

MINUTES
NORTH FORT BEND WATER AUTHORITY

May 6, 2015

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session, open to the public, on the 6th day of May, 2015, at the offices of Brown & Gay Engineers, Inc., 10777 Westheimer, 3rd Floor, Houston, Texas, outside 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 Hebert, thus constituting a quorum.

Also present for all or part of the meeting were Colette Garcia of McGrath & Co., PLLC; Terrell Palmer of First Southwest Company; Dave Scholler, Charles Shumate, Lindsay Kovar, and Shayna Chapman of Brown & Gay Engineers, Inc. ("BGE"); Pamela Logsdon and Pam E. Lightbody of AVANTA Services; Dale Clayton of Severn Trent Services, Inc.; and David Oliver, Christina Miller, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

AUDIT FOR FISCAL YEAR END DECEMBER 31, 2014

Ms. Garcia reviewed the Authority's draft audit for fiscal year end December 31, 2014. Following review and discussion, Director Gay moved to approve the audit for fiscal year end December 31, 2014, and direct that the audit be filed and retained in the Authority's official records, subject to final review and comment. Director Patton seconded the motion, which was approved by unanimous vote.

RENEWAL OF LETTER OF CREDIT

Ms. Miller discussed a proposed one-year renewal of the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000 in favor of CenterPoint Energy, due to expire on June 4, 2015. Following discussion, Director Gay moved to approve the one-year renewal of the Letter of Credit issued by Central Bank in favor of CenterPoint Energy. Director Fay seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION, REUSE, AND PUBLIC COMMUNICATION MATTERS

Ms. Kovar reported on matters related to public communications, water conservation, and effluent reuse. She recommended approval of invoices from Glass House Strategy, LLC ("GHS") in the amount of \$24,389.00 for activities related to the Authority's water conservation marketing campaign. Ms. Kovar discussed a quote in the amount of \$2,350.00 for the purchase of an inflatable "Larry the Sprinkler" balloon for display with the Authority's water conservation mobile teaching lab during events. Following discussion, Director Gay moved to approve payment of the invoices and purchase of the inflatable balloon. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Miller stated that ABHR represents Fort Bend County Municipal Utility District No. 169 ("FB 169") in connection with certain matters related to the preparation and review of the proposed alternate water supply credit agreement, discussed the Authority's option to retain independent counsel or ABHR to represent it in connection with the agreement, and reviewed a legal conflicts waiver. Following discussion, Director Gay moved to authorize execution of the legal conflicts waiver acknowledging and consenting to ABHR's representation of FB 169 and the Authority in connection with the agreement. Director Patton seconded the motion which was approved by unanimous vote.

Ms. Miller discussed revisions received from FB 169 related to credit adjustments and the term for a proposed alternate water supply credit agreement. Following discussion, the Board concurred to reject the revision regarding the credit adjustment and requested that FB 169 provide a financial analysis related to the proposed revised term for review.

Ms. Kovar noted that she distributed a link to the Authority's updated website to the members of the Board for review and comment.

Ms. Kovar discussed a quote in the amount of \$600.00 for the Authority's proposed reservation of a booth in the exhibit hall during the Association of Water Board Directors summer conference and stated that she is researching backdrop options for the booth.

Ms. Kovar proposed exploring the option of hiring an Authority spokesperson to coordinate and attend the Authority's presentations to constituents, staff the water conservation mobile teaching lab, and other activities. Following discussion, the Board authorized Ms. Kovar to coordinate with Director Gay on developing a proposal for hiring a spokesperson as discussed.

The Board discussed improving water conservation communication efforts related to landscape irrigation systems and following up with the Greater Houston Builders Association on such efforts.

CITY OF HOUSTON ("COH") NORTHEAST WATER PURIFICATION PLANT EXPANSION PROJECT

Mr. Scholler updated the Board on the status of the Design/Build procurement process for the COH Northeast Water Purification Plant Expansion project, including his coordination with Mr. Oliver, Thomas R. Barber of Coats Rose PC, and Directors Gay and Darden on reviewing and submitting comments on three Statements of Qualifications ("SOQs") received for the project. He stated that all three teams that submitted SOQs were approved under the selection process to participate in the Request for Proposal ("RFP") process. He reviewed the schedules for the RFP process and contract finalization.

STATE WATER IMPLEMENTATION FUND FOR TEXAS APPLICATION

Mr. Scholler reported that the Authority's abridged applications for financial assistance for its participation in the COH Northeast Water Purification Plant expansion project and the Second Source Transmission Line construction project have been included on the Texas Water Development Board's ("TWDB") prioritized list of eligible projects to receive financial assistance from the first round of funding to be issued from the State Water Implementation Fund for Texas ("SWIFT"). He stated that the Authority's full applications for SWIFT funding for the two projects are due for submittal to the TWDB by June 5, 2015. Discussion ensued regarding the amount of cost savings that will be realized through the state subsidized financial assistance for the Authority's capital improvement projects required for surface water conversion.

Mr. Oliver reviewed with the Board the following documents for the Authority's full applications for SWIFT funding for its participation in the COH Northeast Water Purification Plant expansion project and the Second Source Transmission Line construction project: (i) Application Filing and Authorized Representative Resolution; (ii) Application Resolution - Certificate of Secretary; and (iii) Application Affidavit. Following review and discussion, Director Gay moved to authorize execution of the documents and submission of the full applications for SWIFT funding for the Authority's participation in the COH Northeast Water Purification Plant expansion project and the Second Source Transmission Line construction project. Director Patton seconded the motion, which was approved by unanimous vote.

Discussion ensued regarding developing public communications related to the local cost savings achieved by passage of Proposition 6 during the November 5, 2013, Texas General Election authorizing the creation of SWIFT funding to assist in the financing of priority projects in the State Water Plan. Following discussion, the Board authorized BGE to coordinate such public communications.

COH NORTHEAST WATER PURIFICATION PLANT EXPANSION PROJECT

Mr. Oliver discussed cash call procedures for the Authority's pro-rata share of

costs pursuant to the Second Supplement to the Authority's Water Supply Contract with the COH for the Northeast Water Purification Plant expansion project. He presented and reviewed with the Board proposals for escrow and pay agent services from Amegy Bank, Central Bank, and Regions Bank. The Board and consultants discussed the proposals. Following review and discussion, Director Gay moved to: (i) accept the proposal from Amegy Bank; (ii) authorize execution of an Escrow & Pay Agent Agreement with Amegy Bank pursuant to the Second Supplement to the Authority's Water Supply Contract with the COH for the Northeast Water Purification Plant expansion project; (iii) authorize execution of a Depository Pledge Agreement with Amegy Bank; and (iv) authorize opening the necessary bank account with Amegy Bank. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Palmer discussed meetings held with the TWDB regarding classification of the SWIFT funding in relation to the Authority's outstanding bond issues. He additionally discussed an interim financing option of a standing line of credit from J.P.Morgan he has secured for the Authority.

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)



David H. Spore
Asst. Secretary, Board of Directors