

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 26, 2011

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 26th day of January, 2011, 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, thus constituting a quorum.

Also present for all or part of the meeting were: Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Pamela Logsdon of AVANTA Services; Steve Bonjonia of Property Acquisition 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 the regular meeting held on December 16, 2010. After review and discussion, Director Gay moved to approve the minutes as written. Director Patton 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, CONFERENCES

Director Houghton reported that Ms. Payne is working on the presentation to be given by the Water Conservation Advisory Committee at the special meeting scheduled on February 2, 2011.

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

Ms. Logsdon 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 reviewed a list of three additional checks for payment from the Authority's Construction Account due to replacement of stale-dated, voided checks. A copy of the list is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report and payment of the three additional checks as presented. 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.

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 District's official records. Director Spell seconded the motion, which was approved by unanimous vote.

ADOPT RATE ORDER

Mr. Oliver stated that he is waiting for comments on the Authority's proposed Rate Order from the Texas Commission on Environmental Quality (the "TCEQ").

ENGINEERING MATTERS

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. A copy of the written engineer's report is attached.

WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT, JOINT FACILITIES

Ms. Silva reported on the status of the Luce Bayou Project. She stated that the U.S. Army Corps of Engineers notified the Coastal Water Authority that the performance of an Environmental Impact Statement ("EIS") is required for the project. She stated that the EIS will add cost to the project and lengthen the amount of time to obtain a permit by at least two years.

Ms. Silva reported that B&G is reviewing the City of Houston's ("COH") written

responses to the Authority's comments to the COH report regarding an alternate route for the second source transmission line.

Ms. Silva reported that the B&G met with the engineers of the Central Harris County Regional Water Authority, the North Harris County Regional Water Authority (the "NHCRWA"), and the West Harris County Regional Water Authority (the "WHCRWA"), to discuss the COH's Lake Houston Water Quality Study. She stated that the group of engineers generated and forwarded a list of clarification questions to the COH regarding the study and is waiting for a response.

Ms. Silva reported on activities related to negotiating a Joint Facilities Contract with the WHCRWA.

DESIGN AND CONSTRUCTION PROJECTS, 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 and related district connection lines.

Ms. Silva presented ten bids to the Board for the construction of the Main Segment 3 waterline and recommended that the Board award a contract in the amount of \$2,376,184.00 to the lowest bidder, Lewis Contractors, Inc. Following review and discussion, the Board concurred with the engineer's judgment that Lewis Contractors, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva stated that the contracts for the construction of Main Segments 7A, 7B, and 12D, and the Fort Bend County M.U.D. No. 30 connection line are ready to be advertised.

Ms. Silva reported that the Authority is scheduled to begin taking surface water supply from the COH to fill the tanks at the D-158 water plant next Monday, pending calibration of the surface water supply meter. She stated that the plant will be started next week and the lines will be flushed. She stated that a meeting was held in the field with representatives of Fort Bend County M.U.D. No. 2 to discuss start-up operations. She stated that such meetings will be held with representatives of all of the municipal utility districts scheduled to receive surface water as delivery progresses. Ms. Silva reviewed customer notification requirements and procedures for testing chloramination system operations for municipal utility districts. She requested authorization to move forward with surface water delivery to Fort Bend County M.U.D. No. 2, pending formal approval for such delivery by the TCEQ.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, 2, 4A, and 5, the Fort Bend County M.U.D. No. 2 and Kingsbridge M.U.D. connection waterlines, and the D-158 water plant modifications project. She noted that the

Authority has installed approximately 13 miles of waterline to date. She recommended approval of nine pay estimates for the Main Segments, connection lines, and the D-158 water plant modifications project.

Ms. Silva recommended approval of Change Order No. 5 to the construction contract for Main Segment 1B in the amount of \$395,000.79 for the dewatering of Keegan's Bayou and revisions of the waterline alignment.

Ms. Silva recommended approval of Change Order No. 1 to the construction contract for Main Segment 4A in the amount of \$8,463.68 for unexpected utility relocation and increased tunnel depths.

Ms. Silva requested approval of a proposal in the amount of \$115,000.00 for additional design services for the Authority's pump station to allow for the receipt of ultimate flows. She stated that the proposal includes, but is not limited to, revision of construction drawings/design, revision of the drainage study, additional geotechnical analysis, surveying, and re-platting for the additional area.

Ms. Silva requested approval of a proposal in the amount of \$49,710.00 for additional fees for development of a project cost evaluation template for the Wastewater Reuse Study.

Ms. Silva recommended approval of an amendment to the Authority's contract with Aviles Engineering Corporation for construction materials testing to increase the contract limit from \$250,000 to \$500,000. She stated that the Authority's Construction Management Team and the contractor will monitor the charges closely and notify the authority when 80% (\$400,000) of the fees have been used.

Ms. Silva recommended approval of a proposal from Environmental Allies in the amount of \$200,866.00 for storm water pollution prevention services for the Fort Bend County M.U.D. Nos. 41 and 119, and North Mission Glen M.U.D. connection lines, and the Main Segment 3 waterline, to clarify the proposal presented and approved at last month's meeting.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system. She stated that draft routing reports for Main Segments 14 and 18 were provided at the January Design Committee meeting. She stated that draft routing reports for Main Segments 15 and 17 will be presented next month. She stated that B&G is attending Board of Directors meetings to inform municipal utility districts of the proposed future routes. She stated that, to date, B&G has attended the Board of Directors meetings of Cinco MUD No. 9 and Fort Bend County MUD No. 130.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva updated the Board on activities related to requests from Fort Bend County M.U.D. No. 141 and the Brazos Lakes subdivision to participate in the Authority's Groundwater Reduction Plan ("GRP") and a request from Fort Bend County M.U.D. No. 142 for a water supply contract and early conversion to surface water. She reported that she has been notified that the Brazos Lake Homeowners Association, currently a contract participant in the Authority's GRP, would like to be excluded from the Authority's GRP.

Ms. Silva reported that the City of Richmond has requested that the Authority evaluate the potential cost implications of their joining the GRP. She stated that B&G has developed a cost estimate to evaluate the inclusion of the City of Richmond in the Authority's GRP and provided the estimate to ABHR.

A spreadsheet summarizing the status of chloramine conversion projects is attached to the engineer's report.

Ms. Silva reported that a meeting was held with Cross Creek Ranch to discuss the purchase of their over-conversion credits. She stated that a new conversion credit policy will be drafted after the presentation to be given by the Water Conservation Advisory Committee at the special meeting scheduled on February 2, 2011.

WELL PERMITTING, EFFLUENT REUSE STUDY, PROPOSED WATER USE REDUCTION CREDITS POLICY

Ms. Silva reported on the development of procedures for year-end annual pumpage reporting and meter calibration requirements per the aggregate well permit. She stated that the report is planned for submittal to the Fort Bend Subsidence District by the middle of next month.

Ms. Silva stated that a draft of B&G's Wastewater Reuse Study was distributed to the Board for review and will be discussed at a special meeting of the Board scheduled on February 2, 2011.

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

- 1) approval of the award and execution of a contract in the amount of \$2,376,184.00 with Lewis Contractors, Inc. for construction of the Main Segment 3 waterline;
- 2) authorize advertisement for bids for the contracts for the construction of Main Segments 7A, 7B, and 12D, and the Fort Bend County M.U.D. No. 30 connection line;

- 3) authorize surface water delivery to Fort Bend County M.U.D. No. 2, pending formal approval for such delivery by the TCEQ;
- 4) approval of Change Order No. 5 to the construction contract for Main Segment 1B in the amount of \$395,000.79;
- 5) approval of Change Order No. 1 to the construction contract for Main Segment 4A in the amount of \$8,463.68;
- 6) approval of a proposal from B&G in the amount of \$115,000.00 for additional design services for the Authority's pump station;
- 7) approval of proposal from B&G in the amount of \$49,710.00 for additional fees for preparation of the Wastewater Reuse Study;
- 8) approval of an amendment to the Authority's contact with Aviles Engineering Corporation for an additional amount of \$250,000.00 for construction materials testing;
- 9) approval of a proposal from Environmental Allies in the amount of \$200,866.00 for storm water pollution prevention services; and
- 10) approval of the following pay estimates:
 - Pay Estimate No. 9 in the amount of \$99,845.95 for Main Segment 0,
 - Pay Estimate No. 10 in the amount of \$354,434.14 for Main Segment 1A,
 - Pay Estimate No. 10 in the amount of \$460,618.23 for Main Segment 1B,
 - Pay Estimate No. 4 in the amount of \$294,079.68 for Main Segment 2,
 - Pay Estimate No. 2 in the amount of \$467,083.84 for Main Segment 4A,
 - Pay Estimate No. 1 in the amount of \$66,244.14 for Main Segment 5,
 - Pay Estimate No. 5 in the amount of \$2,517.50 for the Fort Bend County M.U.D. No. 2 connection line,
 - Pay Estimate No. 3 in the amount of \$28,276.61 for the Kingsbridge M.U.D. connection line, and
 - Pay Estimate No. 3 in the amount of \$9,965.50 for the D-158 water plant modifications project.

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

WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT, JOINT FACILITIES

Mr. Oliver reviewed with the Board a draft of a proposed letter for distribution to entities identified as potentially needing surface water delivery for the 2025 conversion requirements to determine whether they require capacity in the proposed second source water transmission line. Following review and discussion, Director Gay

moved to authorize execution and distribution of the letter. Director Patton seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

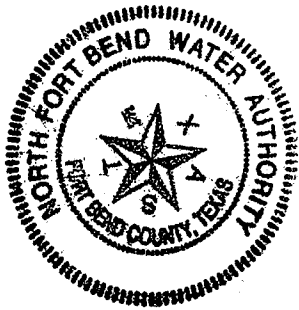
Mr. Oliver recommended acceptance of five Water Line Easements for the parcels and from the Grantors listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to accept the easements as recommended. Director Hebert seconded the motion, which was approved by unanimous 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.

(SEAL)



David H. Jew
Asst. Secretary, Board of Directors

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