

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 27, 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 27th day of October, 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 Patton and Gay, 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; Pam E. Lightbody 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 September 22, 2010, and Town Hall meeting held on September 30, 2010. After review and discussion, Director Hebert moved to approve the minutes as written. Director Fay 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 communication activities.

MEETING SCHEDULE

The Board next discussed rescheduling the November and December regular meetings due to the Thanksgiving and Christmas holidays. Following discussion, Director Fay moved to reschedule the November meeting to Thursday, November 18, 2010, and to reschedule the December meeting to Thursday, December 16, 2010, both at 6:00 p.m. at the Golf Club at Cinco Ranch. Director Darden seconded the motion, which was approved by unanimous vote.

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, 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 two additional checks to property owners for the acquisition of Water Line Easements and one additional check to replace a stale dated check. Following review and discussion, Director Fay moved to approve the bookkeeper's report and the three additional checks for payment 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.

SERIES 2010 BONDS

Mr. Palmer reviewed a summary of the results of the sale of the Authority's Water System Revenue Bonds, Series 2010A and Series 2010B ("Series 2010 Bonds"), a copy of which is attached. Following review and discussion, Director Darden moved to authorize payment of issuance and closing costs related to the sale of the Authority's Series 2010 Bonds. Director Fay seconded the motion, which was approved by unanimous vote.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board next conducted an annual review of the District's Investment Policy. Mr. Oliver reported that no changes to the Investment Policy were recommended by the District's consultants. Following review and discussion, Director Hebert moved to adopt a Resolution Regarding Annual Review of Investment Policy without amendment to the District's Investment Policy. Director Spell seconded the motion, which was approved by unanimous vote.

DEPOSITORY INSTITUTIONS

Mr. Oliver reported that the list of depository institutions and qualified

broker/dealers has been updated per comments from the District's bookkeeper. Following review and discussion, Director Spell moved to adopt an updated Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with whom the District May Engage in Investment Transactions. Director Fay seconded the motion, which was approved by unanimous vote.

CONTRACT FOR OPERATOR SERVICES

The Board deferred action on this item.

ENGINEERING MATTERS, WATER SUPPLY CONTRACT, 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 the 1st Annual Water Reuse Conference scheduled to be held January 28, 2011, in San Antonio, Texas. A copy of the written engineer's report is attached.

Ms. Silva reported on the status of the Luce Bayou Project.

JOINT FACILITIES

Ms. Silva reported that B&G is reviewing the City of Houston's ("COH") report regarding an alternate route for the second source transmission line. She recommended that the Board schedule a workshop in November to discuss the numerous issues related to the second source project.

DESIGN AND CONSTRUCTION PROJECTS, SERVICES CONTRACTS

Ms. Silva reported that the Authority's lease agreement with the COH for the D-158 water plant is fully executed and that a Notice to Proceed on the water plant modification contract was issued to the contractor on October 25, 2010.

Ms. Silva reported on the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for several main line segments and related district connection lines.

Ms. Silva presented five bids to the Board for construction of the Fort Bend County M.U.D. No. 41 connection waterline and recommended that the Board award a contract in the amount of \$378,150.00 to D.L. Elliott Enterprises, Inc. Following review and discussion, the Board concurred with the engineer's judgment that D.L. Elliott Enterprises, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva presented five bids to the Board for construction of the Fort Bend

County M.U.D. No. 119 connection waterline and recommended that the Board award a contract in the amount of \$420,670.00 to D.L. Elliott Enterprises, Inc. Following review and discussion, the Board concurred with the engineer's judgment that D.L. Elliott Enterprises, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva reported that the bid opening for the contract for construction of the North Mission Glen M.U.D. connection waterline is scheduled for November 11, 2010, and that the contract for construction of the Segment 3 waterline will begin advertising next month.

Ms. Silva reported that a Notice to Proceed with the design of Segment 6 will be issued soon to Pate Engineers, Inc.

Ms. Silva reported that the qualifications of two consultants were reviewed for performance of Vulnerability Assessments for the D-158 water plant and proposed pump station and recommended that the Board authorize B&G to negotiate a services contract with Rush Creek Consulting, Inc.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, 2, and the Fort Bend County M.U.D. No. 2 connection waterline. She then recommended approval of Pay Estimate No. 6 in the amount of \$364,003.59 for Segment 0, Pay Estimate No. 7 in the amount of \$1,274,034.69 for Segment 1A, Pay Estimate No. 7 in the amount of \$585,199.02 for Segment 1B, Pay Estimate No. 1 in the amount of \$155,698.20 for Segment 2, and Pay Estimate No. 2 in the amount of \$228,164.84 for the Fort Bend County M.U.D. No. 2 connection line.

Ms. Silva recommended approval of a change order in the amount of \$146,710.00 to the design contract for Segment 0; change orders in the amounts of \$11,186.00 and \$25,538.00 to the design contract for Segment 1A; and change orders in the amount of \$107,977.00 to the design contract for Segment 1B.

Ms. Silva recommended approval of Change Order No. 2 in the amount of \$193,815.95 to the construction contract for Segment 0 for additional work related to the metering and flow control station.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system. She recommended approval of the routing report for Segment 10 as previously reviewed during the October Design Committee meeting.

Ms. Silva reported that the Design Committee has discussed the design and construction of Segment 9 and recommends that Segment 9 be divided into two projects for design and incorporated into one project for construction. She requested

authorization for B&G to negotiate design contracts with RG Miller Engineers, Inc. and Jacobs Engineering Group, Inc.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva updated the Board on activities related to requests from Fort Bend County M.U.D. No. 141 and the Brazos Lakes subdivision to participate in the Authority's Groundwater Reduction Plan and a request from Fort Bend County M.U.D. No. 142 for a water supply contract and early conversion to surface water. A spreadsheet summarizing the status of chloramine conversion projects and a letter regarding the updated project schedule received from Kingsbridge M.U.D. are attached to the engineer's report.

WELL PERMITTING, EFFLUENT REUSE STUDY, PROPOSED WATER USE REDUCTION CREDITS POLICY

Ms. Silva reported that the Authority's aggregate well permit has been received from the Fort Bend Subsidence District ("FBSD") and a copy will be posted on the Authority's website. She stated that notification was received from the FBSD that Fort Bend County M.U.D. No. 133's emergency well permit request would be added to the Authority's well permit unless the Authority has reason to disagree. She discussed year end annual pumpage reporting and meter calibration requirements per the aggregate well permit.

Ms. Silva stated that Director Gay is facilitating a meeting with Fort Bend County M.U.D. No. 34 to discuss the proposed water reuse project for the Meadow Brook Farms Golf Course. She stated that B&G's effluent reuse study is ongoing.

Ms. Silva noted that the Board submitted a proposal outlining a credit policy for achieved water conservation to the FBSD.

Following review and discussion, Director Hebert moved to approve the engineer's report, including: 1) approval of the award and execution of a contract in the amount of \$378,150.00 with D. L. Elliott Enterprises, Inc. for the construction of the Fort Bend County M.U.D. No. 41 connection waterline; 2) approval of the award and execution of a contract in the amount of \$420,670.00 with D. L. Elliott Enterprises, Inc. for the construction of the Fort Bend County M.U.D. No. 119 connection waterline; 3) authorize B&G to negotiate a services contract with Rush Creek Consulting, Inc. for performance of Vulnerability Assessments for the D-158 water plant and proposed pump station; 4) approval of Pay Estimate No. 6 in the amount of \$361,003.59 for Segment 0, Pay Estimate No. 7 in the amount of \$1,274,034.69 for Segment 1A, Pay Estimate No. 7 in the amount of \$585,199.02 for Segment 1B, Pay Estimate No. 1 in the amount of \$155,698.20 for Segment 2, and Pay Estimate No. 2 in the amount of \$228,164.84 for the Fort Bend County M.U.D. No. 2 connection line; 5) approval of

change orders to design services contracts in the amount of \$146,710.00 for Segment 0; in the amounts of \$11,186.00 and \$25,538.00 for Segment 1A; and in the amount of \$107,977.00 for Segment 1B; 6) approval of Change Order No. 2 in the amount of \$193,815.95 to the construction contract for Segment 0; 7) approval of the Routing Analysis Report for Segment 10 and adopt Resolution Authorizing Acquisition of Real Property Interests for Water Line Segment 10; and 8) authorize B&G to negotiate design contracts for Segment 9 with RG Miller Engineers, Inc. and Jacobs Engineering Group, Inc. Director Darden seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

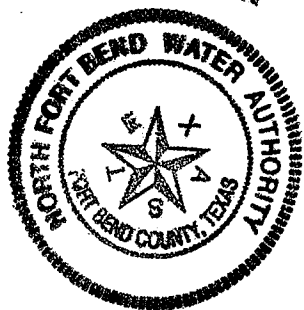
Ms. Vinson recommended acceptance of five Water Line Easements and one Permanent License Agreement for the parcels and from the Grantors listed on the attached Realty Interests Chart. Following review and discussion, Director Fay moved to accept the agreement and easements as recommended. Director Spell seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

The Board did not convene in executive session.

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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