

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 25, 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 25th day of April, 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, 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; Jay Hartley of Vepo, LLC; Pam E. Lightbody of AVANTA Services; Mike Thelen of SWWC Services, Inc. ("SWWC"); Steve Bonjonia of Property Acquisition Services, Inc.; Alia Vinson, 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 March 28, 2012, and the special meeting held on April 18, 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 Houghton opened the meeting to receive public comments. There were no public comments.

PUBLIC COMMUNICATIONS

Ms. Payne reported that a water conservation workshop is scheduled at 9:00 a.m. on Thursday, May 31, 2012, at the Willow Fork Country Club, to provide additional information about water conservation strategies and preparation of water conservation

plans.

Ms. Payne stated that information on Texas water matters is available on a new website at www.WATRnews.com. She reported on the Gulf Coast Water Conservation program in League City, Texas and stated that the Authority has been invited to participate in the Gulf Coast Water Efficiency Network.

The Board reviewed a schedule of water conservation conferences. Ms. Vinson requested that the Board consider adding Director Patton's attendance at the Texas Commission on Environmental Quality's Environmental Excellence Awards to the schedule. Following review and discussion, Director Gay moved to authorize Directors' attendance at the conferences per the schedule, as revised. Director Fay seconded the motion, which was approved by unanimous vote.

The Board considered the Authority's participation in the American Water Works Association. Following discussion, Director Gay moved to approve the Authority's participation in the Texas Water Foundation in the amount of \$1,755. Director Hebert seconded the motion, which was approved by unanimous vote.

ESTABLISH CAPITAL PLANNING AND SYSTEM OPERATIONS COMMITTEE

The Board considered adopting a Resolution Establishing a Capital Planning and System Operations Committee. Following review and discussion, Director Gay moved to adopt the resolution with the Capital Planning and System Operations Committee consisting of the following members: Robert Darden, Melony Gay, and David Spell, with Robert Patton and Bruce Fay to serve as alternate members on the committee. Director Fay seconded the motion, which was approved by unanimous vote.

ESTABLISH FINANCE AND POLICY COMMITTEE

The Board considered adopting a Resolution Establishing a Finance and Policy Committee. Following review and discussion, Director Gay moved to adopt the resolution with the Finance and Policy Committee consisting of the following members: Bruce Fay, Pat Hebert, Peter Houghton, and Robert Patton. Director Fay seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Mr. Hartley reported on the Authority's Irrigation System Evaluations Program. Ms. Vinson reported that an executed Irrigation System Evaluation Cost Sharing Agreement has been received from North Mission Glen M.U.D.

Ms. Vinson reviewed a Resolution Adopting Over-Conversion Credit Policy, which expands and replaces the Effluent Reuse Policy, and stated that the Finance Committee concurred to recommend approval of the policy to the Board. Following

review and discussion, Director Gay moved to adopt the resolution as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Vinson reported that the Board's water conservation special Board meeting on Wednesday, May 9, 2012, will be rescheduled.

Ms. Vinson reviewed a request for an exemption to the Authority's Water Conservation Plan and annual reporting requirements received from Grayson Lakes Community Association, Inc. (the "GLCA"). She stated that, at their April meeting, the Finance Committee concurred to recommend denying the request for an exemption. Following the discussion, Director Gay moved to deny the request and authorize ABHR to send a letter responding to the GLCA's request. Director Hebert seconded the motion, which was approved by unanimous 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, a summary of investments, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Lightbody reported that there was no need to conduct a hearing on delinquent fees or rule violations.

OPERATION OF AUTHORITY FACILITIES

Mr. Thelen reported on the operations of the Authority's facilities, including maintenance and repairs and the status of addressing requests for staking received through the Texas One-Call Program. A copy of the operations report is attached. Mr. Thelen reviewed proposals for the installation of additional air conditioning at the D-158 Water Plant in the amount of \$11,113 and for SCADA system services in the amount of \$28,720. Following review and discussion, Director Darden moved to approve the operations report and the two proposals. Director Fay 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. She reported on a meeting held with representatives of the City of Houston (the "COH") to discuss the Fiscal Year 2011 estimated true-up and stated that additional information has been requested from the COH. 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 updated the Board on the construction of Main Segments 1A, 2, 6, 7A, 7B, 8A, 8B, 9A, 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, the D-158 tank painting project, and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. She recommended approval of fourteen pay estimates for the main segment and connection water lines, and final acceptance of Main Segments 0 and 4B.

Ms. Silva reported that an archaeological investigation of an easement in Main Segment 7A has concluded and that clearance from the Texas Historical Commission is expected to be received soon.

Ms. Silva recommended approval of the submission of Notices of Termination for the Stormwater Pollution Prevention Plans for Main Segments 0, 1A, 1B, and 2, the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project, and the Fort Bend County M.U.D. No. 2 connection water line.

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 reported on activities related to evaluating requests from Fort Bend County M.U.D. No. 142 for 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 the Authority's aggregate well permit for the October 1, 2011, through September 30, 2012, term has been posted on the Authority's website.

Ms. Silva reported that the Fort Bend Subsidence District ("FBSD") has processed the Authority's application for over-conversion credits earned within the Authority and issued a certificate 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 ("GRP") by contract.

REPORTS AND STUDIES

Ms. Silva reported on B&G's evaluation of water conservation plans received from municipal utility districts and other non-exempt well owners located within the Authority per the Authority's requirement that all non-exempt well owners within the Authority are required to adopt a water conservation plan meeting minimum State requirements by May 1, 2012.

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 release of the COH's revised Drought Ordinance.

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

- (1) approve final acceptance of Main Segments 0 and 4B;
- (2) approve the following pay estimates:

Main Segment 0, Pay Estimate No. 23 and Final in the amount of \$231,450.21,

Main Segment 1A, Pay Estimate No. 25 in the amount of \$0,

- Main Segment 2, Pay Estimate No. 19 in the amount of \$0,
 Main Segment 4B, Pay Estimate No. 9 and Final in the amount of \$128,987.16,
 Main Segment 7A, Pay Estimate No. 1 in the amount of \$0,
 Main Segment 7B, Pay Estimate No. 1 in the amount of \$108,093.82,
 Main Segment 12A, Pay Estimate No. 7 in the amount of \$13,587.28,
 Main Segment 12B, Pay Estimate No. 6 in the amount of \$397,465.91,
 Main Segment 12C, Pay Estimate No. 5 in the amount of \$46,193.94,
 Main Segment 12D, Pay Estimate No. 7 in the amount of \$102,465.75,
 Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 7 in the amount of \$7,077.92,
 Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 6 in the amount of \$0,
 Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay Estimate No. 4 in the amount of \$181,025.42, and
 Flow control valves winterization project, Pay Estimate No. 2 in the amount of \$0;
- (3) approve submission of the Notices of Termination for the Stormwater Pollution Prevention Plans for Main Segments 0, 1A, 1B, and 2, the Main Segment 0 Tie-ins and D-158 Water Plant Modifications Project, and the Fort Bend County M.U.D. No. 2 connection water line; and
 - (4) approve reimbursement for chloramine conversion to Grand Mission M.U.D. No. 1 in the amount of \$576,307.00.

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

JOINT PROJECTS

There was no additional discussion on this item.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Ms. Vinson recommended acceptance of four Water Line Easements for the parcels and from the Grantors/Parties listed on the attached Realty Interests Chart for Main Segment 8. Following review and discussion, Director Gay moved to accept the easements. Director Hebert seconded the motion, which was approved by unanimous

vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:08 p.m., to deliberate the purchase, exchange, lease, or value of real property.

At 7:19 p.m., the Board reconvened in open session. Following review and discussion regarding easement acquisition, Director Darden moved to approve a counteroffer for Parcels 2.08, 2.09, 2.10, 2.12, and 3.01 as discussed. Director Fay seconded the motion, which was approved by unanimous vote, with Director Hebert abstaining from the vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE APRIL 25, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



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