

MINUTES  
NORTH FORT BEND WATER AUTHORITY

November 30, 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 30th day of November, 2011, 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 Debbie Gibson of McCall Gibson Swedlund Barfoot, PLLC; Mark McGrath of McGrath & Co., PLLC; Mike Harrington of American Enerpower, Inc.; Barbara Payne of Payne Communications; Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Brian Bare of SWWC Services, Inc.; 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 October 26, 2011, the special meetings held on October 20, and November 14, 2011, and the Public Forum held on October 27, 2011. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously, except for Director Patton who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. There were no public comments.

## MEETING SCHEDULE

Director Houghton reminded the meeting attendees that the Authority's December, 2011, meeting has been rescheduled to Thursday, December 22, 2011, due to the holidays.

## ENGAGE ACCOUNTING FIRM

The Board considered an engagement letter from McCall Gibson Swedlund Barfoot, PLLC for preparation of the financial statements for fiscal year ending December 31, 2011, for a fee not to exceed \$18,500.00. 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 Hebert seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

## ENGAGE AUDITOR

Mr. McGrath proposed conducting the annual audit for fiscal year ending December 31, 2011, per the Authority's current engagement letter with McGrath & Co., PLLC in an amount not to exceed \$27,500.00. Following review and discussion, Director Gay moved to authorize McGrath & Co., PLLC to conduct the annual audit for fiscal year ending December 31, 2011. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

## ELECTRICITY CONTRACT AND CRITICAL LOAD SPREADSHEET

Mr. Harrington reviewed an analysis of electricity rates from seven retail electric providers, a copy of which is attached. He recommended executing a First Amendment to the Authority's current Electric Energy Sales Agreement with Reliant Energy Retail Services, LLC (the "First Amendment") for a term of 18 months to begin on December 1, 2011. He stated that the Authority should delay entering into a longer term contract until the estimated electricity usage can be compared to the actual usage during the Authority's current growth phase. He stated that he will update the Board on the Authority's electricity usage on a monthly basis after the first six months of usage reported under the First Amendment.

Mr. Oliver reported that the Critical Load Spreadsheet for the Authority's facilities has been updated to add facilities. Following review and discussion, Director Gay moved to authorize execution of the First Amendment and authorize filing of the updated spreadsheet, pursuant to Section 13.1396, Texas Water Code. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

## PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication activities, including water conservation education programs and distribution of newsletters. She reported that two workshops will be scheduled in early 2012 to provide additional information about water conservation strategies and preparation of water conservation plans. She discussed the additional communication activities undertaken to increase participation in the W.I.S.E. Guys irrigation system evaluation program. Mr. Oliver reported that Cost Sharing Agreements for the W.I.S.E. Guys irrigation system evaluation program have been received from Cinco M.U.D. Nos. 3 and 7.

## MEDIA SERVICES

Mr. Oliver discussed preparation of a Crisis Management/Media Relations Plan similar to the plan adopted by the West Harris County Regional Water Authority. He reviewed with the Board an engagement letter with B.J. Kaplan & Associates for preparation of a Crisis Management/Media Relations Plan and media training of two Authority spokespersons. Following review and discussion, Director Hebert moved to authorize execution of the engagement letter and appoint Directors Houghton and Patton as the Authority's spokespersons. Director Gay seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

## 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, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. She reviewed two additional checks for payment of easement acquisition costs. She stated that the additional checks will be included on next month's bookkeeper's report. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the two additional checks. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

## ADOPT AMENDED RATE ORDER

The Board reviewed an Amended Rate Order (the "Order"). Mr. Oliver stated that the amendments include a revision of the late fees to decrease the first late penalty from 5% to 2%, with a \$2,000 ceiling. He stated that the second late penalty will still incur an additional 5% fee, for a total penalty of the lesser of 7% or \$2,000 plus 5%, effective January 1, 2012. He reviewed a letter for distribution to the well owners within the Authority as a reminder that the Order requires all non-exempt well owners

within the Authority to adopt a water conservation plan by May 1, 2012, and to provide notification that two workshops will be scheduled in early 2012 to provide additional information about water conservation strategies and preparation of water conservation plans. Following review and discussion, Director Gay moved to adopt the Order and authorize distribution of the letter. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

#### 2012 DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reported that the terms of offices for the Directors of Precinct Nos. 1, 3, 5, and 7 will expire in May, 2012. He stated that notices will be sent to the utility districts and the City of Fulshear requesting that they submit their 2011 water usage and requesting that the precincts provide candidate nominations. He stated that candidate nominations are due by February 15, 2012, and the deadline for utility districts to submit their water usage is March 1, 2012. He stated that ballots for precincts with contested appointments will be sent to the utility districts within the applicable precinct by March 15, 2012, and the deadline for the districts to submit completed ballots for the appointment is April 30, 2012. Following discussion, Director Gay moved to adopt the Resolution Adopting Rules for 2012 Appointment Process for Directors, and direct that the resolution be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

#### OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported on operations of the Authority's facilities. 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 and reported on activities related to the status of the Luce Bayou Project, the proposed second source transmission line, and evaluation of the D-158 Water Plant offsite wells. A copy of the engineer's report is attached.

#### PARTICIPATION IN TEXAS ONE-CALL PROGRAM

Ms. Silva recommended submitting an application to participate in the Texas One-Call Program. She stated that the program is an excavation safety and underground facility damage prevention notification system designed to provide

excavators with the capability of making only “one-call” prior to excavation, whereby the Authority would receive notice of the planned excavation.

## 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 pump station. Spreadsheets summarizing the status of design and construction projects are attached to the engineer’s report. Additionally, Ms. Silva reported on the status of the Vulnerability Assessment Report, preparation of a facility winterization package to protect various meter stations, coordination with the City of Houston on a supply shut-down related to maintenance and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project, and B&G’s population and water demand update project for the Authority’s long-range planning.

Ms. Silva reported on the design of the pump station and requested authorization to advertise for bids for construction of the project.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, 2, 3, 4A, 4B, 5, 6, 7A, 7B, 12A, 12B, 12C, and 12D, the connection water lines for Fort Bend County M.U.D. Nos. 30, 118, and 122, Kingsbridge M.U.D., Big Oaks M.U.D., and Grand Mission M.U.D. No. 1. She recommended approval of seventeen pay estimates for the Main Segments and connection water lines, and final acceptance of the North Mission Glen M.U.D. connection water line.

Ms. Silva recommended approval of a proposal from Environmental Allies, Inc. for storm water pollution prevention services for the Main Segment 0 Tie-ins and the D-158 Water Plant Modifications Project.

Ms. Silva recommended approval of a change order from HVJ Associates, Inc. for additional funds for construction materials engineering services for Main Segment 12D.

Ms. Silva requested authorization to solicit proposals from Stormwater Solutions, Inc. for storm water pollution prevention services for the pump station project, and Main Segments 8A and 8B.

Ms. Silva requested authorization to solicit proposals for material testing services from Geotest Engineering, Inc. for Main Segments 8A and 8B, and from HVJ Associates, Inc. for the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project.

Ms. Silva requested approval of additional geotechnical services for Main Segment 7C and additional urban forest consulting services for Main Segment 7B.

Ms. Silva requested authorization to negotiate a contract extension with V&A

Consulting Engineers for cathodic protection maintenance services.

Ms. Silva requested approval of the Main Segment 10 parcel routing analysis to begin easement acquisition for the school property impacted by Main Segments 9B and 10.

Ms. Silva requested authorization to prepare contract bidding documents for the inspection and evaluation of the D-158 Water Plant water wells. Discussion ensued regarding reservations related to selling the wells due to recent drought conditions expressed by members of the City of Houston (the "COH") staff. Following discussion, the Board concurred to hold preparation of the contract bidding documents for the inspection and evaluation of the D-158 Water Plant water wells pending confirmation of the COH's intent to sell the wells to the Authority.

Ms. Silva requested authorization to perform surveying services for Main Segments 0, 2, and 3, per CenterPoint Energy's request for formal as-built survey drawings for the projects located inside their corridors per the terms of their contract.

Ms. Silva requested authorization to prepare contract documents to deliver Type I reuse water to the Avalon Seven Meadows Homeowners Association and Meadowbrook Farms Golf Club amenity ponds for irrigation and lake level maintenance. She stated that the proposal would include preparation of plans and specifications for a 1.0 MGD reuse facility.

Ms. Silva requested authorization to prepare a proposal for painting of the tanks at the D-158 Water Plant per the Board's request.

Mr. Oliver reported that an executed Termination of Groundwater Reduction Plan Participation Agreement was received from the Brazos Lakes Property Owners Association.

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

Ms. Silva reported on activities related to evaluating a request from Fort Bend County M.U.D. No. 141 to participate in the Authority's Groundwater Reduction Plan ("GRP") by contract. She 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 B&G has submitted comments on the Authority's aggregate well permit application for the October 1, 2011, through September 30, 2012, term previously approved by the Fort Bend Subsidence District (the "FBSD"). She reported on the status of calculating a final permit amount for the pending amendment submitted to the FBSD for the Authority's well permit for the current term.

Ms. Silva reported that B&G is in the process of gathering information for an application for submission to the FBSD for the entire amount of over-conversion credits earned within the Authority. She requested authorization to send communications to the well operators to determine potential over-conversion credits.

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

- (1) authorize B&G to submit an application to participate in the Texas One-Call Program;
- (2) authorize B&G to advertise for bids for the construction of the pump station;
- (3) approve the following pay estimates:
  - Main Segment 0, Pay Estimate No. 19 in the amount of \$0,
  - Main Segment 1A, Pay Estimate No. 20 in the amount of \$0,
  - Main Segment 1B, Pay Estimate No. 20 in the amount of \$0,
  - Main Segment 2, Pay Estimate No. 14 in the amount of \$264,971.28,
  - Main Segment 3, Pay Estimate No. 8 in the amount of \$155,228.28,
  - Main Segment 4A, Pay Estimate No. 12 in the amount of \$0,
  - Main Segment 4B, Pay Estimate No. 6 in the amount of \$624,540.32,
  - Main Segment 5, Pay Estimate No. 11 in the amount of \$6,768.75,
  - Main Segment 12A, Pay Estimate No. 2 in the amount of \$747,675.45,
  - Main Segment 12B, Pay Estimate No. 1 in the amount of \$0,
  - Main Segment 12D, Pay Estimate No. 2 in the amount of \$659,702.03,
  - North Mission Glen M.U.D connection water line, Pay Estimate No. 9 and Final in the amount of \$34,433.90,

Kingsbridge M.U.D. connection water line, Pay Estimate No. 13 in the amount of \$0,

Big Oaks M.U.D. connection water line, Pay Estimate No. 6 in the amount of \$2,917.35,

Grand Mission M.U.D. No. 1 connection water line, Pay Estimate No. 5 in the amount of \$0,

Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 2 in the amount of \$77,349.48, and

Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 1 in the amount of \$39,018.19;

- (4) approve final acceptance of the North Mission Glen M.U.D connection water line;
- (5) approve proposal from Environmental Allies, Inc. for storm water pollution prevention services for the Main Segment 0 Tie-ins and the D-158 Water Plant Modifications Project in an amount not to exceed \$20,170;
- (6) approve change order from HVJ Associates, Inc. for additional funds for construction materials engineering services for Main Segment 12D in the amount of \$3,200;
- (7) authorize B&G to solicit proposals from Stormwater Solutions, Inc. for storm water pollution prevention services for the pump station project, and Main Segments 8A and 8B;
- (8) authorize B&G to solicit proposals for material testing services from Geotest Engineering, Inc. for Main Segments 8A and 8B, and from HVJ Associates, Inc. for the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project;
- (9) approve additional geotechnical services for Main Segment 7C in the amount of \$8,300;
- (10) approve additional urban forest consulting services for Main Segment 7B in the amount of \$3,150;
- (11) authorize B&G to negotiate a contract extension with V&A Consulting Engineers for cathodic protection maintenance services;
- (12) approve the Main Segment 10 parcel routing analysis;
- (13) authorize B&G to perform surveying services for Main Segments 0, 2, and 3 for the estimated cost of \$22,585;
- (14) authorize B&G to prepare contract documents for delivery of Type I reuse water to the Avalon Seven Meadows Homeowners Association and Meadowbrook Farms Golf Club amenity ponds for an amount not to



exceed \$110,000, excluding engineering support or attendance of contract negotiation meetings;

- (15) authorize B&G to prepare a proposal for painting of the tanks at the D-158 Water Plant; and
- (16) authorize execution of the Termination of Groundwater Reduction Plan Participation Agreement with the Brazos Lakes Property Owners Association.

Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or vote.

### JOINT PROJECTS

Director Spell and Mr. Oliver reported on the activities of the Real Estate Committee of the West Harris County Regional Water Authority related to the Second Source Waterline and related pump stations.

### WATER CONSERVATION AND REUSE

Mr. Oliver reported that, as previously discussed, executed Irrigation Evaluation Systems Cost Sharing Agreements were received from Cinco M.U.D. Nos. 3 and 7.

### CONTRACTS

There was no discussion on this item.

### REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of 22 Easements for the parcels and from the Grantors listed on the attached Realty Interests Chart for Main Segments 7A, 7B, 7C, and 8. He additionally reviewed five legal conflict waivers related to ABHR's representation of the Authority and of Fort Bend County M.U.D. Nos. 50, 132, 143, 146, and 165, on certain matters related to easement acquisition for Main Segments 7A, 7B, 7C, 8, and 9A, as listed on the attached Conflict Waivers Chart. Following review and discussion, Director Gay moved to accept the easements and approve the conflict waivers. Director Hebert seconded the motion, which was approved by unanimous vote.

### EXECUTIVE SESSION

The Board convened in executive session at 7:30 p.m., to deliberate the purchase, exchange, lease, or value of real property.

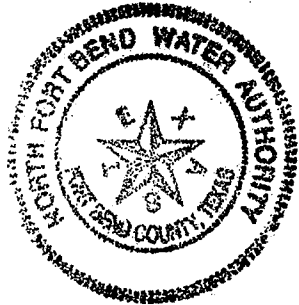
At 7:35 p.m., the Board reconvened in open session. Following review and

discussion regarding easement acquisition, Director Gay moved to accept the counteroffer for Parcel 07B.11R. Director Spell seconded the motion, which was approved by unanimous vote.

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

  
Secretary, Board of Directors

(SEAL)



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