

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 20, 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 20th day of December, 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 Gay, 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"); Barbara Payne of Payne Communications; Pam E. Lightbody of AVANTA Services; Mike Thelen and Tom Laseter of SWWC Services, Inc. ("SWWC"); David Oliver, Alia Vinson, 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 November 28, 2012. After review and discussion, Director Hebert 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

The Board discussed public communication and water conservation education activities. Ms. Payne reported on water conservation education programs and a presentation to be conducted with Katy Independent School District. She reported on



the use of the Authority's water conservation mobile teaching lab and efforts to increase use of the mobile teaching lab.

TRAVEL REIMBURSEMENT GUIDELINES

The Board reviewed the Authority's Travel Reimbursement Guidelines and a schedule of conferences for 2013. Following review and discussion, Director Patton moved to approve the schedule of conferences for 2013. Director Fay seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Ms. Vinson updated the Board on the proposed process for the development of landscape irrigation requirements, including two stakeholder meetings held for operators and licensed irrigators. She stated that eight additional stakeholder meetings with municipal utility districts, developers, landscape architects, golf courses, homeowners associations, and builders will be scheduled for January 2013.

FINANCIAL AND BOOKKEEPING MATTERS, ADOPT BUDGET, 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.

Ms. Lightbody requested approval of the following five items:

- 1) Maintain O&M Reserve at two months of budgeted Operating Expenditures with no change from prior year;
- 2) Payment out of bond proceeds for the rehabilitation portion of the City of Houston monthly water invoice for the period July 2012 through December 2013, estimated in the amount of \$1,400,000;
- 3) Payment out of bond proceeds for the purchase of Fort Bend Subsidence District Water Wise credits for fiscal year 2013, estimated in the amount of \$125,000;
- 4) Payment of \$1,565,699 out of the Improvement Fund for the Authority's portion of the West Harris County Regional Water Authority's Texas Water Development Board Water Infrastructure Fund loan debt service payments for fiscal years 2012 and 2013; and
- 5) Transfer of \$165,695 from the Improvement Fund to the Series 2011 Cap-I account before the end of the year to correct a bookkeeping error.



Following review and discussion, Director Patton moved to approve the bookkeeper's report and the five items listed above. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Lightbody reviewed the budget for fiscal year end December 31, 2013, a copy of which is attached. Following review and discussion, Director Patton moved to adopt the budget as presented. Director Fay seconded the motion, which was approved by unanimous vote, with Director Hebert abstaining.

ADOPT AMENDED RATE ORDER

Ms. Vinson reviewed an Amended Rate Order implementing a \$0.30 increase in the Authority's pumpage fee and surface water fee. She noted that upon Board approval, the new pumpage fee will be \$1.80 per 1,000 gallons of groundwater pumped and the new surface water fee will be \$2.15 per 1,000 gallons of water delivered by the Authority, effective January 1, 2013. Following review and discussion, Director Hebert moved to adopt the Amended Rate Order and authorize distribution of a notice of the Amended Rate Order. Director Fay seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that a meeting between the Authority's financial advisor and interested constituents to review the Authority's fees has been scheduled on Wednesday, January 9, 2013, at 6:00 p.m., at the Willow Fork Country Club.

OPERATION OF AUTHORITY FACILITIES

Mr. Thelen reported on the operations of the Authority's facilities, including maintenance and repairs. A copy of the operations report is attached.

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 the City of Houston's request to the Authority to provide water demand information. A copy of the engineer's report is attached.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva reported that B&G is coordinating with LJA Engineering, Inc. and Costello, Inc. on proposals for design services for Main Segment 10.



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.

Ms. Silva reviewed and requested approval of a proposal from B&G for Secondary Survey Monumentation services for Main Segments 10, 13A, and 16A.

Ms. Silva reported on the status of soliciting additional proposals for services to collect additional pressure information at the Cook Road take point, main meter station, and at 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.

Ms. Silva reported that B&G is evaluating a request to construct a running track along the easement for Main Segment 9B from the Bonnie Holland Elementary School Parent Teachers Organization.

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. 7 for the chloramine conversion project per the Authority's approved variance with that district.

Ms. Silva reported that the Finance Committee recommended that the Authority approve Fort Bend County M.U.D. No. 133's request for a variance from the Authority's chloramine conversion reimbursement policy and payment of an initial invoice in the amount of \$199,200.50 for eligible items. She stated that the total eligible reimbursable amount for the project is an estimated \$234,100.00.

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 discussed hearings and meetings held and scheduled by the Fort Bend and Harris-Galveston Subsidence Districts related to the study of their respective regulatory plans. She stated that the Harris-Galveston Subsidence District ("HGSD") Planning Committee voted to recommend adoption of a revised 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 Hebert moved to approve the engineer's report, including:

- (1) approve the following pay estimates:
 - Main Segment 7A, Pay Estimate No. 9 in the amount of \$0,
 - Main Segment 7B, Pay Estimate No. 9 in the amount of \$0,
 - Main Segment 8A, Pay Estimate No. 4 in the amount of \$344,380.95,
 - Main Segment 8B, Pay Estimate No. 5 in the amount of \$268,156.15,
 - Main Segment 9A, Pay Estimate No. 3 in the amount of \$0,
 - Main Segment 9B, Pay Estimate No. 6 in the amount of \$0,
 - Main Segment 12A, Pay Estimate No. 15 in the amount of \$0,
 - Main Segment 12B, Pay Estimate No. 14 in the amount of \$0,
 - Main Segment 12D, Pay Estimate No. 15 in the amount of \$0,
 - Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 6 in the amount of \$137,152.70,
 - D-158 Water Plant Well Inspection project, Pay Estimate No. 2 in the amount of \$48,690.00, and
 - Bellaire Pump Station project, Pay Estimate No. 7 in the amount of \$2,204,670.35;
- (2) approve proposal from B&G for Secondary Survey Monumentation services for Main Segments 10, 13A, and 16A in the amount of \$22,100.00; and
- (3) authorize execution of a variance letter and approve reimbursement to Fort Bend County M.U.D. No. 133 for its costs for chloramine conversion in the amount of \$199,200.50.



Director Patton 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 City of Houston, including the Luce Bayou Project and expansion of the Northeast Water Purification Plant. He stated that the next meeting of the Joint Facilities Committee is scheduled for February, 2013.

AMENDMENT TO FIRST SUPPLEMENT TO WATER SUPPLY CONTRACT

Mr. Oliver reviewed a First Amendment to the First Supplement to the Water Supply Contract with the City of Houston which was distributed to the Board in advance of the meeting. He stated that the amendment is needed in connection with the funding to be received by the Coastal Water Authority from the Texas Water Development Board for the Luce Bayou Project. He reported that the amount of funding available has increased to approximately \$29,000,000. Following review and discussion, Director Hebert moved to approve the First Amendment to the First Supplement to the Water Supply Contract with the City of Houston. Director Darden seconded the motion, which was approved by unanimous vote.

CONTRACTS

Mr. Oliver reviewed an engagement letter with ABHR for legislative services. Following review and discussion, Director Fay moved to approve the engagement letter with ABHR for Legislative Services as presented. Director Patton seconded the motion, which carried unanimously.

REALTY INTEREST ACQUISITION

There was no discussion on this item.

EXECUTIVE SESSION

The Board convened in executive session at 7:25 p.m., to conduct a private consultation with the Authority's attorney to discuss pending or contemplated litigation, or a settlement offer.

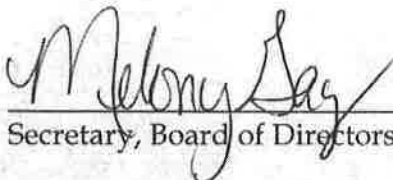
RECONVENE IN OPEN SESSION

At 8:05 p.m., the Board reconvened in open session.

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



[SIGNATURE PAGE FOR THE MINUTES OF THE DECEMBER 20, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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