

MINUTES
NORTH FORT BEND WATER AUTHORITY

November 28, 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 28th day of November, 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 Directors Darden and Hebert, 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. ("SWWC"); David Oliver and Christina Miller 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 October 24, 2012, and the special meetings held on October 30, 2012 and November 5, 2012. 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. In response to meeting attendees' inquiries, Mr. Oliver updated the Board on efforts to schedule a meeting between the Authority's financial advisor and interested constituents to explain the calculation of the Authority's fees.

MEETING SCHEDULE

The Board noted that its December 26, 2012, meeting has been rescheduled to December 20, 2012.

ENGAGE ACCOUNTING FIRM

The Board considered an engagement letter from McCall Gibson Swedlund Barfoot, PLLC for preparation of the Authority's financial statements for fiscal year ending December 31, 2012, for a fee not to exceed \$30,000. Following review and discussion, Director Gay moved to authorize execution of the engagement letter and direct that the engagement letter be filed appropriately and retained in the Authority's official records. Director Patton seconded the motion, which was approved by unanimous vote.

AUTHORIZE AUDIT

The Board considered authorizing McGrath & Co., PLLC to conduct the Authority's annual audit for fiscal year ending December 31, 2012, in an amount not to exceed \$30,000 per the Authority's current engagement letter. Following review and discussion, Director Gay moved to authorize McGrath & Co., PLLC to conduct the annual audit for fiscal year ending December 31, 2012. Director Patton seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

The Board discussed public communication and water conservation education activities. Mr. Oliver updated the Board on the proposed process for the development of landscape irrigation requirements and the stakeholder process, including two stakeholder meetings for operators and licensed irrigators scheduled to be held in December 2012. Mr. Oliver indicated that two additional meetings with builders and municipal utility district directors will be scheduled for January, 2013.

WATER CONSERVATION AND REUSE

Mr. Oliver reviewed a letter from Averitt & Associates and the Texas Water Foundation requesting the Authority's participation in the "Region H Project" to measure water conservation efforts and evaluate water conservation strategies. He stated that former Senator Kip Averitt and Carole Baker are leading this initiative. Mr. Oliver reviewed a letter from the Region H Water Planning Group endorsing the project, and a Participation Development Agreement. Copies of the letters are attached. Following review and discussion, Director Gay moved to approve a \$3,000 contribution for 2 years and approval of the Participation Development Agreement. Director Fay seconded the motion, which was approved by unanimous vote.

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

The Board considered Change Order No. 2 to the Authority's Website Development and Management Agreement with The Texas Network for additional

programming services to the Authority's Pumpage Reporting Online System in the amount of \$6,250.00. Following review and discussion, Director Gay moved to approve the change order. Director Patton seconded the motion, which was approved by unanimous vote.

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

NOTICE OF PROPOSED FEE INCREASES

Mr. Oliver reviewed a Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases which states that, at the Authority's December meeting, the Board intends to consider and implement a \$0.30 increase in its pumpage fee and surface water fee. He 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 discussion, Director Gay moved to authorize distribution of the notice. Director Patton seconded the motion, which was approved by unanimous vote.

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. Following review and discussion, Director Gay moved to approve the operator's report. Director Patton 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, discussed the status of the wetlands delineation and funding for the Luce Bayou Project, and reported on a technical meeting held with the City of Houston to discuss the northeast water plant expansion project. She recommended that the Board consider scheduling a workshop meeting to discuss the Authority's water needs to meet increased population estimates. A copy of the engineer's report is attached.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva reported on the status of design, bid advertisement schedules, contract documentation, and right-of-way acquisition, as appropriate, for several main line segments and related district connection water lines. A spreadsheet summarizing the status of design projects is attached to the engineer's report.

Ms. Silva reported that a change order to the construction contract for Main Segment 9B is being prepared to change the construction method from horizontal directional drilling to open cut.

Ms. Silva updated the Board on the construction of Main Segments 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, one change order to the construction contract for the Bellaire Pump Station project, and execution of a Stormwater Pollution Prevention Plan Notice of Intent for Main Segment 7C.

Ms. Silva reviewed and recommended approval of a proposal from B&G for additional engineering and surveying services for as-built drawings requested by CenterPoint Energy for Main Segment 12 as a change order to B&G's previously approved proposal for Main Segments 0, 1A, 1B, 2, 3, 7A, 7C, 8A, 8B, and 9A.

Ms. Silva reviewed and recommended approval of a proposal from B&G for environmental services for Main Segment 10 and portions of Main Segments 13 and 16.

Ms. Silva requested authorization to negotiate proposals with Terracon Consultants, Inc. and Fugro, Inc. for geotechnical services for Main Segments 10, 13, and 16, and with LJA Engineering, Inc. and Costello, Inc. for design services for Main Segment 10.

Ms. Silva reported that B&G is 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.

Ms. Silva reported that B&G is working with Barbara Payne of Payne Communications and SWWC to prepare an information sheet on the use of chloramines for posting on the Authority's website and distribution to municipal utility districts located within the Authority.

ROUTING ANALYSES

Ms. Silva discussed a request for a change in routing for Main Segment 13 from the new developer of Cross Creek Ranch and responded to a meeting attendee's inquiry

regarding the estimated cost.

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 reviewed a letter from the engineers for Fort Bend County M.U.D. No. 133 requesting a variance from the Authority's chloramine conversion reimbursement policy. She stated that additional information will be requested from Fort Bend County M.U.D. No. 133 to assist with evaluating the variance request and providing a recommendation at the December meeting.

Ms. Silva recommended approval of reimbursement to Big Oaks M.U.D. for its costs for chloramine conversion in the amount of \$300,149.14.

Ms. Silva reported on B&G's activities related to reconciling the annual permit well readings and preparing a report for submittal to the Fort Bend Subsidence District and Harris-Galveston Subsidence District (the "Subsidence Districts"). She reviewed a Permit Term Report for 2011 - 2012 and stated that a Permit Fee Statement for 2012 - 2013 in the amount of \$195,000 has been received from the Fort Bend Subsidence District.

Ms. Silva discussed hearings and meetings held and scheduled by the 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 revision to the current HGSD Area 3 Conversion Guidelines including pushing back the next surface water conversion deadline from 2020 to 2025 and reducing the conversion percentage required from 70% to 60% alternate water. She stated that the HGSD Planning Committee also voted to recommend increasing the disincentive fee per thousand gallons from \$5.00 to \$7.00.

Ms. Silva reported on the Fort Bend Subsidence District's process and schedule for evaluating regulatory planning scenarios and stated that that Joe B. Allen of ABHR testified on behalf of the Authority and the West Harris County Regional Water Authority in support of the current regulatory plan in place.

Ms. Silva reviewed a chart reflecting surface water versus groundwater usage by the municipal utility districts currently receiving surface water from the Authority.

Mr. Oliver reported that, as previously approved, a Groundwater Reduction Plan Participation Agreement with Fort Bend County M.U.D. No. 141 is ready for execution.

REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's evaluation of a proposed brackish groundwater project.

Ms. Silva reported that the City of Houston adopted a revised Drought Ordinance. She stated that B&G will coordinate with ABHR on recommended revisions to the Authority's Drought Contingency Plan for consideration by the Board.

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

- (1) approve the following pay estimates:
 - Main Segment 7A, Pay Estimate No. 8 in the amount of \$339.98,
 - Main Segment 7B, Pay Estimate No. 8 in the amount of \$195,460.16,
 - Main Segment 8A, Pay Estimate No. 3 in the amount of \$374,833.33,
 - Main Segment 8B, Pay Estimate No. 4 in the amount of \$507,388.13,
 - Main Segment 9A, Pay Estimate No. 2 in the amount of \$276,580.80,
 - Main Segment 9B, Pay Estimate No. 5 in the amount of \$0,
 - Main Segment 12A, Pay Estimate No. 14 in the amount of \$0,
 - Main Segment 12B, Pay Estimate No. 13 in the amount of \$0,
 - Main Segment 12D, Pay Estimate No. 14 in the amount of \$0,
 - Fort Bend County M.U.D. No. 118 connection water line, Pay Estimate No. 5 in the amount of \$98,078.84,
 - D-158 Water Plant Well Inspection project, Pay Estimate No. 1 in the amount of \$45,990.00, and
 - Bellaire Pump Station project, Pay Estimate No. 6 in the amount of \$988,330.74;
- (2) approve Change Order No. 3 to the construction contract for the Bellaire Pump Station project in the amount of \$103,283.73;
- (3) approve proposal from B&G for additional engineering and surveying services for as-built drawings for Main Segment 12 in the amount of \$36,000.00;
- (4) approve proposal from B&G for environmental services for Main Segment 10 and portions of Main Segments 13 and 16 in the amount of \$29,500.00;
- (5) authorize B&G to negotiate proposals with Terracon Consultants, Inc. and Fugro, Inc. for geotechnical services for Main Segments 10, 13, and 16;
- (6) authorize B&G to negotiate proposals with LJA Engineering, Inc. and

- Costello, Inc. for design services for Main Segment 10;
- (7) authorize website posting and distribution of an information sheet on the use of chloramines after review and approval by ABHR;
 - (8) approve reimbursement to Big Oaks M.U.D. for its costs for chloramine conversion in the amount of \$300,149.14; and
 - (9) approve execution of a Stormwater Pollution Prevention Plan Notice of Intent for Main Segment 7C.

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

JOINT PROJECTS

Mr. Oliver reported that preliminary engineering and real estate acquisition for the Second Source Waterline is ongoing. He stated that the next meeting of the Joint Facilities Committee is scheduled for January, 2013.

AMENDMENT TO FIRST SUPPLEMENT TO WATER SUPPLY CONTRACT

Mr. Oliver stated that an amendment to the first supplement to the Water Supply Contract in connection with the funding to be received by the City of Houston from the Texas Water Development Board has not yet been received. He reported that the amount of funding available has increased to \$28,000,000. He stated that ABHR is negotiating the proposed amendment with the City of Houston.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

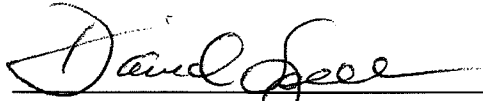
There was no discussion on this item.

EXECUTIVE SESSION

The Board did not convene in executive session.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE NOVEMBER 28, 2012, BOARD MEETING]


Asst. Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Letter from Averitt & Associates and the Texas Water Foundation	2
Letter from the Region H Water Planning Group.....	2
Bookkeeper's Report.....	3
Operations Report.....	3
Engineer's Report.....	3