

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 25, 2012

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 25th day of January, 2012, 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 for Director Patton, 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"); Barbara Payne of Payne Communications; Pam E. Lightbody of AVANTA Services; Brian Bare and Mike Thelen of SWWC Services, Inc.; Steve Bonjonia of Property Acquisition Services, Inc.; David Oliver, Alia Vinson, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the regular meeting held on December 22, 2011, and special meetings held on January 5 and 19, 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

Ms. Payne updated the Board on public communication activities, including information included on the Authority's website and additional communication activities undertaken to increase participation in the W.I.S.E. Guys irrigation system

evaluation program. She reported that two workshops for non-exempt well owners, including municipal utility district directors and consultants, are scheduled for February 16, 2012, to provide additional information about water conservation strategies and preparation of water conservation plans.

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, 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. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

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

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.

OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported on the operations of the Authority's facilities. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operations report. Director Hebert seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver reported that the Joint Facilities Committee with the West Harris County Regional Water Authority (the "WHCRWA") met in January 2012 as scheduled. He stated that the WHCRWA is expected to close on financing from the Texas Water Development Board at the end of March 2012 to be used for real estate acquisition and preliminary engineering costs for the second source waterline. He stated that an amendment to the Authority's Joint Facilities Agreement with the WHCRWA related to the financing is being prepared for the Board's consideration.

Mr. Oliver reported that a Letter of Intent is being prepared pursuant to a meeting held with representatives of NETCO Pipeline, L.L.C. regarding right-of-way acquisition.

WATER CONSERVATION AND REUSE

Mr. Oliver reminded the Board that, as discussed earlier by Ms. Payne, all non-exempt well owners within the Authority are required to adopt a water conservation plan by May 1, 2012, and that two workshops are scheduled for February 16, 2012, to assist with preparation of the plans.

DROUGHT CONTINGENCY PLAN

Mr. Oliver reported that a list of issues related to proposed changes to the Authority's Drought Contingency Plan was distributed during the February 2012 meeting of the Finance Committee and will be discussed during the March 2012 meeting of the Finance Committee. He stated that the City of Houston (the "COH") is reviewing its drought stage triggers and the Authority has requested the opportunity to be included in the process.

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 and reported on activities related to the status of the Luce Bayou Project. She discussed coordination with the COH on communication protocols and related operations issues. A copy of the engineer's report is attached.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva reported on the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for several main line segments, related district connection water lines, and the Bellaire Pump Station. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report. Ms. Silva reported on the status of B&G's updated population and water demand projections for the Authority and coordination with the COH on a water supply shut-down related to maintenance and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project. She stated that the water supply shut-down, coordinated between the Authority and the COH, is tentatively scheduled for February 20, 2012.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 2, 3, 4B, 5, 6, 7A, 7B, 8B, 12A, 12B, 12C, and 12D, the connection water lines for Fort Bend

County M.U.D. Nos. 30, 118, and 122, and Grand Mission M.U.D. No. 1, the Bellaire Pump Station project, the winterization of flow control valves project, and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. She recommended approval of seventeen pay estimates for the Main Segments and connection water lines, Change Order No. 2 for Main Segment 4B, and final acceptance of Main Segments 3 and 5.

Ms. Silva requested authorization to solicit a proposal from HTS Inc. Consultants for construction materials engineering and testing services for the Bellaire Pump Station project.

Ms Silva reported on the status of the preparation of bid documents for painting of the tanks at the D-158 Water Plant.

Ms. Silva requested approval of a proposal from B&G for the preparation of bid documents for the inspection and evaluation of the D-158 Water Plant Water Wells in the amount of \$48,000.

Ms. Silva requested approval of a proposal from B&G to perform surveying and other work to revise the current CenterPoint Energy drawings and create final As Built Drawings for Main Segments 0, 1A, 1B, 2, and 3 in the amount of \$95,415.

ROUTING ANALYSES

Ms. Silva did not provide an update on the progress of route evaluations for the Authority's 2025 distribution system.

GRP, CHLORAMINES CONVERSION, AND FBSD REGULATIONS

Ms. Silva reported that B&G is evaluating a request from Cinco M.U.D. No. 1 to add a well located in Harris County to the Authority's Groundwater Reduction Plan ("GRP").

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

Ms. Silva reported on activities related to evaluating requests from Fort Bend County M.U.D. No. 142 for a water supply contract and early conversion to surface water, a request for early conversion to surface water from Fort Bend County M.U.D. No. 58, and a request from Grand Mission M.U.D. No. 1 for a water supply contract. She stated that B&G is preparing minimum well capacity requirements for inclusion in water supply contracts.

Ms. Silva reported that the Fort Bend Subsidence District (the "FBSD") adopted a Resolution Calling a Public Hearing for the Purpose of Receiving Testimony Regarding Proposed Amendments to the 2003 District Regulatory Plan for its February 22, 2012, Board meeting.

Ms. Silva stated that, as previously reported, B&G submitted a final amendment to the Authority's aggregate well permit for the October 1, 2010, through September 30, 2011, term to the FBSD.

Ms. Silva reported that B&G is working with the Authority's operator to obtain geographic position coordinates and labels for all the wells located within the Authority.

Ms. Silva reported that the FBSD is processing the Authority's application for over-conversion credits earned within the Authority in the amount of 706 million gallons.

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

- (1) approve the following pay estimates:
 - Main Segment 0, Pay Estimate No. 21 in the amount of \$0,
 - Main Segment 1A, Pay Estimate No. 22 in the amount of \$0,
 - Main Segment 2, Pay Estimate No. 16 in the amount of \$0,
 - Main Segment 3, Pay Estimate No. 9 in the amount of \$6,721.11,
 - Main Segment 3, Pay Estimate No. 10 and Final in the amount of \$23,140.58,
 - Main Segment 4B, Pay Estimate No. 8 in the amount of \$3,990,
 - Main Segment 5, Pay Estimate No. 12 in the amount of \$81,020.26,
 - Main Segment 5, Pay Estimate No. 13 and Final in the amount of \$19,847.75,
 - Main Segment 12A, Pay Estimate No. 3 in the amount of \$253,436.92,
 - Man Segment 12A, Pay Estimate No. 4 in the amount of \$101,342.67,
 - Main Segment 12B, Pay Estimate No. 3 in the amount of \$118,899,
 - Main Segment 12C, Pay Estimate No. 2 in the amount of \$108,180.54,
 - Main Segment 12D, Pay Estimate No. 4 in the amount of \$0,
 - Grand Mission M.U.D. No. 1 connection water line, Pay Estimate No. 7 in the amount of \$0,

Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 4 in the amount of \$194,626.80,

Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 3 in the amount of \$83,218.41, and

Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay Estimate No. 1 in the amount of \$0;

- (2) approve Change Order No. 2 in the amount of \$0 for Main Segment 4B;
- (3) approve final acceptance of Main Segments 3 and 5;
- (4) authorize B&G to solicit a proposal from HTS Inc. Consultants for construction materials engineering and testing services for the Bellaire Pump Station project;
- (5) approve the proposal from B&G for the preparation of bid documents for the inspection and evaluation of the D-158 Water Plant Water Wells in the amount of \$48,000; and
- (6) approve the proposal from B&G to perform surveying and other work to revise the current CenterPoint Energy drawings and create final As Built Drawings for Main Segments 0, 1A, 1B, 2, and 3 in an amount not to exceed \$95,415.

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

CONTRACTS

Ms. Silva and Mr. Oliver reviewed a Customer Service Agreement with Windstream Communications, Inc. for a data link via a private network for the Authority's Phase 2013 SCADA system in an amount not to exceed \$3,723 per month for 60 months. Mr. Oliver pointed out that Windstream pays the cost of equipment and is the only provider who can provide service at all of the municipal utility districts' water plants. As a result, Windstream requested the 60-month contract that is only terminable for cause. Following review and discussion, Director Hebert moved to authorize execution of the agreement. Director Gay seconded the motion, which was approved by unanimous vote.

Director Fay recommended approval of engaging Carole D. Baker Consulting, LLC for water conservation consulting services. Following review and discussion, Director Gay moved to authorize execution of an engagement letter with Carole D. Baker Consulting, LLC. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed a letter agreement with CenterPoint Energy for relocation of an anchor and guy wire and installation of utility poles in Main Segment 12B in the amount of \$15,000. Following review and discussion, Director Gay moved to authorize execution of the letter agreement. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reviewed two conflict waivers related to ABHR's representation of the Authority and of Fort Bend County M.U.D. No. 165 for Parcel 07A.10 and Fort Bend County M.U.D. No. 50 for Parcels 07C, 8, and 9A.01TE, as listed on the attached Conflict Waivers Chart. Following review and discussion, Director Gay moved to approve the conflict waivers. Director Hebert seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:20 p.m., to deliberate the purchase, exchange, lease, or value of real property.

At 7:45 p.m., the Board reconvened in open session. Following review and discussion regarding easement acquisition, Director Gay moved to accept the counteroffers for Parcels 07C.6 and 08.11. Director Hebert seconded the motion, which was approved by unanimous vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE JANUARY 25, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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