

MINUTES  
NORTH FORT BEND WATER AUTHORITY

December 17, 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 17th day of December, 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 Fay, thus constituting a quorum.

Also present for all or part of the meeting were David C. Scholler, Charles Shumate, and Lindsay Kovar of Brown & Gay Engineers, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton 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 November 19, 2015. After review and discussion, Director Gay moved to approve the minutes as written. Director Spell seconded the motion, which carried unanimously, except for Director Hebert who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

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

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 matters related to public communications, water conservation, and effluent reuse, including

training opportunities, attendance at municipal utility district meetings, and the number of irrigation evaluations completed per the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program"). She reported that an Irrigation System Evaluations Cost Sharing Agreement for participation in the Authority's WISE Guys Program has been received from Cinco Southwest Municipal Utility District No. 3.

Ms. Kovar reported on the status of effluent reuse or alternate water credit projects/contracts. She reported on the status of the Authority's application to the Texas Water Development Board 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 on the status of well owners' enrollment in the Authority's water conservation program, "Larry's Toolbox." She stated that well owners within the Authority were notified that the deadline for submission of enrollment forms for the "Larry's Toolbox" program was extended to February 1, 2016. She stated that the Authority's deadline for receiving requests from well owners for proposed participation in the initiatives for Home Owners Association ("HOA") Irrigation System Evaluation, Golf Course Irrigation System Evaluation, and HOA Water Budget is January 1, 2016. She recommended that the Authority adopt an incentivized water rate in the amount of \$0.10 per 1,000 gallons of reduced water use provided as a rebate check paid directly to the participants that successfully complete the program. She discussed the possibility of submitting an application to the Texas Water Development Board to assist the Authority with funding for the rebate checks associated with the "Larry's Toolbox" program.

Ms. Kovar reported on Glass House Strategy's water conservation campaign activities, including distribution of the Authority's fall/winter newsletter. She recommended approval of a 2016 budget for the Authority's water conservation campaign activities submitted by Glass House Strategy in the amount of \$300,000.00 and reviewed the updated media plan included in the budget.

Following review and discussion, Director Gay moved to authorize: (1) execution of an Irrigation System Evaluations Cost Sharing Agreement with Cinco Southwest Municipal Utility District No. 3; (2) adoption of an incentivized water rate in the amount of \$0.10 per 1,000 gallons of reduced water use to be provided as a rebate check paid directly to the participants that successfully complete the "Larry's Toolbox" water conservation program; (3) and approval of a 2016 budget for the Authority's water conservation campaign activities submitted by Glass House Strategy in the amount of \$300,000.00. Director Hebert seconded the motion, which was approved by unanimous vote.

#### TRAVEL REIMBURSEMENT GUIDELINES

The Board reviewed the Authority's Travel Reimbursement Guidelines and a schedule of conferences for 2016. Following review and discussion, Director Gay

moved to approve the schedule of conferences for 2016. Director Hebert seconded the motion, which was approved by unanimous vote.

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

Ms. Lightbody reviewed the written bookkeeper's report, including checks for payment, reissuance of a check in place of a voided check, 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, and the income statement for the Enterprise Fund. A copy of the bookkeeper's report is attached.

Ms. Lightbody requested approval of the following items:

- 1) Continued maintenance of an O&M Reserve in the amount of two months of budgeted Operating Expenditures;
- 2) Payment of the capital rehabilitation portion of the City of Houston's ("COH") monthly water invoice for fiscal year 2016 from bond proceeds after depletion of the Authority's True-up credit;
- 3) Payment of an estimated amount of \$125,000 from bond proceeds for the purchase of Fort Bend Subsidence District ("FBSD") Water Wise credits for fiscal year 2016;
- 4) Transfer of interest earned in the Debt Service Reserve Fund to the Debt Service Fund;
- 5) Continued maintenance of an Improvement Fund Reserve for Revenue Fluctuations in the amount of \$10,000,000; and
- 6) Continued maintenance of an Improvement Fund Reserve for Major Repairs and Rehabilitation in the amount of \$5,000,000.

Ms. Lightbody reviewed the budget for the Enterprise Fund for fiscal year end December 31, 2016, a copy of which is attached.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including the six items listed above, and adopt the budget as presented. Director Spell seconded the motion, which was approved by unanimous vote.

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

## ADOPT AMENDED RATE ORDER

Mr. Oliver reviewed an Amended Rate Order implementing increases in the Authority's pumpage and surface water fees to \$2.75 per 1,000 gallons of groundwater pumped and \$3.10 per 1,000 gallons of surface water delivered by the Authority, effective January 1, 2016. He reported that the Amended Rate Order adds provisions related to agreements and reporting procedures for effluent reuse projects. He recommended scheduling a workshop and presentation regarding the Authority's fees once the updated rate study is complete. Following review and discussion, Director Gay moved to adopt the Amended Rate Order and authorize distribution of a notice of adoption of the Amended Rate Order. Director Hebert seconded the motion, which was approved by unanimous vote.

## OPERATION OF AUTHORITY FACILITIES

Mr. Clayton 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. Clayton presented and reviewed with the Board a valve survey report and recommended approval of valve repairs in the estimated amount of \$17,580.00. A copy of the valve survey report is attached. Mr. Clayton recommended rekeying the locks at the Authority's Bellaire Pump Station in the amount of \$250.00. Following review and discussion, Director Gay moved to approve the operator's report, including the recommended valve repairs and rekeying of locks. 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 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 13.0 billion gallons of early conversion credits equal to approximately 37 months of credits. Mr. Scholler reported that applications for over-conversion credits and rebate of overpaid permit fees have been submitted to the FBSD and the Harris-Galveston Subsidence District.

Mr. Scholler 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 of a production well in the Jasper aquifer with Cinco

1.

## ENGINEERING MATTERS

### ROUTING ANALYSES, DESIGN AND CONSTRUCTION PROJECTS

Mr. Scholler updated the Board on construction of Main Segments 10A and 10B and the surface water delivery schedule for the water lines. He stated that the water lines are complete and ready to deliver surface water when the district is ready to receive it. He updated the Board on the status of design of the surface water line connection for Grand Mission Municipal Utility District's water plant no. 3 and construction of the surface water line connection for Fort Bend County Municipal Utility District No. 134A's water plant no. 2. Mr. Scholler reported on the schedule for warranty inspections for Main Segments 13A and 16A.

### FACILITIES, PROJECTS, AND COMMUNICATION SYSTEMS

Mr. Scholler reported that one bid was received for the Authority's Meter Station Communication Upgrades project 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. He recommended awarding a contract in the amount of \$576,200.00 to BL Technology, Inc., subject to final review of the insurance and bonds by ABHR. Following review and discussion, the Board concurred with the engineer's judgment that BL Technology, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Mr. Scholler reported on BGE's preparation of a report regarding the first annual inspection of the ground storage tanks located at the Authority's Bellaire Pump Station as required by the Texas Commission on Environmental Quality.

Mr. Scholler reported that BGE's review of the annual cathodic protection survey found that all systems are functioning.

Mr. Scholler reported on a forum for operators of municipal utility districts hosted by BGE on December 1, 2015.

## REGIONAL PLANNING MATTERS

### JOINT PROJECTS, WATER SUPPLY CONTRACT, AND PROJECTS AND FUNDING

Mr. Scholler reported that BGE performed a warranty review of the Authority's Bellaire Pump Station and provided a final list of items to be addressed by the contractor. He stated that the Authority's warranty period ends December 18, 2015.

Mr. Scholler reported on COH water supply matters. He discussed the status of the Coastal Water Authority's Luce Bayou project, including the construction schedules

for the Capers Ridge pump station and three miles of parallel 96-inch water lines. He reported that the COH approved a Design-Build Agreement with CH2M Hill, Inc. for the COH's Northeast Water Purification Plant Expansion project.

Mr. Scholler reported on information needed to review 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.

Following review and discussion, Director Gay moved to approve the engineer's report, including award and execution of a contract with BL Technology, Inc. for the Meter Station Communication Upgrades project in the amount of \$576,200.00. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Scholler responded to Director Patton's inquiry regarding a water line repair performed in Cinco 1, during which three municipal utility districts were without water.

CONTRACTS FOR SERVICES

There were no contracts for services presented for consideration.

REALTY INTEREST ACQUISITION

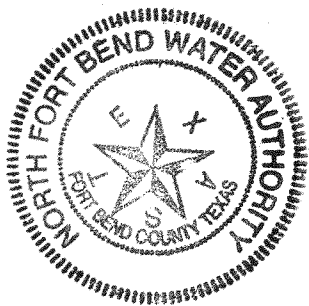
There was no discussion regarding realty interest acquisition matters.

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)



*Melony Gay*  
Secretary, Board of Directors

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