

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 16, 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 16th day of December, 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 Houghton and Gay, 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 of AECOM; Pam E. Lightbody of AVANTA Services; Barbara Payne 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 considered approving the minutes of the special meeting held on November 15, 2010, and the regular meeting held on November 18, 2010. After review and discussion, Director Fay moved to approve the minutes as written. Director Spell seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. There were no public comments.

PUBLIC COMMUNICATIONS, CONFERENCES

Ms. Payne updated the Board on public communication activities, including updates to the elementary school water conservation education programs and the

scheduled distribution of a newsletter to residents of the Authority in January or February of next year.

Director Fay requested that the Authority authorize the attendance of up to three members of the Water Conservation Advisory Committee at the 1st Annual Water Reuse Conference scheduled to be held January 28, 2011, in San Antonio, Texas. Following discussion, Director Fay moved to authorize such attendance. Director Hebert seconded the motion, which was approved by unanimous vote.

MEETING SCHEDULE AND LOCATION

The Board concurred that there were no changes to the schedule or location of the Authority's regular monthly meetings.

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

Ms. Lightbody reviewed a written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the income statement for the enterprise fund, and a schedule of debt service payments, a copy of which is attached. She reviewed a list of three additional checks for payment from the Authority's Construction Account. A copy of the list is attached. Following review and discussion, Director Spell moved to approve the bookkeeper's report and payment of the three additional checks as presented. Director Darden seconded the motion, which was approved by unanimous vote.

Ms. Lightbody reviewed with the Board the balance contained in the Authority's Operations and Maintenance Reserve Account. Following review and discussion, Director Darden moved to approve the balance in the Operations and Maintenance Reserve Account. Director Spell 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, 2011

The Board considered adopting a budget for fiscal year end December 31, 2011. Following review and discussion, Director Hebert moved to approve the budget as presented. Director Darden seconded the motion, which was approved by unanimous vote.

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, Director Hebert moved to authorize up to three per diems and two nights' hotel stay for the Directors' attendance at the winter conference. Director Fay seconded the motion, which was approved by unanimous vote.

CONTRACT FOR OPERATOR SERVICES

The Board considered a contract for operator services with SWWC Services, Inc. ("SWWC"). Mr. Oliver stated that he has reviewed the contract for operator services and that is consistent with the proposal from SWWC. Following review and discussion, Director Darden moved to authorize execution of the contract, subject to final review. Director Fay seconded the motion, which was approved by majority vote, with Director Hebert abstaining from the vote.

ENGINEERING MATTERS

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. A copy of the written engineer's report is attached.

WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT, JOINT FACILITIES

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

Ms. Silva reported that written responses to B&G's comments to the City of Houston's ("COH") report regarding an alternate route for the second source transmission line are expected before Christmas. She stated that a COH Stakeholder meeting to discuss the details of the report was held on December 14, 2010. She stated that another meeting will be scheduled for next month to discuss a proposed earlier start date for the design of the expansion of the COH's northeast water plant due to earlier water needs by the North Harris County Regional Water Authority (the "NHCRWA") and the West Harris County Regional Water Authority (the "WHCRWA").

Ms. Silva reported that B&G has received a draft of a Joint Facilities Contract with the WHCRWA and will provide comments by the requested deadline.

DESIGN AND CONSTRUCTION PROJECTS, SERVICES CONTRACTS

Ms. Silva reported on the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for the D-158 water plant modifications project, several main line segments and related district connection lines.

Ms. Silva stated that the start-up of the D-158 water plant is scheduled for this month and that surface water is scheduled to be delivered from the Authority to Fort

Bend County M.U.D. No. 2 next month. She reported that the vulnerability assessment for the D-158 water plant and proposed pump station are in progress. She recommended approval of a contract with Reliant Energy Retail Services, LLC for electricity services for the D-158 water plant.

Ms. Silva recommended approval of contracts with RG Miller Engineers, Inc. for the design of Main Segment 9A and with Jacobs Engineering Group, Inc. for the design of Main Segment 9B. She stated that the contracts were reviewed at a meeting of the Design Committee.

Ms. Silva stated that the contracts for the construction of Main Segments 4B and 12A, and the Fort Bend County M.U.D. No. 122 connection line are ready to be advertised.

Ms. Silva stated that the qualifications of the ten contractors who submitted bids for the construction of the Main Segment 3 waterline are being reviewed by B&G.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, 2, 4A, the Fort Bend County M.U.D. No. 2 and Kingsbridge M.U.D. connection waterlines, and the D-158 water plant modifications project. She then recommended approval of Pay Estimate No. 8 in the amount of \$28,794.24 for Main Segment 0, Pay Estimate No. 9 in the amount of \$283,279.20 for Main Segment 1A, Pay Estimate No. 9 in the amount of \$605,252.51 for Main Segment 1B, Pay Estimate No. 3 in the amount of \$646,922.07 for Main Segment 2, Pay Estimate No. 1 in the amount of \$190,858.85 for Main Segment 4A, Pay Estimate No. 4 in the amount of \$4,845.00 for the Fort Bend County M.U.D. No. 2 connection line, Pay Estimate No. 2 in the amount of \$82,602.58 for the Kingsbridge M.U.D. connection line, and Pay Estimate No. 2 in the amount of \$635,944.85 for the D-158 water plant modifications project.

Ms. Silva recommended approval of Change Order No. 3 to the construction contract for Main Segment 0 in the amount of \$11,310.60 for the cabinets to house the additional meter station flow transmitters.

Ms. Silva recommended approval of a proposal from Environmental Allies in the amount of \$32,405.00 for storm water pollution prevention devices for the Fort Bend County M.U.D. Nos. 41 and 119, and North Mission Glen M.U.D. connection lines, and the Main Segment 3 waterline.

Ms. Silva recommended approval of Change Order No. 3 in the amount of \$141,000.00 for additional right-of-way acquisition services for Main Segments 8, 9, and 12, and for additional parcels of Main Segments 0 through 7.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the

Authority's 2025 distribution system. She stated that draft routing reports for Main Segments 11 and 16 were provided at the December Design Committee meeting. She stated that draft routing reports for Main Segments 13 and 14 will be presented next month.

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 is attached to the engineer's report.

Ms. Silva reported that a meeting has been scheduled for next week with Cross Creek Ranch to discuss the purchase of their over-conversion credits.

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

Ms. Silva reported on the development of procedures for year-end annual pumpage reporting and meter calibration requirements per the aggregate well permit.

Ms. Silva stated that a draft of B&G's effluent reuse study was distributed to the Board for review and will be discussed at a special meeting of the Board to be held next month.

Mr. Oliver reviewed with the Board a legal conflict waiver for an effluent reuse rebate request from Cinco M.U.D. No. 1. Following review and discussion, Director Fay moved to authorize execution of the legal conflict waiver as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Spell moved to approve the engineer's report, including: 1) approval of the execution of a contract with Reliant Energy Retail Services LLC for electricity services for the D-158 water plant; 2) approval of the execution of contracts with RG Miller Engineers, Inc. for the design of Main Segment 9A and with Jacobs Engineering Group, Inc. for the design of Main Segment 9B; 3) approval of Change Order No. 3 to the construction contract for Main Segment 0 in the amount of \$11,310.60; 4) approval of a proposal from Environmental Allies in the amount of \$32,405.00 for storm water pollution prevention devices; 5) approval of Change Order No. 3 for right-of-way acquisition services in the amount of \$141,000.00; 6) approval of Pay Estimate No. 8 in the amount of \$28,794.24 for Main Segment 0, Pay Estimate No. 9 in the amount of \$283,279.20 for Main Segment 1A, Pay Estimate No. 9 in the amount of \$605,252.51 for Main Segment 1B, Pay Estimate No. 3 in the amount of

\$646,922.07 for Main Segment 2, Pay Estimate No. 1 in the amount of \$190,858.85 for Main Segment 4A, Pay Estimate No. 4 in the amount of \$4,845.00 for the Fort Bend County M.U.D. No. 2 connection line, Pay Estimate No. 2 in the amount of \$82,602.58 for the Kingsbridge M.U.D. connection line, and Pay Estimate No. 2 in the amount of \$635,944.85 for the D-158 water plant modifications project; and 7) authorize advertisement for bids for the contracts for the construction of Main Segments 4B and 12A, and the Fort Bend County M.U.D. No. 122 connection line. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of four Water Line Easements and one Right of Entry Agreement for the parcels and from the Grantors listed on the attached Realty Interests Chart. He reviewed with the Board a legal conflict waiver for realty interest matters related to parcels 12D.01 and 12D.02 located in Fort Bend County M.U.D. No. 57. Following review and discussion, Director Darden moved to accept the easements and agreement as recommended, and authorize execution of the legal conflict waiver as presented. Director Spell seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

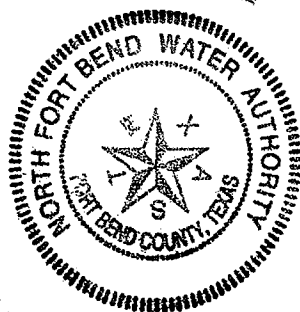
The Board convened in executive session at 7:04 p.m., to deliberate the purchase, exchange, lease, or value of real property.

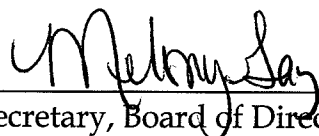
RECONVENE IN OPEN SESSION

At 7:27 p.m., the Board reconvened in open session. Following review and discussion regarding right-of-way acquisition, Director Darden moved to: 1) approve execution of a side letter for parcel 04.L02.01, as presented; 2) authorize an offer as discussed for parcel 04.L02.06 and authorize the continuation of condemnation proceedings if the offer is not accepted; and 3) accept the counteroffer and revised easement agreement as discussed for parcel 4.17.A. Director Hebert seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors

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