

MINUTES
NORTH FORT BEND WATER AUTHORITY

May 23, 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 23rd day of May, 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 Director Fay, 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 of SWWC Services, Inc. ("SWWC"); 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 April 25, 2012, and the special meeting held on May 8, 2012. After review and discussion, Director Gay moved to approve the minutes as written. Director Darden seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. Anna Agnew of Cinco M.U.D. No. 7 addressed the Board to ask whether the Authority's Groundwater Reduction Plan Fee will be reduced due to actual revenue exceeding budgeted revenue for 2011. Directors Houghton and Darden responded by discussing the Authority's required payments for bond debt. Director Houghton stated that the Authority's financial advisor is available to explain the matter in detail and that the Authority would request its financial advisor to be available to discuss the matter with Ms. Agnew and any other interested constituents. A member of the public stated that

he had the same comments as Ms. Agnew.

PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication and water conservation activities, including preparation for water conservation workshops to be held with teachers from the Katy Independent School District. She discussed placing a quarter page sized advertisement in the Texas Water Conservation newsletter on a quarterly basis in an amount of \$250 per issue. Following discussion, Director Gay moved to authorize Ms. Payne to publish the advertisements on a quarterly basis in an amount not to exceed \$1,000. Director Hebert seconded the motion, which was approved by unanimous vote.

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 reported on a presentation made at the May meeting of the Finance and Policy Committee meeting on the Authority's W.I.S.E. Guys Irrigation System Evaluations Program. She discussed a proposed budget in an amount of \$6,500 for implementing methods to market the program. Following discussion, Director Patton moved to approve a budget in an amount not to exceed \$6,500 for Ms. Payne to coordinate advertising and outreach for the Authority's W.I.S.E. Guys Irrigation System Evaluations Program. Director Hebert seconded the motion, which was approved by unanimous vote.

Steven Swindell of Fort Bend County M.U.D. No. 151 addressed the Board to request that it consider sponsoring the W.I.S.E. Guys Irrigation System Evaluations Program for homeowners associations. The Board concurred that the request would be considered at the June meeting of the Finance and Policy Committee.

The Board considered the Authority's participation in the Texas Water Conservation Association. Following discussion, Director Hebert moved to approve the Authority's participation in the Texas Water Foundation in the amount of \$332.75. Director Spell seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

The Board reviewed requests for an extension in the Authority's deadline to submit Water Conservation Plans to July 1, 2012, from Fort Bend County M.U.D. Nos. 122 and 123 due to the inability to obtain the required information from their former operator. Following review and discussion, Director Patton moved to grant the requests for extension. Director Spell 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, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. She reviewed three additional checks for payment of two Water Line Easement acquisitions and one Pay Estimate for the Cinco Southwest M.U.D. No. 1 chloramine conversion project per the Authority's approved variance terms with the municipal utility district. Ms. Silva reported that B&G is recommending payment of the Pay Estimate as submitted. Ms. Logsdon reported that a scheduled rebate on the Authority's 2010 BAB Bonds was received. Following review and discussion, Director Darden moved to approve the bookkeeper's report and payment of the three additional checks as presented. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

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

ORDER ADOPTING PROCEDURES FOR POST-ISSUANCE COMPLIANCE

The Board concurred to defer this item.

AMENDED RATE ORDER

The Board concurred to defer this item.

EXECUTION OF REGISTRATION FORM

The Board next considered approving a Registration Form for filing with the Texas Commission on Environmental Quality to reflect the appointment of the Board members and their respective terms. After review and discussion, Director Hebert moved to authorize the execution and filing of the Registration Form. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

Mr. Oliver reviewed with the Board the Authority's Critical Load Spreadsheet, which lists the facilities operated by the Authority that receive electricity. He stated that the Critical Load Spreadsheet was updated by the Authority's consultants and is required to be filed annually with the appropriate entities, including CenterPoint

Energy and Harris and Fort Bend Counties, for emergency purposes. After review and discussion, Director Hebert moved to authorize the annual filing of the Critical Load Spreadsheet. Director Patton seconded the motion, which carried by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

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 discussed SWWC's decision to leave the municipal utility district market and reported that SWWC continues to be dedicated to provide the Authority with efficient and complete operating and emergency services. Mr. Thelen and Ms. Silva explained the variances in groundwater and surface water use in response to Director Houghton's inquiry. Following review and discussion, Director Spell moved to approve the operator's report. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the 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 discussed items to be included on the agenda for the June 11, 2012, Advisory Committee meeting, including items related to 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, 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 reported that bids were opened for the contract for the construction of Main Segment 9B and recommended that the Board award a contract in the amount of \$1,935,025.00 to the lowest qualified bidder, Hurtado Construction Company. Following review and discussion, the Board concurred that Hurtado Construction Company 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 2, 6, 7A, 7B,

8A, 8B, 9A, 9B, 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 fifteen pay estimates for the main segment and connection water lines, and final acceptance of Main Segment 1A.

Ms. Silva reported that an archaeological investigation of an easement in Main Segment 7A has concluded and that clearance from the Texas Historical Commission has been received. She stated that construction has started on the project.

Ms. Silva recommended approval of change orders to the contracts with HVJ Associates, Inc. for construction materials engineering and testing services for Main Segments 6 and 12B. She additionally recommended execution of the revised terms and conditions for an agreement with CenterPoint Energy Houston LLC to provide underground electric service to the Bellaire Pump Station.

Ms. Silva requested authorization for B&G to videotape Main Segment 12B for inspection due to the small size of the line.

ROUTING ANALYSES

There was no update on this item.

GRP, CHLORAMINES CONVERSION, AND 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 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.

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 a form will be posted on the Authority's website for use by municipal utility districts to notify the Authority when they use interconnects.

Ms. Silva reported on B&G's evaluation of 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. She stated that Fort Bend County M.U.D. No. 141's request for a

GRP Participation Agreement is on hold pending finalization of B&G's updated population and water demand projections for the Authority.

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. She stated that approximately 50% of the non-exempt well owners within the Authority have submitted water conservation plans.

Ms. Silva reported that B&G's updated population and water demand projections for the Authority were reviewed at the May meeting of the Capital Projects and System Operations Committee. She stated that the projections will be discussed at the June meeting of the Policy and Finance Committee and recommended additional detailed discussion of the projections.

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 have been on hold pending coordination with the release of the City of Houston's ("COH") revised Drought Ordinance. She stated that the COH has released the revised Drought Ordinance to the public.

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

- (1) approve final acceptance of Main Segment 1A;
- (2) approve the following pay estimates:
 - Main Segment 1A, Pay Estimate No. 26 and Final in the amount of \$254,236.59,
 - Main Segment 2, Pay Estimate No. 20 in the amount of \$0,
 - Main Segment 6, Pay Estimate Nos. 3 and 4 in the amounts of \$188,544.48 and \$319,591.51,
 - Main Segment 7A, Pay Estimate No. 2 in the amount of \$79,200.00,
 - Main Segment 7B, Pay Estimate No. 2 in the amount of \$0,
 - Main Segment 12A, Pay Estimate No. 8 in the amount of \$0,
 - Main Segment 12B, Pay Estimate No. 7 in the amount of \$791,994.41,

Main Segment 12C, Pay Estimate No. 6 in the amount of \$478,961.46,

Main Segment 12D, Pay Estimate No. 8 in the amount of \$10,972.50,

Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 8 in the amount of \$0,

Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 7 in the amount of \$0,

Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay Estimate No. 5 in the amount of \$0,

Flow control valves winterization project, Pay Estimate No. 3 in the amount of \$87,566.25, and

Bellaire Pump Station project, Pay Estimate No. 1 in the amount of \$674,543.66;

- (3) approve change orders to the contracts with HVJ Associates, Inc. for construction materials engineering and testing services in the amounts of \$3,678.00 for Main Segment 6 and \$12,768.00 for Main Segment 12B;
- (4) approve execution of the revised terms and conditions for an agreement with CenterPoint Energy Houston LLC to provide underground electric service to the Bellaire Pump Station; and
- (5) authorize B&G to videotape Main Segment 12B in the approximate amount of \$7,700.

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

Mr. Oliver reviewed correspondence from Fort Bend County M.U.D. No. 25 ("MUD 25") requesting that the Authority provide confirmation that two tracts of land, containing approximately 180.25 acres and 24.042 acres will be excluded from the Authority's boundaries upon MUD 25's adoption of an Order Adding Land. He stated that the correspondence was reviewed at the May meeting of the Capital Planning and System Operations Committee. He recommended sending a response that states that MUD 25 may submit a formal petition for exclusion and a deposit in the amount of \$15,000 to the Authority for evaluation of the proposed exclusion. Following review and discussion, Director Hebert moved to authorize sending the response as recommended. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

JOINT PROJECTS

Mr. Oliver discussed the B&G's updated population and water demand

projections for the Authority and the effect of early surface water conversion requests on the Authority's surface water reservation with the COH and proposed capacity in the Second Source Water Line under the Joint Facilities Agreement with the West Harris County Regional Water Authority (the "WHCRWA"). He recommended sending a letter notifying the WHCRWA that, based on updated population projections, the Authority anticipates an increased capacity reservation of not more than 20% in the Second Source Water Line, and requesting a 60-day extension for the Authority to determine the exact amount of the increase. Following review and discussion, Director Hebert moved to authorize ABHR to send the letter to the WHCRWA as recommended. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of eight Water Line Easements, two side letters, and one Consent to Water Line Easement for the parcels and from the Grantors/Parties listed on the attached Realty Interests Chart for Main Segments 1, 7, and 9. Following review and discussion, Director Hebert moved to accept the realty interest acquisition documents as recommended. Director Spell seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

EXECUTIVE SESSION

The Board convened in executive session at 7:53 p.m., to deliberate the purchase, exchange, lease, or value of real property.

At 8:12 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 Spell seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote and 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 MAY 23, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Bookkeeper's Report.....	3
Operations Report.....	4
Engineer's Report.....	4
Realty Interests Chart.....	8