

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 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 January, 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 Director Fay, thus constituting a quorum.

Also present for all or part of the meeting were Dave Scholler, Charles Shumate, and Lindsay Kovar 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 December 18, 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 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 discussed public communications, water conservation, and reuse matters, including training opportunities. A copy of Ms. Kovar's Memorandum Regarding Water Conservation and Reuse is attached.

Ms. Kovar stated that letters will be sent to municipal utility districts to schedule presentations on the Authority's past activities and future plans.

Ms. Kovar reported on the status of reuse or alternative water credit projects/contracts for Grand Lakes M.U.D. Nos. 1, 2, and 4, Cinco M.U.D. No. 1, Fort Bend County M.U.D. No. 34, and Fort Bend County M.U.D. No. 169.

Ms. Kovar reported on the number of evaluations completed under the Authority's W.I.S.E. Guys Irrigation System Evaluation Program and noted that the rebate incentive program expired December 31, 2014.

Ms. Kovar reported on Glass House Strategy, LLC's ("GH") attendance at the January 27, 2015, meeting of the water conservation committee and reported on the schedule for water conservation committee meetings.

Ms. Kovar updated the Board on GH's activities related to the Authority's winter water conservation marketing campaign, including preparation of a tri-fold water conservation brochure for Board review and approval. She reviewed and recommended approval of a cost estimate for printing and postage for a winter newsletter for distribution to 79,000 households in the amount of \$42,000. She reported on the broadcast schedule for radio marketing beginning in March, 2015. Following review and discussion, Director Gay moved to approve the cost estimate for the winter newsletter in the amount of \$42,000, and distribution of the tri-fold water conservation brochure. Director Hebert seconded the motion, which was approved by unanimous vote.

In response to Director Darden's request for clarification of inaccurate information included in recent news articles regarding the Authority's proposed development of landscape irrigation system requirements, Ms. Kovar provided a brief description of the procedures and efforts undertaken by the Authority to notify and obtain comments on the proposed requirements from municipal utility districts and other stakeholders during the previous three years. She discussed written communications sent to municipal utility districts and other stakeholders, announcements made during public meetings, participatory stakeholder meetings held, website postings, and an extended comment period provided to the public. Following discussion, the Board requested that a timeline of the Authority's efforts regarding this matter be sent to the reporter of the recent new articles.

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

Ms. Logsdon reviewed the written bookkeeper's report, including checks 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.

ANNUAL DISCLOSURE STATEMENTS

The Board reviewed the annual disclosure statements of the bookkeeper and Investment Officer. Mr. Oliver stated that the statements are filed annually with the Texas Ethics Commission. Following review and discussion, Director Gay moved to accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the disclosure statements be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Oliver reported on the District's compliance activities during the prior calendar year related to bond financings. He stated that no corrective action is required at this time.

OPERATION OF AUTHORITY FACILITIES

Mr. Yentzen reviewed the operator's report and reported on the operations of the Authority's facilities, including maintenance, repairs, and water accountability. A copy of the operator's report is attached.

Mr. Yentzen updated the Board on interruption of the Authority's delivery of surface water to Grand Mission M.U.D. No. 1 ("GM1") during December, 2014, through no fault of GM1. He reported that a faulty pressure switch was replaced on January 5, 2015, and the Authority is now delivering surface water to GM1 as contracted.

Mr. Yentzen reviewed a proposal from Southern Flowmeter, Inc. for testing and calibration certificates for the Authority's 25 remote well site meters in the amount of \$8,475.00.

Following review and discussion, Director Gay moved to approve the operator's report, including the proposal from Southern Flowmeter, Inc. 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. Shumate presented the engineer's report. A copy of the engineer's 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 schedule for Cinco M.U.D. No. 1's construction of its test well for a joint brackish groundwater study in the Jasper aquifer.

ENGINEERING MATTERS

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

Mr. Shumate updated the Board on construction of the connection water line for Fort Bend County M.U.D. No. 206, Main Segments 10A and 10B, and combined Main Segments 13A and 16A and the warranty inspection schedules for Main Segments 7A, 7C, 8B, 9A, and 9B. He recommended approving pay estimates for the construction of the connection water line for Fort Bend County M.U.D. No. 206, Main Segment 10B, and combined Main Segments 13A and 16A.

Mr. Shumate reported on the status of BGE's first phase of a Communication Study of alternatives for transmission of real-time pumpage information from remote well sites to the Authority.

Mr. Shumate reported on encroachment matters, including BGE's evaluation of Fort Bend County M.U.D. No. 194's request for the Authority's participation in the cost of the completed repair of a paving failure at a crossing of Main Segment 7C.

Mr. Shumate reviewed a professional services proposal from BGE for quarterly rectifier monitoring and an annual cathodic protection system evaluation, including a survey of 240 stations.

REGIONAL PLANNING MATTERS

JOINT PROJECTS AND WATER SUPPLY CONTRACT AND PROJECTS

Mr. Shumate reviewed and recommended approval of proposal from Storm Water Solutions, LP for storm water quality maintenance services for the Bellaire Pump Station's detention basin.

Mr. Shumate 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. Shumate reported on the status of pending negotiations and meetings held

and scheduled with the City of Houston regarding the Northeast Water Purification Plant expansion project. Mr. Oliver stated that a supplement to the Authority's Water Supply Contract with the City of Houston (the "Second Supplement") is anticipated to be ready for the Board's review and approval next week.

Mr. Shumate discussed the regional water planning process, including coordination with the City of Houston and water authorities to complete the abridged applications for 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. Ms. Kovar additionally discussed the applications and the Authority's financial advisor's recommendations included in the applications.

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

- (1) payment of pay estimates for construction projects:

Connection water line for Fort Bend County M.U.D. No. 206, Pay Estimate No. 2 in the amount of \$80,100.00,

Main Segment 10B, Pay Estimate No. 7 in the amount of \$395,883.58, and

Combined Main Segments 13A and 16A, Pay Estimate No. 10 in the amount of \$96,110.83;
- (2) execution of a professional services proposal from BGE for quarterly rectifier monitoring and an annual cathodic protection system evaluation, including a survey of 240 stations in the amount of \$63,265.00;
- (3) execution of a Second Amendment to Contract for Maintenance Services with Storm Water Solutions, LP to add a proposal for storm water quality maintenance services for the Bellaire Pump Station's detention basin in the amount of \$6,900.00 per year; and
- (4) submission of the abridged applications for 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 to the Texas Water Development Board, pending final review and comment.

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

Mr. Oliver, Mr. Shumate, and Director Patton additionally reported on the status of pending negotiations and meetings held and scheduled with the City of Houston

regarding the Northeast Water Purification Plant expansion project, including a brief discussion regarding provisions included in the Second Supplement. Mr. Oliver stated that the proposed Second Supplement and an overview summarizing key provisions of the Second Supplement will be distributed for the Board's review prior to a special meeting to be scheduled for review and approval of the Second Supplement.

CONTRACTS FOR SERVICES

Mr. Oliver reviewed an assignment of representation letter transferring the Authority's files related to land acquisition matters from Joyce, McFarland + McFarland LLP to McFarland PLLC. Following review and discussion, Director Gay moved to authorize execution of the assignment. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reviewed a supplemental engagement letter with ABHR on legislative matters in the amount of \$120,000. Following review and discussion, Director Gay moved to authorize execution of the supplemental engagement letter. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

There was no discussion on realty interest acquisition matters.

CONVENE IN EXECUTIVE SESSION

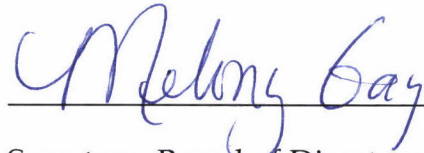
The Board convened in executive session at 6:58 p.m., pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

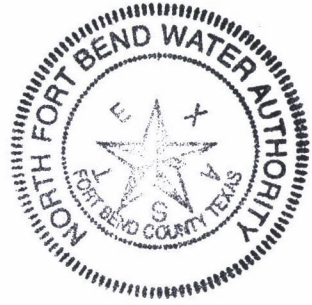
At 7:42 p.m., the Board reconvened in open session. No action was taken by the Board.

There being no further business to come before the Board, the meeting was adjourned.

[SIGNATURE PAGE FOR THE MINUTES OF THE JANUARY 28, 2015, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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