

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 23, 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 23rd day of March, 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, except Director Darden, 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; Brian Bare of SWWC Services, Inc. ("SWWC"); Barbara Payne of Payne Communications; Steve Bonjonia of Property Acquisition Services, Inc.; 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 February 23, 2011. After review and discussion, Director Fay 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, CONFERENCES

Ms. Payne updated the Board on public communication activities, including updates to the water conservation education programs and the scheduled distribution of a newsletter to constituents of the Authority within the next week. She additionally reported on requests for use of the Authority's water conservation education trailer by schools located inside and outside of the Authority's boundaries.



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 the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Hebert 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.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT

The Board next considered authorizing the preparation of updated financial and operating data in accordance with the Continuing Disclosure Agreements for the District's outstanding bond issues and pursuant to SEC Rule 15c2-12. Mr. Oliver stated that the Annual Report must be filed by June 30, 2011. Following review and discussion, Director Gay moved to authorize preparation of the Annual Report. Director Fay seconded the motion, which was approved by unanimous vote.

RENEWAL OF WORKERS COMPENSATION COVERAGE

Mr. Oliver reviewed a renewal proposal for the Authority's Worker's Compensation and Employers Liability insurance coverage in the amount of \$517.00. Following review and discussion, Director Gay moved to approve the proposal. Director Spell seconded the motion, which was approved by unanimous vote.

RENEWAL OF LETTER OF CREDIT

Mr. Oliver reviewed a proposed one-year renewal of the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000 in favor of CenterPoint Energy, due to expire on June 4, 2011. Following discussion, Director Gay moved to approve the one-year renewal of the Letter of Credit issued by Central Bank in favor of CenterPoint Energy. Director Hebert seconded the motion, which was approved by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported that the Authority began delivery of surface water to Fort Bend County M.U.D. No. 2 on March 7, 2011. He stated that there was a one week interruption in surface water delivery due to a broken valve on Segment 1B that has since been repaired. He stated that no water quality issues have been reported.



ENGINEERING MATTERS

WATER SUPPLY CONTRACT, 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 the City of Houston's ("COH") Lake Houston Water Quality Study. A copy of the written engineer's report is attached.

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. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report.

Ms. Silva presented six bids to the Board for the construction of the Big Oaks M.U.D connection waterline and recommended that the Board award a contract in the amount of \$311,464.65 to the lowest bidder, Clearwater Utilities, Inc. Following review and discussion, the Board concurred with the engineer's judgment that Clearwater Utilities, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, 2, 3, 4A, 4B, and 5, the connection waterlines for Fort Bend County M.U.D. Nos. 2, 41, and 119, North Mission Glen M.U.D. and Kingsbridge M.U.D., and the D-158 water plant modifications project. She noted that the Authority has installed approximately 15.4 miles of waterline to date.

Ms. Silva recommended approval of five change orders for installation of Human Machine Interface panels at the control boxes of the connection waterline districts' meter stations.

Ms. Silva recommended approval of eleven pay estimates for the Main Segments, connection waterlines, and the D-158 water plant modifications project.

Ms. Silva requested that the Board table consideration of a contract with Murillo Company for materials testing services for Main Segment 3.

Ms. Silva recommended approval of a proposal from Environmental Allies for storm water pollution prevention services for the construction contracts for the connection lines for Grand Mission M.U.D., Big Oaks M.U.D., Fort Bend County M.U.D. No. 122, and Main Segment 4B, in the amount of \$293,557.50.



ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system. She stated that B&G is attending meetings to inform municipal utility districts of the proposed future routes.

GRP, CHLORAMINES CONVERSION, 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 updated the Board on activities related to evaluating 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 evaluating 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 a meeting has been scheduled with representatives of Fort Bend County M.U.D. No. 58 to discuss the district's request for early conversion to surface water. She reported that a second meeting is scheduled to be held with representatives of the Brazos Lakes Property Owners Association (the "POA"), currently a contract participant in the Authority's GRP, to evaluate the POA's request to be excluded from the Authority's GRP.

Mr. Oliver reported that the Groundwater Reduction Plan Participation Agreement for the Brazos Lakes subdivision, Quadvest LP, is ready for Board consideration and approval, subject to Quadvest LP's payment of the required catch-up fee.

Ms. Silva reported that the Authority's year-end annual pumpage report has been submitted to the Fort Bend Subsidence District.

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 \$311,464.65 with Clearwater Utilities, Inc. for construction of the Big Oaks M.U.D. waterline;
- 2) approval of a proposal from Environmental Allies for storm water pollution prevention services for the construction contracts for the connection lines for Grand Mission M.U.D., Big Oaks M.U.D., Fort Bend County M.U.D. No. 122, and for Main Segment 4B, in the amount of \$293,557.50;
- 3) approval of the following change orders for the installation of Human Machine Interface panels:



Change Order No. 1 to the construction contract for the Kingsbridge M.U.D. connection waterline in the amount of \$4,154.83,

Change Order No. 1 to the construction contract for the Fort Bend County M.U.D. No. 2 connection waterline in the amount of \$1,384.95,

Change Order No. 2 to the construction contract for Main Segment 4A in the amount of \$1,384.95,

Change Order No. 1 to the construction contract for the Fort Bend County M.U.D. No. 119 connection waterline in the amount of \$1,384.95, and

Change Order No. 1 to the construction contract for the North Mission Glen M.U.D. connection waterline in the amount of \$1,384.95;

4) approval of the following pay estimates:

Main Segment 0, Pay Estimate No. 11 in the amount of \$151,132.34,

Main Segment 1A, Pay Estimate No. 12 in the amount of \$11,451.10,

Main Segment 1B, Pay Estimate No. 12 in the amount of \$284,109.28,

Main Segment 2, Pay Estimate No. 6 in the amount of \$335,092.50,

Main Segment 4A, Pay Estimate No. 4 in the amount of \$278,533.06,

Main Segment 5, Pay Estimate No. 3 in the amount of \$222,230.21,

Fort Bend County M.U.D. No. 2 connection line, Pay Estimate No. 7 in the amount of \$3,737.54,

Kingsbridge M.U.D. connection line, Pay Estimate No. 5 in the amount of \$149,348.74,

North Mission Glen MUD connection line, Pay Estimate No. 2 in the amount of \$119,253.23,

Fort Bend County MUD No. 119, Pay Estimate No. 2 in the amount of \$73,751.40, and

D-158 water plant modifications project, Pay Estimate No. 5 in the amount of \$0; and

5) approval of the Groundwater Reduction Plan Participation Agreement with Quadvest LP, subject to receipt of the catch-up fee required by the agreement.

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

JOINT FACILITIES

Ms. Silva reported that a meeting is scheduled on March 31, 2011, to discuss negotiations for a Joint Facilities Contract with the West Harris County Water Authority



(the "WHCRWA").

POLICY ON REQUESTS FOR EARLY CONSTRUCTION OF SURFACE WATER LINES

Mr. Oliver reviewed a draft policy on early construction of surface water lines due to developer/district requests. Following review and discussion, Director Patton moved to adopt a Resolution Adopting Policy on Early Construction of Surface Water Lines due to Developer/District Requests. Director Fay seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Mr. Oliver reviewed a proposed lease policy for use of the Authority's mobile teaching lab. Following review and discussion, Director Gay moved to adopt a Resolution Adopting Policy for Use of Water Conservation Mobile Teaching Lab. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported that, on March 24, 2011, ABHR will be presenting the Authority's proposed amendment to its GRP to the Fort Bend Subsidence District ("FBSD") Planning Committee. The Board discussed the proposed amendment and its importance in facilitating water conservation.

Ms. Silva stated that B&G is working to finalize the Wastewater Reuse Study. She reported on a meeting held with the engineer for the Grand Lakes municipal utility districts to discuss the Grand Lakes Reuse Feasibility Study.

Mr. Oliver reported on a meeting held with representatives of Economists.com regarding the performance of a water rate analysis and financial forecasting for the Authority.

CONTRACTS

Mr. Oliver reviewed a supplemental engagement letter with First Southwest Company and a work authorization in an amount not to exceed \$10,000.00 for additional services that are not covered by the Authority's current contract with First Southwest Company. Following review and discussion, Director Gay moved to approve the supplemental engagement letter and work authorization. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of one Water Line Easement and one Water Line and Meter Easement for the parcels and from the Grantors listed on the attached Realty Interests Chart. Following review and discussion, Director Fay moved to accept the easements as recommended. Director Hebert seconded the motion, which was



approved by unanimous vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:15 p.m., to deliberate the purchase, exchange, lease, or value of real property.

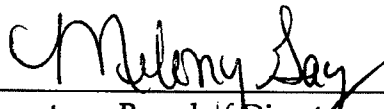
RECONVENE IN OPEN SESSION

At 7:37 p.m., the Board reconvened in open session. Following review and discussion regarding right-of-way acquisition, Director Hebert moved to authorize change orders for survey and re-design work for Main Segment 7C, and any required change orders to the adjacent Main Segment 9A, in an amount not to exceed \$300,000, subject to review by Director Houghton. Director Gay seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors



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