

MINUTES  
NORTH FORT BEND WATER AUTHORITY

March 25, 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 25th day of March, 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	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 Dave Scholler, Charles Shumate, Lindsay Kovar, and Matt Froehlich of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc. ("STSI"); David Oliver and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of its special meeting held on February 13, 2015 and regular meeting held on February 25, 2015. After review and discussion, Director Hebert 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.

PUBLIC COMMUNICATIONS AND WATER CONSERVATION AND REUSE

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.

Ms. Kovar reported on presentations on the Authority's purpose and goals given to municipal utility districts and discussed the schedule for presentations planned for several municipal utility districts and community associations. She reported that BGE has scheduled a presentation during the Association of Water Board Directors summer conference.

Ms. Kovar reported on the status of effluent reuse or alternative water credit projects/contracts for Cinco M.U.D. No. 1, Fort Bend County M.U.D. No. 34, Grand Lakes M.U.D. Nos. 1, 2, and 4, Fort Bend County M.U.D. No. 169, and Fort Bend County M.U.D. No. 151. She discussed applications for state and federal funding prepared by BGE for the Grand Lakes M.U.D. Nos. 1, 2, and 4 proposed effluent reuse project and preparation of an agreement with the Authority.

Ms. Kovar reported on the Authority's W.I.S.E. Guys Irrigation System Evaluation Program. She recommended implementing the incentive rebate program on an ongoing basis and discontinuing the requirement of submitting a postcard to receive a rebate.

Ms. Kovar discussed the water conservation committee's meeting schedule and a list of proposed water conservation programs developed by the committee for review by the Board.

Ms. Kovar updated the Board on BGE's coordination with Glass House Strategy, LLC ("GHS") on activities related to the Authority's water conservation marketing campaign, including preparation of a newsletter and distribution of tri-fold water conservation brochures. She reviewed a proposal from GHS for printing 13,500 tri-fold water conservation brochures in the amount of \$4,725.00. She stated that the proposal does not include the cost for shipping the brochures directly to the municipal utility districts or an additional order that was recently received. Discussion ensued regarding a proposed revision to the tri-fold water conservation brochure related to the length of watering cycles.

Ms. Kovar reported that the "Larry the Sprinkler" campaign has won the American Water Works Association Watermark and Texas Water Conservation Awards and a Telly Award recognizing national and local media.

Ms. Kovar reported that the Authority's water conservation mobile teaching lab is scheduled for use by the Cross Creek Ranch Community Association on April 25, 2015, for its Arbor Day event. She stated that BGE is coordinating use of the mobile teaching lab by the Firethorne Community Association for its May 2, 2015, Safety Day event.

Ms. Kovar stated that notices will be sent to the operators of municipal utility districts within the Authority as a reminder that constituent Water Conservation Reports are required to be submitted annually to the Authority and are due by May 1,

2015. She reported on coordination with STSI on preparation of the Authority's annual report on implementation of the Water Conservation Plan and water loss audit.

Following review and discussion, Director Hebert moved to approve: (1) implementation of an ongoing \$15.00 rebate incentive program for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program, effective January 1, 2015; and (2) printing and distribution of tri-fold water conservation brochures as requested by municipal utility districts within the Authority, subject to final review and approval by BGE. Director Gay seconded the motion, which was approved by unanimous vote.

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

Ms. Logsdon presented and reviewed with the Board the bookkeeper's report, including invoices for payment, 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 W.I.S.E. Guys Irrigation System Evaluation Program, and the income statement for the Enterprise Fund. 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 Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that Regions Bank has prepared a Form 8038-CP for submission by the Authority to the Internal Revenue Service by June 15, 2015. He reminded the Board that the form is required to obtain a qualified return of credit payment for the Authority's Water System Revenue Bonds, Series 2010B, Direct Subsidy Build America Bonds. Following discussion, Director Gay moved to authorize Director Houghton to execute the Form 8038-CP. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that BBVA Compass has requested the Authority to either raise the limit or allow unlimited use of Federal Home Loan Bank Letters of Credit to collateralize the Authority's deposits. Following discussion, Director Gay moved to authorize BBVA Compass to use Federal Home Loan Bank Letters of Credit to collateralize the Authority's deposits in an unlimited amount. Director Hebert seconded the motion, which was approved by unanimous vote.

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

#### 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, and water accountability. A copy of the operator's report is

attached. Mr. Yentzen reported that the ground storage tank at the Bellaire Pump Station had an overflow in the amount of 15,000,000 gallons caused by controller programming issues. He stated that water accountability would've been 97% without the overflow. Following discussion, the Board directed Mr. Yentzen to provide information on the matter to ABHR for use in drafting a letter to the contractor to request repair of the controller under warranty.

Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert seconded the motion, which was approved by unanimous vote.

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND WATER LOSS AUDIT

Ms. Kovar reported on coordination with STSI on the preparation of an annual report on implementation of the Authority's Water Conservation Plan and an annual water loss audit for submission to the Texas Commission on Environmental Quality and Texas Water Development Board prior to May 1, 2015, as required. Following discussion, Director Gay moved to authorize preparation of the Authority's annual water loss audit. Director Hebert seconded the motion, which was approved by unanimous vote.

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board conducted an annual review of the District's Drought Contingency Plan. Following review and discussion, Director Gay moved to leave the current plan in effect. Director Hebert 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 engineer's 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, permitting and reporting matters, and the schedule for Cinco M.U.D. No. 1's construction of its test well for a joint brackish groundwater study in the Jasper aquifer.

Mr. Scholler reported on the status of chloramine conversion reimbursement projects. He recommended reimbursement of chloramine conversion costs incurred by

Fort Bend County M.U.D. No. 34.

ENGINEERING MATTERS

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

Mr. Scholler updated the Board on construction of the connection water line for Fort Bend County M.U.D. No. 206, construction of Main Segments 10A and 10B, and the warranty inspection schedules for completed Main Segments 7C, 9A, 9B, and 12D construction projects. He recommended approving pay estimates for the Main Segments 10A and 10B construction projects.

REGIONAL PLANNING MATTERS

JOINT PROJECTS AND WATER SUPPLY CONTRACT AND PROJECTS

Mr. Scholler reported on warranty items to be completed by the contractor for the Bellaire Pump Station construction project.

Mr. Scholler discussed matters related to the Coastal Water Authority's Luce Bayou project, including the status of the design and construction contracts for the canal and pump station projects.

Mr. Scholler reported on the status of the Northeast Water Purification Plant expansion project. He stated that the City of Houston (the "City") has designated Jeff Benjamin as its Project Director and a meeting was held last week between all of the participants' selection reviewers. He reported that the schedule for the design-build delivery method for the project is not ready at this time. He stated that BGE has drafted an informational release about the historic aspects of the second supplement to the Authority's Water Supply Contract with the City and the benefits to be realized by the Authority from the supplemental contract.

Mr. Scholler discussed the regional water planning process, including development of the regional water plan and potential financing from the State Water Implementation Fund for Texas for the Authority's portions of the Northeast Water Purification Plant expansion project and the second source transmission line construction project.

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

- (1) reimbursement of chloramine conversion costs to Fort Bend County M.U.D. No. 34 in the amount of \$952,006.98; and
- (2) payment of pay estimates for the following construction projects:

Main Segment 10A, Pay Estimate No. 1 in the amount of \$64,025.55, and

Main Segment 10B, Pay Estimate No. 8 in the amount of \$15,525.00.

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

#### CONTRACTS FOR SERVICES

Mr. Oliver reported that the City engaged counsel to assist with design-build delivery method contract matters related to the Northeast Water Purification Plant expansion project. He reviewed an engagement letter with Tom R. Barber of Coats Rose PC, an attorney specializing in design-build delivery method contract matters, and recommended a joint engagement with the West Harris County Regional Water Authority (the "WHCRWA") to assist the Authorities with these matters. Following discussion, Director Gay moved to engage Tom R. Barber of Coats Rose PC for legal services regarding design-build delivery method contract matters related to the Northeast Water Purification Plant expansion project per a joint engagement with the WHCRWA. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reviewed with the Board a proposal from McGrath & Co., PLLC ("McGrath") for auditing engineering and construction costs for the Bellaire Pump Station construction project per the Authority's Joint Facilities Agreement with the WHCRWA in an amount not to exceed \$10,000.00. He reviewed two additional proposals from McGrath for auditing construction costs per the Authority's financing agreements with Fort Bend County M.U.D. Nos. 58 and 142, each in an amount not to exceed \$4,000.00. Following discussion, Director Gay moved to approve the three proposals from McGrath. Director Hebert seconded the motion, which was approved by unanimous vote.

#### LEGISLATIVE MATTERS

Mr. Oliver updated the Board on legislative matters.

#### REALTY INTEREST ACQUISITION

The Board did not take action 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.

[SIGNATURE PAGE FOR THE MINUTES OF THE MARCH 25, 2015, BOARD MEETING]

*Melony Gay*  
Secretary, Board of Directors

(SEAL)



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