

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 21, 2009

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 21st day of December, 2009, 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, thus constituting a quorum.

Also present for all or part of the meeting were: Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Steve Bonjonia of Property Acquisition Services, Inc.; Pam E. Lightbody of AVANTA Services; 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 first considered approving the minutes of the meeting held on November 23, 2009. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert 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

The Board next discussed re-scheduling the Groundbreaking Ceremony for the Authority's first construction projects at a later date to allow for an adequate amount of time to schedule speakers and complete other arrangements. Following discussion, Mr. Oliver stated that alternate date(s) for the Groundbreaking Ceremony will be communicated to the Board once determined.

TRAVEL REIMBURSEMENT GUIDELINES

The Board next discussed the Authority's Travel Reimbursement Guidelines in preparation for the Association of Water Board Directors winter conference. Following review and discussion, the Board concurred to authorize up to three per diems and two nights' hotel stay for the Directors' attendance at the winter conference.

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

Ms. Lightbody next reviewed a written bookkeeper's report, including checks for payment, monthly receipts, and past due accounts, a copy of which is attached. She stated that there is no recommendation to change the balance in the Operations and Maintenance Reserve Account currently set at two months of budgeted operating expenses.

In response to Director Houghton's question, Ms. Silva stated that the well owned by Harrison Interests is now agriculturally exempt from the Authority's Groundwater Reduction Plan Fee as of the last meeting of the Fort Bend Subsidence District. Discussion ensued regarding future tracking of such exemptions after the Authority starts to administer well permits.

Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. 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.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2010

The Board next considered adopting a budget for fiscal year end December 31, 2010. Ms. Lightbody reviewed revisions to line items for community events, water conservation credits, and materials testing as discussed at this month's Finance Committee meeting. Following review and discussion, Director Hebert moved to approve the budget as presented. Director Patton seconded the motion, which was approved by unanimous vote.

ADOPT THIRD AMENDED ORDER ESTABLISHING GRP FEE

The Board next considered adopting a Third Amended Order Establishing Groundwater Reduction Plan Fee to adopt a fee equal to \$0.90 per 1,000 gallons of water pumped effective January 1, 2010. Following discussion, Director Gay moved to adopt the Third Amended Order Establishing Groundwater Reduction Plan Fee as presented, and direct that the order be filed appropriately and retained in the Authority's official records. Director Hebert seconded the motion, which carried unanimously.

Mr. Oliver reported that he is coordinating with B&G and AVANTA Services to improve pumpage reporting through the Authority's website.

DISCUSS 2010 DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reported that the terms of offices for the Directors of Precinct Nos. 2, 4, and 6 will expire in May, 2010. He stated that notices will be sent to the utility districts requesting that they submit their 2009 water usage and requesting that the precincts provide director nominations. He noted that a proposed Resolution Adopting Rules for 2010 Appointment Process for Directors had been previously distributed and briefly reviewed some of the provisions. He stated that Director nominations are due by February 15, 2010, and the deadline for utility districts to submit their water usage is March 1, 2010. He stated that ballots for precincts with contested appointments will be sent to the utility districts within the applicable precinct by March 15, 2010, and the deadline for the districts to submit completed ballots for the appointment is April 30, 2010. Ms. Silva distributed an updated list of utility districts by voting precincts and responded to Board members' questions. Following discussion, Director Fay moved to adopt the Resolution Adopting Rules for 2010 Appointment Process for Directors, and direct that the resolution be filed appropriately and retained in the Authority's official records. Director Patton seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority, a summary of activities, and a list of upcoming events. A copy of the written engineer's report is attached. Ms. Silva noted that a summary of the Luce Bayou Preliminary Engineering Report was previously distributed to the Board for review.

Ms. Silva updated the Board on the status of coordination with the West Harris County Regional Water Authority (the "WHCRWA") to develop possible options for obtaining additional surface water from the City of Houston and for sharing in the costs and capacity in the pump station and the Authority's initial water lines. She noted that the design of the pump station is on hold pending the determination of options for obtaining additional water and determination of the participation by the WHCRWA in the facility. She stated that preliminary maps and cost estimates for a proposed alternative of constructing second source water lines to the pump station using a CenterPoint Energy corridor has been forwarded to WHCRWA's engineer for review.

Ms. Silva stated that, as previously reported, B&G provided to the COH a contract term sheet and schedule for lease of the D-158 Water Plant on July 31, 2009. She stated that the COH has not yet forwarded a draft lease agreement for review by the Authority's consultants.

Ms. Silva next reported on the status of design, contract documentation, and right-of-way acquisition, 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 additionally reported on activities undertaken to resolve the routing analysis for Main Segment No. 9.

Ms. Silva reported that B&G has prepared a scope of work and contract document for material testing services and requested authorization to negotiate a contract with Aviles Engineering Corporation as discussed at this month's Design Committee meeting.

Ms. Silva stated that an updated schedule will be provided at next month's meeting for B&G's revised routing analysis scope of work for the Authority's year 2025 surface water system, including the required pump station sites, limited topographic survey, Phase I Environmental Assessment, and evaluations of Cultural Resources, Endangered Species, and Wetlands.

Ms. Silva reported that design submittals for conversion to chloramines disinfection have been received from Fort Bend County M.U.D. Nos. 122 and 41. She stated that B&G is coordinating with the Design Committee to address the formal request received from Fort Bend County M.U.D. No. 165 for a variance to the reimbursement procedures in the Authority's Chloramine Conversion Policy.

Ms. Silva reported that B&G continues to attend meetings of all of the utility districts included in the 2013 surface water system to receive comments, address concerns, and answer questions about the surface water conversion program.

Ms. Silva reported on activities undertaken to determine a detailed process for the aggregation of well permits for the entities located within the Authority.

Ms. Silva reported that the scope of work for a proposal from B&G for performance of a reuse study is being developed for review by the Design Committee.

Ms. Silva reported that an outline of the proposed Request for Qualifications to be used in connection with the selection of an operator for the Authority was reviewed at this month's Design Committee meeting and that a full draft of the document is expected to be reviewed at next month's Design Committee meeting.

Ms. Silva reported on coordination with Mr. Oliver on the development of changes to the Authority's design contracts to include minimum and maximum amounts for engineering fees for discussion at the next Design Committee meeting.

Ms. Silva stated that approval of the Intensive Cultural Resources Survey has not yet been received from the Texas Historical Commission for Main Segment Nos. 2 through 7.

Ms. Silva reported that a tracking spreadsheet reflecting easement acquisition progress will be distributed for the Board's review.

Following review and discussion, Director Gay moved to accept the engineer's report as presented, including authorization for B&G to negotiate a contract with Aviles Engineering Corporation for material testing services. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of six Water Line Easements for Main Segments 1A, 1B, and 4 from the Grantors listed on the attached chart. Following review and discussion, Director Gay moved to accept the easements as recommended. Director Spell seconded the motion, which was approved by unanimous vote.

CONTRACTS, NOTICES, CHANGE ORDERS, AND ASSIGNMENTS

There was no discussion regarding additional engineering, environmental, surveying, legal, right-of-way acquisition, or appraisal services.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session at 7:10 p.m. pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property.

The Board reconvened in open session at 7:25 p.m. Following review and discussion regarding right-of-way acquisition, Director Hebert moved to approve the purchase of parcel 1A.26 from Alief Independent School District, and parcels 1A.33 and 1A.34 from Harris County in the amounts identified by the appraisal reports, and authorize the execution of a Right of Entry Agreement for the CenterPoint Energy easement corridor across Main Segments 0, 1A, and 1B, and payment of associated fees for the agreement, pending verification by B&G of the total amount of footage to be included in the agreement. 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.

(SEAL)



Melony Gay
Secretary, Board of Directors

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