

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 26, 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 26th day of September, 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., Charles Shumate, P.E., and Chris Jacob, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon of AVANTA Services; Mike Thelen of SWWC Services, Inc. ("SWWC"); Barbara Payne of Payne Communications; 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 August 22, 2012. After review and discussion, Director Gay moved to approve the minutes as written. Director Patton seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. In response to meeting attendees' inquiries, Mr. Oliver updated the Board on efforts to schedule a meeting between the Authority's financial advisor and interested constituents to explain the calculation of the Authority's fees. He requested that any meeting attendees interested in attending the meeting circle their name on the attendance sheets. In response to Anna Agnew's question on behalf of Cinco M.U.D. No. 7, Director Houghton and Mr. Oliver explained that stakeholder meetings will be held and written requests for comments will be solicited to obtain constituent input on landscape



irrigation regulations being considered by the Authority. Mr. Oliver noted that the proposed process for the development of landscape irrigation regulations is in the early stages and being discussed in the monthly meetings of the Finance and Policy Committee.

PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication and water conservation activities, including student water conservation programs and teacher workshops to be held within the Katy Independent School District ("Katy ISD"). She noted that the water conservation materials being used at the schools are displayed on a table located behind her seat and stated that school sponsorships are available for interested municipal utility districts. She stated that she will obtain a proposal for the translation of the water conservation materials used in second grade classrooms into Spanish per the request of Katy ISD teachers for the Board's consideration.

Ms. Payne reported on the Texas A&M AgriLife Extension use of the water conservation mobile teaching lab at the Fort Bend County Fair from September 26, 2012, through October 8, 2012.

AMENDED POLICY FOR USE OF WATER CONSERVATION MOBILE TEACHING LAB

Mr. Oliver reviewed a proposed amended policy for the use of the Authority's water conservation mobile teaching lab that provides an insurance requirement exception for school use. He stated that the proposed amended policy was reviewed at the September meeting of the Finance and Policy Committee and recommended for approval. Following review and discussion, Director Darden moved to adopt a Resolution Adopting Amended Policy for Use of Water Conservation Mobile Teaching Lab. Director Fay seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Mr. Oliver reported that executed Irrigation Evaluation Systems Cost Sharing Agreements were received from Grand Mission M.U.D. No. 2 and Fort Bend County M.U.D. No. 34.

Mr. Oliver reported on the status of submission of water conservation plans, interconnect agreements, and regional system agreements per the Authority's requirement that all non-exempt well owners within the Authority adopt a water conservation plan meeting minimum State requirements and submit interconnect and regional system agreements to the Authority. He reviewed a request for an extension in the Authority's deadline to submit a Water Conservation Plan to October 15, 2012, from the Fort Bend Independent School District. Following review and discussion, Director



Gay moved to grant the request for extension. 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. 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. 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. Logsdon reviewed a request for waiver of late penalties from Cornerstones M.U.D., a copy of which is attached. She reported that the request was considered at the September meeting of the Finance and Policy Committee. She stated that the Finance and Policy Committee determined that a variance would not be appropriate because no evidence had been presented showing extraordinary circumstances for the untimely payment, and other districts have paid penalties in similar circumstances and have not been granted a variance. Following review and discussion, Director Patton moved to deny Cornerstones M.U.D.'s request for waiver of penalties. Director Hebert 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 maintenance and repairs, the quantity of requests for staking responded to by SWWC through the One-Call Program, and the installation and operation of the SCADA system at the D-158 Water Plant. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Hebert 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, reported on information received and outstanding from the City of Houston (the "COH") needed to analyze the Fiscal Year 2011 true-up, and discussed the status of the wetlands delineation and funding for 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, bid advertisement schedules, contract documentation, and right-of-way acquisition, as appropriate, for several main line segments, related district connection water lines, and the inspection and evaluation of the D-158 Water Plant site water wells. A spreadsheet summarizing the status of design projects is attached to the engineer's report.

Ms. Silva reported that three bids were opened on August 23, 2012, for the contract for the construction of the D-158 Water Plant Well Inspection project and recommended that the Board award a contract in the amount of \$288,800.00 to the lowest bidder, Alsay, Inc. Following review and discussion, the Board concurred with the engineer's judgment that Alsay, 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 7A, 7B, 8A, 8B, 9A, 9B, 12A, 12B, and 12D, the connection water line for Fort Bend County M.U.D. No. 118, and the Bellaire Pump Station project, and reported on warranty inspections. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. Ms. Silva recommended approval of nine pay estimates for the construction projects.

ROUTING ANALYSES

There was no update on this item.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION, AND SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING

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. She reported that an additional chloramine conversion reimbursement request submitted by Kingsbridge M.U.D has been evaluated and recommended approval of an additional reimbursement to Kingsbridge M.U.D. in the amount of \$412,371.50.

Ms. Silva reported that Cinco Southwest M.U.D. No. 1's Board of Directors and engineer recommended approval of Pay Estimate No. 5 for the chloramine conversion project per the Authority's approved variance with that district.

Ms. Silva reported on B&G's evaluation of requests for early conversion to surface water from Fort Bend County M.U.D. No. 142 and Fort Bend County M.U.D. No. 58. She recommended that the Authority move forward with early conversion of both districts.



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 reported on B&G's evaluation of a request from Fort Bend County M.U.D. No. 141 for inclusion in the Authority's Groundwater Reduction Plan. She recommended that the Board include Fort Bend County M.U.D. No. 141 as a contract participant in the Authority's Groundwater Reduction Plan.

REPORTS AND STUDIES

Ms. Silva stated that B&G is has requested information from the West Harris County Regional Water Authority ("WHCRWA") to analyze the cost impact of the Authority's increased capacity in the Second Source Water Line.

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

- (1) approve the award and execution of a contract with Alsay, Inc. for the construction of the D-158 Water Plant Well Inspection project in the amount of \$288,800.00;
- (2) approve the following pay estimates:
 - Main Segment 7A, Pay Estimate No. 6 in the amount of \$530,408.25,
 - Main Segment 7B, Pay Estimate No. 6 in the amount of \$20,671.39,
 - Main Segment 8A, Pay Estimate No. 1 in the amount of \$245,783.41,
 - Main Segment 8B, Pay Estimate No. 2 in the amount of \$466,504.54,
 - Main Segment 9B, Pay Estimate No. 3 in the amount of \$439,191.90,
 - Main Segment 12A, Pay Estimate No. 12 in the amount of \$151,830.98,
 - Main Segment 12B, Pay Estimate No. 11 in the amount of \$106,403.66,
 - Main Segment 12D, Pay Estimate No. 12 in the amount of \$0, and
 - Fort Bend County MUD No. 118 connection water line, Pay Estimate No. 3 in the amount of \$172,780.88;
- (3) authorize ABHR to prepare Early Conversion Agreements and Water Supply Agreements with Fort Bend County M.U.D. No. 142 and Fort Bend County M.U.D. No. 58;
- (4) authorize ABHR to prepare a Groundwater Reduction Plan Participation Agreement with Fort Bend County M.U.D. No. 141;
- (5) authorize payment of Pay Estimate No. 5 in the amount of \$13,300.00 for Cinco Southwest M.U.D. No. 1's chloramine conversion project; and



- (6) authorize reimbursement of Kingsbridge M.U.D. for additional chloramine conversion projects in the amount of \$412,371.50.

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

Mr. Oliver reviewed a Water Supply Agreement executed by Grand Mission M.U.D. No. 1 and recommended approval of the agreement. Following review and discussion, Director Gay moved to authorize execution of the Water Supply Agreement with Grand Mission M.U.D. No. 1. Director Hebert seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver reviewed an Amended Exhibit A to the Joint Facilities Agreement for Segments 0 & 1A, Bellaire Pump Station, and Second Source Waterline/Pump Stations with the WHCRWA containing the respective capacities and pro rata share of costs for the joint facilities resulting from the Authority's recent request to increase its share of capacity in the Second Source Waterline. Following review and discussion, Director Gay moved to authorize execution of Amended Exhibit A to the Joint Facilities Agreement. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver and Ms. Silva discussed evaluation of the option of participating in the City of Houston's alternative second source line, in lieu of the joint second source line alignment planned by the Authority and the WHCRWA. Following discussion, Director Gay moved to authorize sending a joint letter from the Authority and the WHCRWA to the City of Houston to decline the proposed option. Director Hebert seconded the motion, which was approved by unanimous vote.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

There was no discussion on this item.

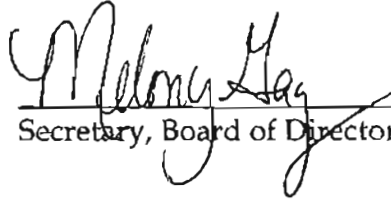
EXECUTIVE SESSION

The Board did not convene in executive session.

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



[SIGNATURE PAGE FOR THE MINUTES OF THE SEPTEMBER 26, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets	1
Bookkeeper's Report.....	3
Cornerstones M.U.D. Request to Waive Late Penalties	3
Operations Report.....	3
Engineer's Report.....	3

