

MINUTES  
NORTH FORT BEND WATER AUTHORITY

February 25, 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 25th day of February, 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 except Director Patton, thus constituting a quorum.

Also present for all or part of the meeting were: Barbara Payne of Payne Communications; Melinda Silva, P.E., and Rodney Heisch, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Pam E. Lightbody of AVANTA Services; Greer Pagan 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 January 28, 2009. After 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 comments from the public.

PUBLIC COMMUNICATIONS

Ms. Payne next thanked the Board for the Authority's sponsorship of the Water Conservation Workshop.

Ms. Payne next updated the Board on the Authority's public communications, including updating of the Authority's website, preparation of the Authority's newsletter, the

design and purchase of three billing inserts to educate Authority residents about water conservation and the surface water conversion, and the purchase of twelve monthly inserts for the municipal utility districts that will be converted during the first two years. She reported that all of these items are expected to be completed soon. In response to Director Houghton's inquiry, she recommended that the Authority hold an annual town hall meeting.

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

Ms. Lightbody next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. She reported that she is meeting with the programmers of the Authority's online pumpage reporting system to work on making the system more flexible. She stated that a revised report format will be presented to the Finance Committee for review at the March committee meeting.

Ms. Lightbody next reported on actions undertaken to collect on past due accounts. She reported that she discussed the accounts which have been charged penalties and interest with David Oliver of ABHR. She recommended that the Board write-off penalties and interest in the amount of \$11.44 for the TXI account. She stated that TXI no longer owns property within the Authority and she has been unable to contact anyone at TXI. She requested the Board's authorization for David Oliver to contact the attorney for Fort Bend County M.U.D. No. 41 to request payment of penalties and interest on the account. Following review and discussion, Director Darden moved to approve write-off of the penalties and interest charged to the TXI account and authorize Mr. Oliver to contact the attorney for Fort Bend County M.U.D. No. 41 to request payment of penalties and interest on the account. Director Fay seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Darden moved to approve the bookkeeper's report as presented. Director Gay seconded the motion, which was approved by unanimous vote.

FIRST BOND ISSUE

Mr. Pagan and Ms. Silva reported that the Texas Water Development Board ("TWDB") approved the Authority's loan application at its February 17, 2009, Board meeting in Austin. Ms. Silva stated that an official approval letter has not yet been received from the TWDB. Mr. Pagan and Ms. Silva briefly reviewed the procedures and schedule for issuance of the Bond in May or June 2009.

## RESOLUTION ADOPTING WATER CONSERVATION PLAN

Ms. Silva reported that the TWDB requested that the Authority's Water Conservation Plan include additional information and that the Board adopt a Resolution Adopting Water Conservation Credit Plan. She stated that the revised Water Conservation will be presented next month for consideration.

## ENGINEERING MATTERS

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority, including the wells of the contract participants in the Authority's Groundwater Reduction Plan ("GRP"), a summary of activities, and a list of upcoming events. A copy of the written engineer's report is attached.

Ms. Silva distributed an invitation to the Coastal Water Authority's Workshop on the Luce Bayou Project scheduled for March 3, 2009. Discussion ensued regarding the schedule for the Authority's Finance Committee meeting and the City of Houston's ("COH") Reuse meeting scheduled on March 9, 2009. Following discussion, Director Houghton requested that Ms. Silva coordinate a possible alternate meeting date for the Finance Committee. Director Houghton requested that draft agendas for the Finance and Design Committee meetings be distributed for committee members' review prior to finalization of the committee meeting dates.

Ms. Silva reported on the status of negotiations with the West Harris County Regional Water Authority (the "WHCRWA") on a cost sharing agreement for joint facilities. She stated that a meeting is scheduled on March 12, 2009, with the COH to discuss leasing of the D-158 water plant.

Ms. Silva stated that B&G is performing a detailed review of a copy of the Second Source Water Study received from the WHCRWA. She stated that the study evaluates four different pipeline routing options for distribution of surface water from the COH Northeast Water Plant to the Authority's second supply point. She said that the possible participants in this large pipeline project include the WHCRWA, North Harris County Regional Water Authority, the Authority, and the COH depending on the selected route. She stated that the Authority's preliminary participation share of costs in the project ranges from \$181,000,000 to \$212,000,000.

Ms. Silva reported that B&G provided to Dannenbaum Engineers, Inc. preliminary incremental cost information regarding the infrastructure adjustments that would need to be made at the Authority's pump station to accommodate initial participation by the WHCRWA in the amount of two million gallons per day ("mgd"), with an ultimate participation of 10 and 14 mgd.

Ms. Silva next reported on the status of design, right of way acquisition, and contract negotiations for the design, as appropriate, for the pump station, Main Segments 1A, 1B, 2, 3, 4, 5, and 6, and the related district connection lines. She recommended approval of a proposal in the amount of \$2,871.00 from S.L. Anderson Company for urban forestry consulting services related to the design contract with Jones & Carter, Inc. for the connection line to Fort Bend County M.U.D. No. 41. She requested the Board's guidance regarding such change orders. The Board requested that change orders be presented as soon as possible. Following review and discussion, Director Spell moved to accept the proposal as submitted. Director Darden seconded the motion, which was approved by unanimous vote.

Ms. Silva next reported on the status of transmission line routing for Main Segments 7A, 7B, and 7C located along Mason Road. She stated that B&G continues to evaluate possible routing options to serve Fort Bend County Municipal Utility District No. 165.

Ms. Silva next reported that B&G is working on the cathodic protection, electrical, and instrumentation details for the Authority's 2013 surface water system for inclusion in the Design Manual. She stated that B&G is working on a detailed schedule for the surface water conversion. She reported that the TCEQ has offered to provide a workshop to the Authority regarding the surface water conversion program, including required disinfection modifications.

Ms. Silva next reported on a meeting held with the TWDB environmental reviewer on February 24, 2009, to discuss requirements for an Environmental Assessment. She stated that the Environmental Assessment must be approved prior to release of funds by the TWDB for construction projects. She stated that a proposal from Raba-Kistner Consultants, Inc. for the preparation of an Environmental Assessment will be presented next month for consideration. She stated that system-wide environmental services will be placed on hold until completion of the Environmental Assessment.

Following review and discussion, Director Spell moved to approve the engineer's report as presented, including the proposal from Raba-Kistner Consultants, Inc. for system-wide environmental services. Director Darden seconded the motion, which was approved by unanimous vote.

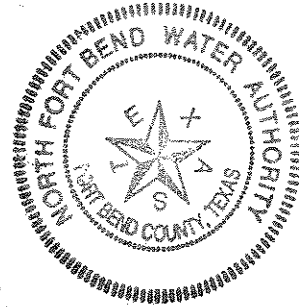
Following review and discussion, Director Fay moved to approve the engineer's report as presented. Director Spell seconded the motion, which was approved by unanimous vote.

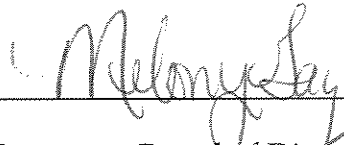
CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session pursuant to Chapter 551.072 of the Texas Government Code 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)



  
Secretary, Board of Directors

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