

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 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 March, 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 Directors Houghton, Hebert, and Darden, thus constituting a quorum.

Also present for all or part of the meeting were Melinda Silva, P.E. and Chris Jacob of Brown & Gay Engineers, Inc. ("B&G"); Barbara Payne of Payne Communications; Pamela Logsdon of AVANTA Services; Mike Thelen and Nathan Stanfield of SWWC Services, Inc.; Steve Bonjonia of Property Acquisition Services, Inc.; David Oliver, Christina Miller, 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 22, 2012. After review and discussion, Director Gay moved to approve the minutes as written. Director Fay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Layne Ricks of Meadowbrook Farms Golf Club addressed the Board regarding the effect of the Authority's increasing groundwater reduction plan fees/rates on golf club businesses. Mr. Oliver noted that the Planning Committee of the Fort Bend Subsidence District (the "FBSD") is discussing an exemption request received from golf course well owners at their April meeting.

PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication activities, including the Authority's participation in the Texas Water Conservation Association and reported on the Irrigation System Evaluations Program. Director Patton noted that a video of an irrigation system evaluation is posted on the Authority's website. Ms. Payne stated that brochures on water conservation and the rising cost of water are available to the municipal utility districts for distribution to their customers at no cost.

The Board considered the Authority's participation in the Texas Water Foundation. Following discussion, Director Gay moved to approve the Authority's participation in the Texas Water Foundation in the amount of \$500. Director Spell seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Ms. Payne reported that she continues to work on scheduling a workshop to provide additional information about water conservation strategies and preparation of water conservation plans. Mr. Oliver reminded the Board that all non-exempt well owners within the Authority are required to adopt a water conservation plan by May 1, 2012.

APPROVE CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board considered adopting a Crisis Management Media Relations Plan. Following review and discussion, Director Gay moved to adopt the Crisis Management Media Relations Plan as presented. Director Fay seconded the motion, which was approved by unanimous vote.

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

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. Ms. Logsdon reviewed one additional check for payment of an award from eminent domain litigation. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the additional check. Director Spell 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

Mr. Oliver reminded the Board that the Authority is required to file an Annual Report by June 30, 2012, in accordance with the Continuing Disclosure of Information Agreement contained in the Authority's bond resolutions and SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually. Following discussion, Director Gay moved to authorize the Authority's consultants to prepare the updated financial and operating data in accordance with the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12. Director Fay 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, 2012. 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 Fay 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 the status of addressing requests for staking received through the Texas One-Call Program and operational matters related to the shut-down and start-up of the surface water plant for maintenance. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operations report. Director Spell 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 and reported on activities related to the status of the Luce Bayou Project. A copy of the engineer's report is attached.

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, the Bellaire Pump Station, and the D-158 Water Plant site water wells. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report. Ms. Silva requested authorization to

advertise for the project to inspect and evaluate the water wells located at the D-158 Water Plant site.

Ms. Silva reported that bids were opened on March 13, 2012, for the contract for the construction of Main Segment 8A and recommended that the Board award a contract in the amount of \$2,289,677.00 to the lowest qualified bidder, E. P. Brady, Ltd. Following review and discussion, the Board concurred with the engineer's judgment that E. P. Brady, Ltd. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva reported that bids were opened on March 22, 2012, for the contract for the D-158 Water Plant Ground Water Storage Tank Rehabilitation Project and recommended that the Board award a contract in the amount of \$411,500 to the lowest qualified bidder, TarTob Commercial Services, LLC. Following review and discussion, the Board concurred with the engineer's judgment that TarTob Commercial Services, LLC 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, 2, 4B, 6, 7A, 7B, 8B, 12A, 12B, 12C, and 12D, the connection water lines for Fort Bend County M.U.D. Nos. 30, 118, and 122, the Bellaire Pump Station project, the flow control valves winterization project, and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. She recommended approval of twelve pay estimates for the main segment and connection water lines, and final acceptance of the Grand Mission M.U.D. No. 1 connection water line project. Ms. Silva recommended approval of Change Order No. 1 to the construction contract for Main Segment 12D for installation of casing under future Roesner Road to serve future development within Fort Bend County M.U.D No. 58.

Ms. Silva requested approval of a proposal from B&G for an archaeological investigation to obtain the Texas Historical Commission's clearance for an easement in Main Segment 7A because a headstone was found in the vicinity.

Ms. Silva recommended approval of proposals for storm water pollution prevention services from Environmental Allies for Main Segment 7C, and from Storm Water Solutions, LP for Main Segments 9A and 9B, including submission of the Notice of Intent. She recommended approval of proposals for construction materials engineering and testing services from HVJ Associates, Inc. for Main Segment 7C and from Fugro Consultants, Inc. for Main Segments 9A and 9B.

Ms. Silva recommended approval of the submission of the Notice of Intent for the Stormwater Pollution Prevention Plan for Main Segment 7A.

ROUTING ANALYSES

There was no update on this item.

GRP, CHLORAMINES CONVERSION, AND FBSD REGULATIONS

Ms. Silva updated the Board on the status of chloramine conversion projects and evaluation of requests for reimbursement for chloramine conversion. A spreadsheet summarizing the status of chloramine conversion projects and reimbursement recommendations is attached to the engineer's report. Ms. Silva requested authorization to send a letter to Fort Bend County M.U.D. No. 30 to request a schedule for chloramine conversion and to remind the district of the Authority's reimbursement policy.

Ms. Silva 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 has prepared minimum well capacity requirements for inclusion in water supply contracts.

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

Ms. Silva stated that B&G is waiting for revisions to the Authority's aggregate well permit for the October 1, 2010, through September 30, 2011, term from the FBSD.

Ms. Silva reported that the FBSD continues to process the Authority's application for over-conversion credits earned within the Authority in the amount of 706 million gallons.

Ms. Silva reported that B&G is evaluating a request from Cinco M.U.D. No. 1 to add a well located in Harris County to the Authority's Groundwater Reduction Plan.

REPORTS AND STUDIES

Ms. Silva requested authorization to submit the Authority's Water Conservation Annual Report to the Texas Water Development Board (the "TWDB").

Ms. Silva reported on the status of B&G's updated population and water demand projections for the Authority.

Ms. Silva reported on the status of B&G's hydraulic modeling services to analyze whether the available right-of-way from NETCO Pipeline, L.L.C. can be used by the Authority.

Ms. Silva stated that proposed revisions to the Authority's Drought Contingency Plan are on hold pending coordination with the City of Houston's (the "COH") Drought Contingency Plan.

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

- (1) authorize B&G to send a letter to Fort Bend County M.U.D. No. 30 to request a schedule for chloramine conversion and to remind the district of the Authority's reimbursement policy;
- (2) authorize B&G to send a letter to the COH requesting additional information regarding the water wells located at the D-158 Water Plant site;
- (3) authorize advertisement for the project to inspect and evaluate the water wells located at the D-158 Water Plant site;
- (4) approve the award and execution of a contract with E. P. Brady, Ltd. for the construction of Main Segment 8A in the amount of \$2,289,677.00;
- (5) approve the award and execution of a contract with TarTob Commercial Services, LLC for the D-158 Water Plant Ground Water Storage Tank Rehabilitation Project in the amount of \$411,500;
- (6) approve the following pay estimates:
 - Main Segment 1A, Pay Estimate No. 24 in the amount of \$0,
 - Main Segment 2, Pay Estimate No. 18 in the amount of \$0,
 - Main Segment 6, Pay Estimate No. 2 in the amount of \$68,176.08,
 - Main Segment 12A, Pay Estimate No. 6 in the amount of \$107,362.76,
 - Main Segment 12B, Pay Estimate No. 5 in the amount of \$128,412.00,
 - Main Segment 12C, Pay Estimate No. 4 in the amount of \$343,539.54,
 - Main Segment 12D, Pay Estimate No. 6 in the amount of \$111,240.00,
 - Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 6 in the amount of \$0,
 - Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 5 in the amount of \$12,079.25,
 - Grand Mission MUD No. 1 connection water line, Pay Estimate No. 8 and Final in the amount of \$42,409.20,
 - Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay Estimate No. 3 in the amount of \$226,278.58, and

Flow control valves winterization project, Pay Estimate No. 1 in the amount of \$0;

- (7) approve final acceptance of the Grand Mission M.U.D. No. 1 connection water line project;
- (8) approve Change Order No. 1 to the construction contract for Main Segment 12D in the amount of \$26,000;
- (9) approve a proposal from B&G for an archaeological investigation to obtain the Texas Historical Commission's clearance for an easement in Main Segment 7A in the amount of \$11,700;
- (10) approve a proposal from Environmental Allies for storm water pollution prevention services for Main Segment 7C in an amount not to exceed \$44,800, including submission of the Notice of Intent;
- (11) approve a proposal from Storm Water Solutions, LP for storm water pollution prevention services for Main Segments 9A and 9B in an amount not to exceed \$88,100, including submission of the Notice of Intent;
- (12) approve a proposal HVJ Associates, Inc. for construction materials testing services for Main Segment 7C in an amount not to exceed \$110,600;
- (13) approve a proposal Fugro Consultants, Inc. for construction materials testing services for Main Segments 9A and 9B in an amount not to exceed \$51,000;
- (14) approve submission of the Notice of Intent for the Stormwater Pollution Prevention Plan for Main Segment 7A;
- (15) approve the following chloramine conversion reimbursement amounts:
Fort Bend Count M.U.D. No. 2 in the amount of \$249,320.70,
Fort Bend County M.U.D. No. 119 in the revised amount of \$310,272.25,
and
Fort Bend County M.U.D. No. 122 in the revised amount of \$260,875.00;
and
- (16) authorize B&G to submit the Authority's Water Conservation Annual Report to the TWDB.

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

JOINT PROJECTS

Mr. Oliver reported on the Joint Facilities Committee meeting held with the West Harris County Regional Water Authority (the "WHCRWA"). He stated that the WHCRWA is expected to close on financing from the TWDB at the end of the month to

be used for real estate acquisition and preliminary engineering costs for the second source water line. He stated that the WHCRWA is expected to give a presentation on the Second Source option at next month's meeting of the Design Committee.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of four Water Line Easements, one Water Line and Meter Easement, one Access Easement, two Temporary Construction Easements, three side letters, one Right of Entry Agreement, and one License Agreement for the parcels and from the Grantors/Parties listed on the attached Realty Interests Chart for Main Segments 7B, 7C, 9A, 9B, and 12A, and for the D-158 Water Plant. Following review and discussion, Director Gay moved to accept the easements and approve the side letters and agreements. Director Fay seconded the motion, which was approved by unanimous vote.

Mr. Oliver stated that pursuant to Chapter 2206.101(d), Texas Government Code, as added by Senate Bill 18, 82nd Regular Session, the Authority is required to file documentation of its eminent domain authority in Texas with the Texas Comptroller of Public Accounts. He reviewed the Required Documentation of Eminent Domain Authority in Texas with the Board. Following review and discussion, Director Gay moved to authorize ABHR to file the Required Documentation of Eminent Domain Authority in Texas with the Texas Comptroller of Public Accounts and direct that the Documentation be filed appropriately and retained in the Authority's official records. Director Spell seconded the motion, which passed by unanimous vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:19 p.m., to deliberate the purchase, exchange, lease, or value of real property.

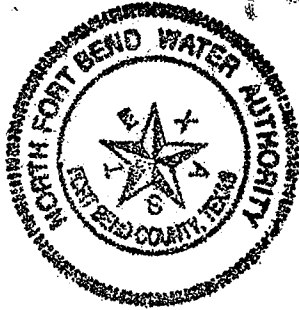
At 7:32 p.m., the Board reconvened in open session. Following review and discussion regarding easement acquisition, Director Gay moved to accept the counteroffer for Parcel 09B.02. Director Fay seconded the motion, which was approved by unanimous vote.

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

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

Melony Jay
Secretary, Board of Directors

(SEAL)



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