

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 24, 2010

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 24th day of March, 2010, at the Golf Club at Cinco Ranch, 23030 Cinco Ranch Boulevard, 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 Houghton and Hebert, thus constituting a quorum.

Also present for all or part of the meeting were: David C. Scholler, P.E. and Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Pamela Logsdon of AVANTA Services; 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 first considered approving the minutes of the meetings held on February 19 and 24, 2010. After review and discussion, Director Fay moved to approve the minutes as written. Director Gay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. There were no public comments.

PUBLIC COMMUNICATIONS, CONFERENCES

Director Patton next reported on the first meeting of the Water Conservation Committee and stated that the next meeting is scheduled within the next couple of weeks. He stated that Marjie Risk, former head of water conservation for the state of Arizona, will make a presentation on the development of water conservation plans.

Director Patton next recommended that the Authority become a sponsor of the Joint Turf Grass Irrigation Research and Education Project study sponsored by the Houston Gulf Coast Irrigation Association. He stated that the project will be performed at Texas A&M University to study the grasses native to the area to determine minimum water requirements. He stated that the labor for the project is being donated and that there are utility district sponsors of the project.

Director Patton next requested authorization for his and Director Houghton's attendance at the Second Annual Fort Bend County Elected Officials Agriculture Tour hosted by the Texas A&M System AgriLife Extension, Fort Bend County Agriculture/Horticulture Department, and Texas Parks and Wildlife. He stated that the event is scheduled to be held on April 15, 2010.

Director Patton reported that Director Houghton met with Barbara Payne of Payne Communications to discuss increasing the Authority's public communication efforts.

Ms. Logsdon next reported that she received a proposal in the amount of \$16,500.00 from the Texas Network for programming of proposed modifications to the Authority's online pumpage reporting system. Mr. Oliver recommended that the proposal be reviewed at the next Finance Committee meeting and reported on at the next regular Board meeting.

Following discussion, Director Gay moved to approve the Authority's sponsorship of the Joint Turf Grass Irrigation Research and Education Project study in the amount of \$1,250.00 and to approve the payment of \$1,500.00 for attendance at the Second Annual Fort Bend County Elected Officials Agriculture Tour by Directors Houghton and Patton. Director Fay seconded the motion, which was approved by unanimous vote.

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

Ms. Logsdon next reviewed a written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the Income Statement for the Enterprise Fund, and a schedule of debt service payments, a copy of which is attached. She discussed a growing trend of banking institutions not wanting to continue working with public funds due to increased concerns by bank examiners. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Logsdon reported that there was no need to conduct a hearing on delinquent fees or rule violations.

ENGINEERING MATTERS, WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT,
JOINT FACILITIES

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority, and a list of recent and upcoming events. She additionally reported on the status of water supply contracts with the City of Houston ("COH"), the status of the Luce Bayou Project, and negotiations with the West Harris County Regional Water Authority (the "WHCRWA") for sharing in the costs and capacity in the pump station and the Authority's initial water lines. A copy of the written engineer's report is attached.

Ms. Silva reminded the Board that, as reported last month, the COH notified the WHCRWA that the COH is interested in participating in the second source water line and the additional surface water line to bring surface water to the Authority's proposed pump station. She stated that the COH has increased their potential amount of surface water needed to serve their Katy-Addicks pump station and potentially their Bellaire-Braes pump station to 50 million gallons per day.

LEASE OF WATER PLANT

Ms. Silva and Mr. Oliver reported on ABHR's efforts to work with the COH on a draft agreement for the Authority's lease of the D-158 water plant. Mr. Oliver stated that a Right of Entry Agreement is expected to be granted by the COH by April 1, 2010, if an agreement is not available soon so that the Authority can meet its proposed schedule.

DESIGN AND CONSTRUCTION PROJECTS, ROUTING ANALYSES

Ms. Silva next reported on and reviewed tables indicating the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for Main Segment Nos. 0, 1A, 1B, 2, 3, 4, 5, 6, 7A, 7B, 7C, 8A, 8B, 12A, 12B, 12C, and 12D, and the related district connection lines. She stated that the pump station design is proceeding and a 95% plan submittal is expected to be made early next month. She said that B&G continues to work with the COH regarding the process for drawing approvals for the Authority's waterline projects.

Ms. Silva reported that construction has begun on Main Segment Nos. 0 and 1A. She reported that the issues related to the Authority's utilization of CenterPoint Energy's right-of-way have been resolved and an agreement is expected soon. She reported that construction notification flyers have been prepared and printed and are expected to be distributed by postal mail during the week. She stated that the Authority should expect their first construction invoices this month.

Ms. Silva additionally reported on the progress of route evaluations for

connecting the Cross Creek Ranch area to Main Segment No. 12 and stated that a draft routing report for Main Segment No. 9 will be reviewed during next month's Design Committee Meeting.

SERVICES CONTRACTS

Ms. Silva reported that ABHR drafted an amendment to the existing engineering design agreements to clarify the fee calculation and implement floor and ceiling limits. She stated that the design consultants that wish to amend their existing agreements have submitted signed amendments for Board execution. A list of the amendments is attached.

Mr. Oliver reported that AECOM USA, Inc. d/b/a AECOM USA Group, Inc., the successor in interest, by merger, to TCB INC., is changing its business name to AECOM Technical Services, Inc. He recommended approval of the execution of documents consenting to the assignment of the Authority's Agreements for Professional Design Consulting Services for Segment 2 Main Segment and the North Mission Glen MUD Connection to the new business name.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva next reviewed a table indicating the status of utility district conversion to chloramines disinfection. She stated that B&G is working with the Fort Bend Subsidence District (the "FBSD") to address the Cinco M.U.D. No. 1 well located in Harris County that is eligible to be included in the Harris-Galveston Subsidence District ("H-GSD") and FBSD Reciprocal Compliance Agreement.

Ms. Silva reported that a response was forwarded to Fort Bend County M.U.D. No. 141 to address their request to the Authority for a Groundwater Participation Contract.

WELL PERMITTING

Ms. Silva reported on activities undertaken and meetings held with the FBSD to develop a detailed process for the aggregation of well permits for the entities located within the Authority. She requested authorization to draft letters in coordination with FBSD for distribution late next month or in early May, 2010.

Ms. Silva additionally reported that a letter outlining the proposed changes to the Authority's online pumpage reporting system for future distribution to the utility districts will be available for review at the next Design Committee meeting.

EFFLUENT REUSE STUDY

Ms. Silva next reported that B&G has begun the performance of an effluent reuse

study as previously approved by the Board.

PROPOSALS FOR OPERATIONS AND MAINTENANCE SERVICES

Ms. Silva reported that presentations from the two companies that submitted proposals for operator services, SWWC Services, Inc., and Severn Trent Services, Inc., will be received at a special meeting of the Board of Directors on March 30, 2010, at 2:00 p.m. at B&G's offices.

Following review and discussion, Director Darden moved to approve the engineer's report, including: 1) authorize execution of the First Amendments to Agreements for Professional Design Consulting Services as presented; 2) authorize execution of the Consents to Assignment of Agreements for Professional Design Consulting Services from TCB INC. to AECOM Technical Services, Inc. as recommended; 3) authorize B&G to prepare and distribute to utility districts letters outlining the proposed changes to the Authority's online pumpage reporting system; and 4) authorize execution of a Right of Entry Agreement with the COH for access to the D-158 water plant. Director Spell seconded the motion, which was approved by unanimous vote.

PROPOSALS FOR ADDITIONAL INSURANCE AND PERFORMANCE BONDS

Mr. Oliver next reviewed price quotes from the District's current insurance company, Anco-McDonald Waterworks Insurance Services L.L.C. ("Anco"), for additional commercial general liability and umbrella insurance coverage as required by CenterPoint Energy for the Authority's utilization of CenterPoint Energy's right-of-way. He stated that the quotes are for the anticipated life of the Authority's construction contracts of 18 months. He stated that the additional insurance coverage is required during the entire time of the Authority's utilization of CenterPoint Energy's right-of-way and that the premium is expected to significantly drop in price after construction is complete. He said that Anco continues to shop for lower quotes for the additional umbrella insurance coverage.

Mr. Oliver reported that, in lieu of the Authority providing a deposit or Performance Bond, CenterPoint Energy has agreed to accept a Letter of Credit in the amount of \$1,000,000 to guarantee the Authority's performance of the construction contracts.

Following discussion, Director Gay moved to: 1) authorize the purchase of additional commercial liability insurance coverage, for a total of \$4,000,000 in coverage, in a total amount not to exceed \$33,000.00, less the premium amount previously paid by the Authority for such coverage; 2) authorize the purchase of additional umbrella insurance coverage, for a total of \$9,000,000 in coverage, in a total amount not to exceed, \$46,170; and 3) authorize the purchase of a Letter of Credit for the value of \$1,000,000

from Central Bank in favor of CenterPoint Energy in an amount not to exceed \$20,000.00. Director Fay seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver next recommended acceptance of three Water Line Easements for Main Segments 1A and 4 from the Grantors listed on the attached chart. Following review and discussion, Director Gay moved to accept the easements as recommended. Director Fay seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

The Board did not convene in executive session.

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


Secretary, Board of Directors



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