

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 28, 2015

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 October, 2015, 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	Assistant Secretary
Pat Hebert	Assistant Secretary

and all of the above were present, except Directors Houghton and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were David C. Scholler, Charles Shumate, Lindsay Kovar, and Matthew L. Froehlich of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; 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 its regular meeting held on September 23, 2015, and special meeting held on October 14, 2015. After review and discussion, Director Gay moved to approve the minutes as written. Director Fay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Director Patton and Ms. Miller responded to comments from Victoria Seward regarding her concern about the amount of water to be used by a new water park being constructed outside of the Authority's boundaries and the impact of the rising cost of water on low wage earners. Ms. Kovar responded to questions from meeting attendees regarding methods and resources for determining reasonable water usage and rates per household. Ms. Miller responded to a meeting attendee's question regarding the impact of the City of Houston's (the "COH") water rates on the Authority's water rates.

There being no additional public comments, Director Patton closed the meeting to public comments.

MEETING SCHEDULE

Ms. Miller reminded the Board and the meeting attendees that the Authority has rescheduled its November 25, 2015, and December 23, 2015, meeting dates to November 19, 2015, and December 17, 2015, respectively.

PUBLIC COMMUNICATIONS, WATER CONSERVATION AND REUSE, AND APPLICATION FOR FUNDING

Ms. Kovar presented and reviewed with the Board a Memorandum Regarding Water Conservation and Reuse, a copy of which is attached. She discussed training opportunities and matters related to public communications, water conservation, and effluent reuse, including the number of irrigation evaluations completed per the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). Ms. Kovar recommended approval of an invoice from the City of Fulshear for renewal of the Authority's membership in the Fulshear Area Chamber of Commerce.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported on the status of an application submitted to the Texas Water Development Board (the "TWDB") for funding from the Clean Water State Revolving Fund for the Grand Lakes M.U.D. Nos. 1, 2, and 4 proposed effluent reuse project.

Ms. Kovar reported that the Galveston Bay Foundation did not receive grant funding for a potential water conservation partnership with the Authority. She stated that BGE will continue to work with the Galveston Bay Foundation on potential grant opportunities.

Ms. Kovar reported on meetings held with the municipal utility districts and homeowners associations located within the Authority, and consultants for municipal utility districts during which the water conservation program, "Larry's Toolbox," was presented. She discussed the initiatives included in the program and the incentivized water rate to be offered to the participants that successfully complete the program. She reported that BGE presented the Larry's Toolbox program to the Texas American Waterworks Association during the Capital Area Chapter 2015 Fall Seminar.

Ms. Kovar reported on Glass House Strategy's water conservation campaign activities, including preparation of the Authority's fall/winter newsletter for distribution in November, 2015, and management of a contest on the Authority's "Larry the Sprinkler's" Facebook Page whereby 79 people participated to identify a native plant.

Following review and discussion, Director Gay moved to authorize payment of the invoice from the City of Fulshear for renewal of the Authority's membership in the Fulshear Area Chamber of Commerce in the amount of \$275.00. Director Fay seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Ms. Lightbody presented and reviewed with the Board the bookkeeper's report, including invoices for payment, fund 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 WISE Guys Program, the income statement for the Enterprise Fund, and the quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Darden seconded the motion, which was approved by unanimous vote.

Ms. Lightbody reported that there were no delinquent fees or rule violations for consideration.

ANNUAL REVIEW OF INVESTMENT POLICY AND DEPOSITORY INSTITUTIONS

The Board conducted an annual review of the Authority's Investment Policy. Ms. Miller stated there were no recommended changes to the policy. She reported that the list of the Authority's depository institutions and qualified broker/dealers has been updated by the Authority's bookkeeper. Following review and discussion, Director Gay moved to adopt a Resolution Regarding Annual Review of Investment Policy and a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the Authority May Engage in Investment Transactions. Director Fay seconded the motion, which was approved by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen presented and reviewed with the Board the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Spell seconded the motion, which was approved by unanimous vote.

REGULATORY MATTERS

SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP"), AND RELATED AGREEMENTS

Mr. Scholler presented and reviewed with the Board the engineer's report. A copy of the engineers report is attached.

Mr. Scholler reported on matters related to the Authority's GRP, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority, and permitting matters. He reported that the Authority has accrued approximately 10.9 billion gallons of early conversion credits. He stated that an application for over-conversion credits for alternative water use that exceeds the 30% conversion requirement will be submitted to the Fort Bend Subsidence District (the "FBSD") after the end of the current permit period.

Mr. Scholler reported that the FBSD approved Cinco Municipal Utility District No. 1's permit for a production well in the Jasper aquifer. He additionally reported on BGE's coordination with Cinco Municipal Utility District No. 1 ("Cinco 1") on the installation of the extensometer for the Authority's joint brackish groundwater study with Cinco 1.

ENGINEERING MATTERS

ROUTING ANALYSES, DESIGN AND CONSTRUCTION PROJECTS, FACILITIES, AND CONTRACTS

Mr. Scholler updated the Board on construction of Main Segments 10A and 10B and the surface water delivery schedule for the water lines. He updated the Board on the design of the surface water line connections for Fort Bend County Municipal Utility District No. 134A's water plant no. 2 and Grand Mission Municipal Utility District's water plant no. 3, and the status of the contractor's repair of warranty inspection items for Main Segment 7C. He recommended approval of one pay estimate for the Main Segment 10A construction project.

REPORTS AND STUDIES

Mr. Scholler reported that advertisement for bids for the installation of a Supervisory Control and Data Acquisition System between the Authority's Bellaire Pump Station and existing and future meter stations at remote water plants receiving surface water has begun and bids are scheduled to be opened on November 3, 2015.

REGIONAL PLANNING MATTERS

JOINT PROJECTS, WATER SUPPLY CONTRACT AND PROJECTS AND FUNDING

Mr. Scholler reported on COH water supply matters. He discussed the status of the Coastal Water Authority's Luce Bayou project, including design of the Capers Ridge pump station and the schedule for a project to construct three miles of parallel 96-inch water lines.

Mr. Scholler reported on the status of the Northeast Water Purification Plant Expansion project and the design-build team proposals for the project. Ms. Miller reviewed with the Board a Third Supplement to the Authority's Water Supply Contract with the COH for the Northeast Transmission Line - Segment 1 and stated that the supplemental agreement was negotiated in place of the Cost Sharing Agreement reviewed during the October 14, 2015, special meeting.

Ms. Miller discussed the status of the financing of the Authority's portions of the COH's Northeast Water Purification Plant Expansion and Second Source Water Line projects from the TWDB State Water Implementation Revenue Fund for Texas. She reported the Authority's \$8,670,000 Water System Junior Lien Revenue Bonds, Series 2015 ("Series 2015 Bonds") are scheduled to close on November 19, 2015.

Mr. Scholler reported on finalization of the COH's O&M True-up calculations for fiscal years 2013 and 2014, and the schedule for the COH's O&M True-up calculations for fiscal year 2015.

Mr. Scholler discussed regional water planning issues, including the Region H Water Planning Group's meeting schedule.

Mr. Scholler and Ms. Miller responded to Director Patton's inquiry on the use of the water from Cinco Municipal Utility District No. 1's production well in the Jasper aquifer. Mr. Scholler stated that the water will be for potable use and will not be comingled for irrigation use.

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

- (1) approve Pay Estimate No. 8 for the Main Segment 10A construction project in the amount of \$65,574.82; and
- (2) authorize execution of the Third Supplement to the Water Supply Agreement with the COH for the Northeast Transmission Line - Segment 1, subject to final review and approval by Director Gay.

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

CONTRACTS FOR SERVICES

Ms. Miller reviewed with the Board an engagement letter with McGrath & Co., PLLC for preparation of an Auditor Certificate of Authority pursuant to Section 302(3)(a) of the Master Indenture to the Authority's Series 2015 Bonds. Following review and discussion, Director Gay moved to authorize execution of the engagement letter with McGrath & Co., PLLC. Director Fay seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

There was no discussion regarding realty interest acquisition matters.

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.

(SEAL)




Asst. Secretary, Board of Directors

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