

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 22, 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 22nd day of July, 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 except Directors Gay and Darden, thus constituting a quorum.

Also present for all or part of the meeting were Dan McDonald of SIG/McDonald & Wessendorff Insurance; Charles Shumate and Shayna Chapman 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 its regular meeting held on June 24, 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. Chapman 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. Chapman reported on presentations given to municipal utility districts regarding the Authority's purpose, goals, and activities.

Ms. Chapman reported on the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"), including distribution of new bill inserts providing information on the program. She recommended approval of a proposal from Glass House Strategy, LLC ("GHS") for design and printing of business-sized cards containing information regarding the WISE Guys Program for distribution during water conservation mobile teaching lab events and other events in the amount of \$340.00. She reported that an Irrigation Systems Evaluation Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 146 was ready for execution.

Ms. Chapman reported that preliminary work has begun on a combined effluent reuse project by Fort Bend County Municipal Utility District Nos. 146 and 194 and discussed the status of proposed state funding for the Grand Lakes M.U.D. Nos. 1, 2, and 4 proposed effluent reuse project. She reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts.

Ms. Chapman reported on coordination with the Authority's Water Conservation Committee to develop an implementation plan that includes a "toolbox" for water conservation and public outreach initiatives.

Ms. Chapman updated the Board on BGE's coordination with GHS on activities related to the Authority's water conservation marketing campaign, including distribution of the Authority's summer newsletter and the anticipated schedule for launching the Authority's updated website. She discussed preparation of a bill insert to communicate the local cost savings achieved by passage of Proposition 6 during the November 5, 2013, Texas General Election authorizing the creation of a State Water Implementation Revenue Fund for Texas to assist with financing priority projects in the State Water Plan.

Ms. Chapman reported on use of the Authority's water conservation mobile teaching lab, including its scheduled use at the upcoming Fort Bend County Fair and discussed participation in the cost of water bottles for distribution to children attending the event.

Ms. Chapman reported on BGE's review of Water Conservation Reports submitted by municipal utility districts within the Authority.

Following review and discussion, Director Hebert moved to authorize: (1) approval of a proposal from GHS for design and printing of business-sized cards for the WISE Guys Program in the amount of \$340.00; (2) participation in the cost of water bottles for distribution to children attending the Authority's water conservation mobile teaching lab at the upcoming Fort Bend County Fair in the amount of \$250.00; and (3) execution of an Irrigation Systems Evaluation Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 146. Director Fay seconded the motion, which

was approved by unanimous vote.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. McDonald reviewed a renewal proposal for the authority's insurance policies scheduled to expire on August 2, 2015, in the amount of \$176,107.00, a copy of which is attached. He discussed property coverage options, claim procedures, and proposed coverage for cyber liability. Following review and discussion, Director Fay moved to approve the insurance renewal proposal in the amount of \$176,107.00. Director Hebert seconded the motion, which was approved by unanimous vote. The Board concurred to consider additional cyber liability coverage options at its August, 2015 regular meeting.

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, 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. She reviewed the Authority's budget and cash reserves. Following review and discussion, Director Hebert moved to approve the bookkeeper's report as presented. Director Patton 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, joint facility expenses, and water accountability. A copy of the operator's report is attached. Mr. Yentzen reported on efforts by Fort Bend County Municipal Utility District No. 142 to address its offline surface water connection. Following review and discussion, Director Hebert moved to approve the operator's report. Director Patton seconded the motion, which was approved by unanimous vote.

DISCUSS AUTHORITY COMMITTEE STRUCTURE

Mr. Oliver presented and reviewed a proposed resolution establishing the following committees: (1) City of Houston Advisory Committee; (2) Joint Facilities Committee; (3) Capital Planning and Design Committee; (4) Finance and Policy Committee; and (5) Communication, Conservation, and Re-use Committee. Following review and discussion, Director Fay moved to adopt a Resolution Establishing

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

EXECUTION OF DISTRICT REGISTRATION FORM

The Board considered designating Directors Fay and Hebert as additional Assistant Secretary officers. Mr. Oliver reviewed an updated District Registration Form reflecting Directors Fay and Hebert as additional Assistant Secretary officers. Following review and discussion, Director Patton moved to designate Directors Fay and Hebert as additional Assistant Secretary officers, authorize execution of the District Registration Form, and direct that the form be filed appropriately and retained in the Authority's official records. 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. Shumate presented and reviewed with the Board the engineer's report. A copy of the engineers report is attached.

Mr. Shumate 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 construction schedule for Cinco Municipal Utility District No. 1's test well for a joint brackish groundwater study in the Jasper aquifer. 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. He recommended submitting a permit renewal application for the 2015-2016 permit period in the amount of 14,000,000,000 gallons to the FBSD.

Mr. Shumate updated the Board on BGE's evaluation of a request from the engineer for Fort Bend County Municipal Utility District No. 132 for delivery of water by May, 2016.

ENGINEERING MATTERS

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

Mr. Shumate reported that record drawings are being prepared for the completed surface water line connection to Fort Bend County Municipal Utility District

No. 206. He updated the Board on construction of Main Segments 10A and 10B, 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 warranty inspection of Main Segment 7C. He recommended approval of two pay estimates for the construction projects. He reported that concerns related to damage to a main irrigation line and the project schedule expressed by the residents impacted by Main Segment 10A were being addressed. He stated that the project is anticipated to be completed prior to the beginning of the school year.

REPORTS AND STUDIES

Mr. Shumate stated that the design 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 is anticipated to be completed prior to September, 2015.

REGIONAL PLANNING MATTERS

JOINT PROJECTS AND WATER SUPPLY CONTRACT AND PROJECTS

Mr. Shumate reported on City of Houston ("COH") water supply matters. He discussed the status of the Coastal Water Authority's Luce Bayou project, including BGE's comments on the design of the pump station.

Mr. Shumate reported on the status of the Northeast Water Purification Plant Expansion project and stated that the design-build team proposals for the plant expansion project are due October 27, 2015. He reported that a meeting of the City of Houston Advisory Committee is scheduled for August 13, 2015. Mr. Oliver reported on the Authority's participation in the process of developing an addendum to the request for proposals for the Northeast Water Purification Plant Expansion project through Dave Scholler as the Authority's Selection Reviewer and Representative per the Authority's Second Supplement to the Water Supply Contract with the COH and the Authority's attorneys.

Mr. Shumate discussed the status of finalizing the COH's O&M True-up calculations for fiscal years 2013 and 2014, including review of additional documentation received from the COH. He reported on BGE's review of the COH's estimated 2016 O&M rate.

Mr. Shumate discussed potential financing of the Authority's portions of the COH's Northeast Water Purification Plant Expansion and Second Source Water Line projects from the State Water Implementation Revenue Fund for Texas. He stated that BGE has responded to the Texas Water Development Board's (the "TWDB") comments regarding the Authority's application submitted on June 4, 2015. He reported that he and Director Fay will attend a TWDB meeting on July 23, 2015, during which a resolution approving the Authority's application will be considered, along with five

other applications. Mr. Oliver reported on review of the form financing documents by ABHR and the Authority's financial advisor, Terrell Palmer.

Discussion ensued regarding the preliminary results of Cinco Municipal Utility District No. 1's test well for a joint brackish groundwater study in the Jasper aquifer.

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

- (1) submission of a permit renewal application to the FBSD for the 2015-2016 permit period in the amount of 14,000,000,000 gallons; and
- (2) approval of the following pay estimates for construction projects:
Main Segment 10A, Pay Estimate No. 5 in the amount of \$274,008.74, and
Main Segment 10B, Pay Estimate No. 10 in the amount of \$163,614.16.

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

CONTRACTS FOR SERVICES

There was no discussion regarding contracts for services.

REALTY INTEREST ACQUISITION

There was no discussion regarding realty interest acquisition matters.

REPORT REGARDING LEGISLATIVE MATTERS

Mr. Oliver distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 84th Regular Session of the Texas Legislature. A copy of the report is attached.

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)




Secretary, Board of Directors

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