

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 28, 2010

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 July, 2010, 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 Directors Fay and Darden, thus constituting a quorum.

Also present for all or part of the meeting were: David C. Scholler, P.E. and Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Pamela Logsdon of AVANTA Services; Terrell Palmer of First Southwest Company; Barbara Payne and Linn Smyth of Payne Communications; Steve Bonjonia of Property Acquisition Services; 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 first considered approving the minutes of the regular meeting held on June 23, 2010. After review and discussion, Director Hebert moved to approve the minutes as written. Director Gay 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 communications activities, including the status of the Authority's Mobile Teaching Lab, distribution of water conservation brochures, and the activities and schedule of the Water Conservation Committee. She

reported that Safari Texas Ranch has been reserved for the Authority's Town Hall meeting to be held on September 30, 2010, from 6:00 to 7:30 p.m. Following review and discussion, Director Hebert moved to authorize Ms. Payne to purchase branded products in an amount not to exceed \$2,500.00 for distribution from the Mobile Teaching Lab at the Fort Bend County Fair. Director Spell seconded the motion, which was approved by unanimous vote.

AMENDMENT TO COMMUNICATIONS SERVICES AGREEMENT

Mr. Oliver reviewed with the Board an amendment to the Authority's Communications Services Agreement with Payne Communications. Following review and discussion, Director Hebert moved to approve the amendment as presented. Director Spell seconded the motion, which was approved by unanimous vote.

MOBILE TEACHING LAB TRAILER TRANSPORT AGREEMENT

Mr. Oliver reviewed with the Board a Mobile Teaching Lab Trailer Transport Agreement with Advantage Water Management for storage and transportation of the Authority's Mobile Teaching Lab. Following review and discussion, Director Patton moved to approve the agreement as presented. Director Gay seconded the motion, which was approved by unanimous vote.

INTERLOCAL AGREEMENT FOR WATER WISE PROGRAM

Mr. Oliver reviewed with the Board an Interlocal Agreement with the Fort Bend Subsidence District (the "FBSD") for the Authority's sponsorship of students for the Learning to be Water Wise Program. Following review and discussion, Director Gay moved to authorize execution of the agreement to provide for sponsorship of students in eligible area schools, as determined by Director Gay, in an amount not to exceed \$250,000.00. Director Hebert seconded the motion, which was approved by unanimous vote.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. Oliver reviewed with the Board a renewal proposal in the amount of \$39,978.00 from Anco-McDonald Waterworks Insurance Services ("Anco") for the Authority's insurance policies due to expire on August 2, 2010. He noted that the Authority already renewed the Umbrella and Workers Compensation policies. He reviewed coverage added for the Authority's Mobile Teaching Lab and anticipated lease of the City of Houston's D-158 Pump Station, and stated that additional insurance coverage will be necessary as the Authority acquires or completes construction of facilities. Following review and discussion, Director Gay moved to accept the proposal as presented. Director Patton seconded the motion, which was approved by unanimous vote.

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

Ms. Logsdon next reviewed a written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the income statement for the enterprise fund, a schedule of debt service payments, and the quarterly investment report, a copy of which is attached. She reviewed an additional check in the amount of \$3,050.00 for payment to CenterPoint Energy for installation of meter poles. She stated that the additional check 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 additional check 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.

DEPOSITORY PLEDGE AGREEMENT

Ms. Logsdon reviewed with the Board a Depository Pledge Agreement with Trustmark National Bank and an updated Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the Authority May Engage In Investment Transactions. Following review and discussion, Director Gay moved to approve the Depository Pledge Agreement and Resolution, and direct that the documents be filed appropriately and retained in the District's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

PRELIMINARY DRAFT BUDGET AND NOTICE OF ADOPTION OF GRP FEE

Mr. Oliver noted that, during the months of July or August, the Authority normally distributes a notice of an unofficial proposed Groundwater Reduction Plan Fee ("GRP Fee") to assist the utility districts with their budgeting procedures. He stated that it will be necessary for the Board to adopt the Authority's GRP Fee and Surface Water Fee next month, effective January 1, 2011, to facilitate the Authority's second bond issue.

Ms. Logsdon reviewed a preliminary draft budget for fiscal year ending December, 2011. She stated that the preliminary draft budget will be updated in October and November, 2010, for adoption in December, 2010.

Mr. Palmer reviewed the provisions that the Authority must adhere to when issuing bonds, the proposed amount of bonds to be issued, and the recommended GRP Fee and Surface Water Fee for adoption by the Authority. Following discussion, Director Spell moved to authorize the consultants to distribute notification of the date,

time and location of the August regular meeting of the Board, at which a GRP Fee of \$1.20 per 1,000 gallons of water pumped and a Surface Water Fee in the amount of \$1.55 per 1,000 gallons of water received, effective January 1, 2011, will be considered for adoption. Director Gay seconded the motion, which carried unanimously.

ENGINEERING MATTERS, WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of new wells located within the Authority, and a list of recent and upcoming events. A copy of the written engineer's report is attached. Ms. Silva additionally reported on the status of the Luce Bayou Project.

JOINT FACILITIES

Ms. Silva reported that ABHR is drafting the agreement with the West Harris County Regional Water Authority (the "WHCRWA") for sharing the costs and capacity in the Authority's pump station, the Authority's initial water lines, and the second source water facilities.

Ms. Silva reported that a draft report of the City of Houston's ("COH") study of an alternate route for the second source transmission line is expected to be completed at the end of July, 2010.

LEASE OF WATER PLANT

Ms. Silva reported that an agreement with the COH for the Authority's lease of the D-158 water plant is expected to be considered by the COH City Council in August. She stated that a draft report on the Environmental Due Diligence Study for the project will be presented at the next Design Committee meeting.

DESIGN AND CONSTRUCTION PROJECTS

Ms. Silva next reported on and reviewed tables indicating the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for Main Segment Nos. 0, 1A, 1B, 2, 3, 4, 5, 6, 7A, 7B, 7C, 8A, 8B, 12A, 12B, 12C, and 12D, and the related district connection lines. She discussed the schedule for advertising of construction projects and the utilization of an online bidding system.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, and 1B. She then recommended approval of Pay Estimate No. 3 in the amount of \$851,444.26 for Segment 0 and Pay Estimate No. 4 in the amount of \$564,483.31 for Segment 1A, and stated that Pay Estimate No. 4 for Segment 1B has no balance due.

Ms. Silva requested the Board approve additional fees of \$3,050.00 for CenterPoint Energy to expedite installation of the power for the Segment 0 meter

station.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's year 2025 distribution system.

SERVICES CONTRACTS

Ms. Silva recommended approval of a request for additional fees in the amount of \$1,900 from JNS Engineers, LLC for additional topographic work for Segment 12C due to the addition of new power poles, sidewalks, and a manhole that were constructed within CenterPoint Energy's easement since the design contract was awarded.

Ms. Silva recommended approval of Change Order No. 2 to B&G's contract in an amount not to exceed \$525,000, for Right-of-Way Services for additional easement tracts for Segment Nos. 0 through 9, and 12, and the pump station project.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva stated that no response has been received from Fort Bend County M.U.D. No. 141 regarding its request to participate in the Authority's Groundwater Reduction Plan. She stated that additional information has been received from Fort Bend County M.U.D. No. 142 on its request for a water supply contract in lieu of drilling a second water well and that B&G is exploring several routing options.

Ms. Silva reported that a request for participation in the Authority's GRP from the Brazos Lakes subdivision is being evaluated

Ms. Silva next reviewed a spreadsheet summarizing the status of chloramine conversion projects.

WELL PERMITTING, EFFLUENT REUSE STUDY

Ms. Silva reported on preparation of the aggregation well permit and information being collected for the effluent reuse study.

Following review and discussion, Director Gay moved to approve the engineer's report, including: 1) authorize advertisement for bids for the construction of Main Segment 3, the North Mission Glen Connection Line, the Fort Bend County M.U.D. No. 30 Connection Line, and the D-158 Plant Modifications Project; 2) approval of a contract amendment in the amount of \$1,900 for additional fees from JNS Engineers, LLC; 3) approval of Change Order No. 2 to B&G's contract in an amount not to exceed \$525,000 for Right-of-Way Services for Segment Nos. 0 through 9, and 12, and the pump station

project; 4) approval of Pay Estimate No. 3 in the amount of \$851,444.26 for Segment 0 and Pay Estimate No. 4 in the amount of \$564,483.31 for Segment 1A; and 5) approval of additional fees in the amount of \$3,050.00 to CenterPoint Energy for expedited power installation. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

REALTY INTEREST ACQUISITION

Mr. Oliver next recommended approval of four letter agreements and a Partial Assignment of Easement for CenterPoint Energy, and acceptance of one Right of Entry Agreement and 14 Water Line Easements for the parcels and from the Grantors listed on the attached chart. Following review and discussion, Director Gay moved to approve the letter agreements and partial assignment; and accept the right of entry agreement and easements as recommended. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

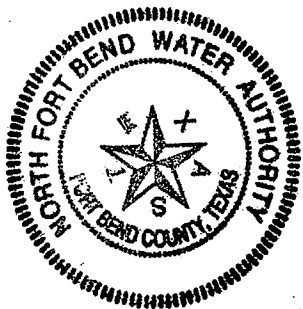
Mr. Oliver next recommended approval of seven Waiver of Conflict Letters with ABHR related to the matters listed on the attached chart. Following review and discussion, Director Gay moved to approve execution of the Waiver of Conflict Letters as presented. Director Spell seconded the motion which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

EXECUTIVE SESSION

The Board did not convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

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

(SEAL)



Melony Gay
Secretary, Board of Directors

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