordinate on providing comments the COH's proposed second supplement to the Authorities' Water Supply Contract with the COH related to the expansion of the Northeast Water Purification Plant. Mr. Oliver stated that the Authorities are also coordinating with the COH on matters related to determining the tie-in location for the Second Source Water Line and design of the Northeast Water Purification Plan.

CONTRACTS

Ms. Kovar discussed development of water conservation marketing materials and the presentations and proposals received from marketing firms. Following discussion, Director Gay moved to authorize the Authority's consultants to negotiate a contract with Glass House Strategy for development of water conservation marketing materials. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line and Meter Easement for Main Segment 8 and a legal conflict waiver letter for Main Segment 12D as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easement and legal conflict waiver letter. Director Hebert seconded the motion, which was approved by unanimous vote.

2014 DIRECTOR APPOINTMENT PROCESS

The Board concurred to table this item.

EXECUTIVE SESSION

The Board convened in executive session at 7:20 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.

RECONVENE IN OPEN SESSION

At 8:14 p.m., the Board reconvened in open session. Director Gay moved to

authorize Kemp Smith LLP to prepare an Amicus Brief and to provide related support of the FBSD in the lawsuits filed by the Cities of Rosenberg and Richmond and to allow other Fort Bend County entities with approved Groundwater Reduction Plans to participate with the Authority on the Amicus Brief. 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 FEBRUARY 26, 2014, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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