

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 23, 2013

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 23rd day of January, 2013, 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, thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, P.E., Charles Shumate, P.E., and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mike Thelen and Tom Laseter of SWWC Services, Inc.; Steve Bonjonia of PAS Property Acquisition Services, LLC; David Oliver, Christina Miller, 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 the regular meeting held on December 20, 2012. 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 were no public comments.

PUBLIC COMMUNICATIONS

The Board reviewed two proposed advertisements for the Authority's W.I.S.E. Guys Irrigation System Evaluation Program (the "WISE Guys Program") for placement in homeowners association newsletters distributed within the Authority for 12 months. Following review and discussion, Director Gay moved to approve the advertisements. Director Hebert seconded the motion, which was approved by unanimous vote. Copies

of the approved advertisements are attached.

WATER CONSERVATION AND REUSE

Mr. Oliver updated the Board on the proposed process for the development of landscape irrigation requirements and stated that additional stakeholder meetings will be scheduled soon.

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, the income statement for the enterprise fund, a summary of investments, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. She reviewed one additional check for printing and distributing the advertisements for the Authority's Wise Guys Program. She stated that the check will be included on next month's bookkeeper's report. Following review and discussion, Director Gay moved to approve the bookkeeper's report and payment of the additional check. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Logsdon reported that the Finance and Policy Committee (the "Committee") reviewed correspondence from Fort Bend County M.U.D. No. 185 ("MUD 185") requesting waiver of penalty and interest fees assessed by the Authority in the amount of \$911.82 for failure to timely remit payment of the monthly groundwater pumpage fees for the month of June, 2012. A copy of the correspondence is attached. She stated that the Committee found that evidence of extraordinary circumstances had been presented for the untimely payment and concurred to recommend that the Board grant MUD 185's request. Following review and discussion, Director Patton moved to grant MUD 185's request for waiver of the penalty and interest fees related to the June, 2012 payment. Director Hebert seconded the motion, which was approved by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

Mr. Oliver stated that the annual disclosure statements of the bookkeeper and Investment Officer 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. Thelen reported on the operations of the Authority's facilities, including maintenance and repairs. He discussed repairs to the controls for the booster pumps at the D-158 Water Plant, reviewed a spreadsheet of proposal prices for mowing services, and a presented report on water loss from main line breaks. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Darden seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

WATER SUPPLY CONTRACT AND LUCE BAYOU PROJECT

Ms. Silva presented the engineer's report, including the monthly pumpage report and the status of new wells located within the Authority. She reviewed a list of recent and upcoming events, reported on information received and outstanding from the City of Houston needed to analyze the Fiscal Year 2011 true-up, and discussed the status of the wetlands delineation and funding for the Luce Bayou Project and preparation of a purchase offer for the D-158 Water Plant and wells from the City of Houston. A copy of the engineer's report is attached.

Mr. Oliver recommended sending a letter to the City of Houston extending the Authority's Lease Agreement for the D-158 Water Plant until October 31, 2014.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva updated the Board on design projects. She reviewed and recommended approval of proposals for design services from LJA Engineering, Inc. for Main Segment 10A, Costello, Inc. for Main Segment 10B, and B&G for Main Segment 16A. She reviewed and recommended approval of a proposal for cathodic protection services from V&A Consulting Engineers ("V&A") for Main Segments 10A, 10B, 13A, and 16A, and recommended an amendment to the current contract with V&A to reallocate contingent costs for cathodic protection for Main Segments 8, 9, and 12 due to changes in pipe material.

Ms. Silva updated the Board on the construction of Main Segments 4B, 7A, 7B, 7C, 8A, 8B, 9A, 9B, 12A, 12B, and 12D, the connection water line for Fort Bend County M.U.D. No. 118, and the Bellaire Pump Station and D-158 Water Plant Well Inspection projects, and reported on warranty inspections. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. Ms. Silva recommended approval of twelve pay estimates for the construction projects and change orders for

Main Segments 8B and 9B. In response to a meeting attendee's question, Ms. Silva stated that the change order for Main Segment 9B is for a change in pipe material and installation methods because of issues with directional drilling in the area. She reported that B&G is preparing an additional change order to the construction contract for Main Segment 9B for an encroachment agreement with the Katy Independent School District related to the construction of a running track along the easement.

Ms. Silva reported on the status of soliciting a change order from the construction contractor for the Bellaire Pump Station project for services to collect additional pressure information at the Cook Road take point, main meter station, and the D-158 Water Plant.

ROUTING ANALYSES

Ms. Silva reported on the status of B&G's evaluation of a request for a change in routing for Main Segment 13 from the new developer of Cross Creek Ranch.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION, AND SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING

Ms. Silva updated the Board on the status of chloramine conversion projects and B&G's evaluation of requests for reimbursement for chloramine conversion. A spreadsheet summarizing the status of chloramine conversion projects and reimbursement is attached to the engineer's report.

Ms. Silva reported that Cinco Southwest M.U.D. No. 1's Board of Directors and engineer recommended approval of Pay Estimate No. 8 for the chloramine conversion project per the Authority's approved variance with that district.

Ms. Silva reviewed the equalization fee for the Groundwater Reduction Plan Participation Agreement with Fort Bend County M.U.D. No. 141.

Ms. Silva reported on coordination of surface water delivery with representatives of future Fort Bend County M.U.D. No. 206.

Ms. Silva stated that a report on the final permit groundwater pumpage numbers and a request for over conversion credits have been submitted to the Fort Bend Subsidence District for permit year ending September 30, 2012.

Ms. Silva reported that the Authority's 2012-2013 aggregate well permit has been renewed with the Fort Bend Subsidence District. She stated that the final well permits for each well are posted on the Authority's website.

Ms. Silva reported that the Harris-Galveston Subsidence District adopted a revised Regulatory Plan, including a push-back of the next surface water conversion deadline from 2020 to 2025 and an increase in the disincentive fee.

Ms. Silva reported on the Fort Bend Subsidence District's (the "FBSD") process and schedule for evaluating regulatory planning scenarios. She stated that FBSD staff recommended maintaining the current regulatory plan.

REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's evaluation of a proposed brackish groundwater project and review of the Authority's Drought Contingency Plan.

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

- (1) authorize sending a letter extending the Authority's Lease Agreement to the City of Houston;
- (2) approve the following proposals for design services:
LJA Engineering, Inc. for Main Segment 10A in the amount of \$268,633.00,
Costello, Inc. for Main Segment 10B in the amount of \$280,610.00, and
B&G for Main Segment 16A in the amount of \$139,885.00;
- (3) approve proposal for cathodic protection services from V&A for Main Segments 10A, 10B, 13A, and 16A in the amount of \$57,328.00;
- (4) approve an amendment to the current contract with V&A for Main Segments 0 - 7 to reallocate contingent costs for cathodic protection for Main Segments 8, 9, and 12 in the amount of \$6,300.00;
- (5) approve the following pay estimates:
Main Segment 7A, Pay Estimate No. 10 in the amount of \$41,895.00,
Main Segment 7B, Pay Estimate No. 10 in the amount of \$160,701.84,
Main Segment 7C, Pay Estimate No. 1 in the amount of \$165,425.04
Main Segment 8A, Pay Estimate No. 5 in the amount of \$227,757.38,
Main Segment 8B, Pay Estimate No. 6 in the amount of \$129,839.87,
Main Segment 9A, Pay Estimate No. 4 in the amount of \$0,
Main Segment 9B, Pay Estimate No. 7 in the amount of \$66,767.17,
Main Segment 12A, Pay Estimate No. 16 in the amount of \$0,
Main Segment 12B, Pay Estimate No. 15 in the amount of \$0,
Main Segment 12D, Pay Estimate No. 16 in the amount of \$0,
Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 7 in the amount of \$25,460.00, and
Bellaire Pump Station project, Pay Estimate No. 8 in the amount of

\$1,154,980.84; and

(6) approve the following change orders:

Main Segment 8B, Change Order No. 1 in the amount of \$0,

Main Segment 9B, Change Order No. 1 in the amount of \$786,473.47.

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

JOINT PROJECTS

Mr. Oliver generally updated the Board on the status of joint projects with the West Harris County Regional Water Authority. He stated that the next meeting of the Joint Facilities Committee is scheduled for February 8, 2013.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

There was no discussion on this item.

EXECUTIVE SESSION

The Board convened in executive session at 7:05 p.m., to conduct a private consultation with the Authority's attorney to discuss pending or contemplated litigation, or a settlement offer.

RECONVENE IN OPEN SESSION

At 7:35 p.m., the Board reconvened in open session. Director Gay moved to authorize Director Darden to approve a proposal for mechanical consulting services with Terracon Consultants, Inc., as discussed in an amount not to exceed \$25,000.00. Director Patton seconded the motion, which was approved by unanimous vote.

REQUEST FOR QUALIFICATIONS FOR OPERATING SERVICES

The Board discussed the preparation of and procedures for soliciting Requests for Qualifications for Operating Services for the Authority's Facilities ("RFQs"). Following review and discussion, Director Gay moved to authorize B&G and ABHR to prepare RFQs and a list of potential qualified operating companies for review at a special meeting of the Board scheduled January 30, 2013. Director Darden seconded the motion, which was approved by majority vote, with Director Hebert abstaining from the vote.

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

adjourned.

[SIGNATURE PAGE FOR THE MINUTES OF THE JANUARY 23, 2013, BOARD MEETING]

(SEAL)



Melony Say
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Advertisements for the Authority's WISE Guys Program.....	1
Bookkeeper's Report.....	2
Correspondence from Fort Bend County M.U.D. No. 185.....	2
Operations Report.....	3
Engineer's Report.....	3