

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 17, 2008

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 17th day of December, 2008, 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 Fay, thus constituting a quorum.

Also present for all or part of the meeting were: Barbara Payne of Payne Communications; David C. Scholler, P.E, Melinda Silva, P.E., and Rodney Heisch, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Wayne Ahrens of Dannenbaum Engineering Corp.; John Sauter of Severn Trent 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 19, 2008. After discussion, Director Hebert 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. Mr. Sauter addressed the Board to determine the Authority's procedures for accounting for inaccurate water well production metering. He stated that Fort Bend County Municipal District No. 2 has recently experienced water accountability in the 70 percent range. Mr. Scholler responded that such incidents will be reviewed individually by the Board to determine a fair solution and asked that the documentation of the district's low water accountability be forwarded for review.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications, including a draft newsletter planned for distribution to homes located within the Authority and three water conservation brochures to be provided to the utility districts located within the Authority for distribution to residents.

Ms. Payne reported on an exposition held by the Houston Gulf Coast Irrigation Association on the new irrigation rules passed by the Texas Commission on Environmental Quality (the "TCEQ"). She stated that two or three additional expositions on the new irrigation rules are scheduled in January. She said that a link to the new rules will be added to the Authority's website.

Ms. Payne next reported on her coordination with the Texas Water Development Board to develop presentations for seminars regarding water conservation plan requirements for municipalities. She said the seminars are scheduled to be held on February 10, 11, and 12, 2009.

Ms. Payne next reported on new water conservation education programs for children and adults. She stated that a second mobile teaching lab to teach fifth-graders about water conservation has been purchased by the North Harris County Regional Water Authority in partnership with the West Harris County Regional Water Authority and will be available for use within the Authority. Discussion ensued regarding presentations and town hall meetings to be scheduled to discuss surface water conversion issues.

FINANCIAL AND BOOKKEEPING MATTERS, CONDUCT HEARING

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

WATER CONSERVATION CREDIT PURCHASE POLICY

Mr. Oliver noted that the Authority's current sponsorship policy for the Fort Bend Subsidence District's ("FBSD") "Learning to be Water Wise and Energy Efficient" Program includes schools located within the Authority. The Board discussed amending the policy to include consideration of schools located outside of the Authority to obtain as many FBSD water conservation credits as possible prior to the year 2013 surface water conversion requirement. Following discussion, Director Hebert moved to amend the Authority's current sponsorship policy to include consideration of schools located outside of the Authority. Director Patton seconded the motion, which was approved by unanimous vote.

The Board next considered adopting a budget for fiscal year end December 31, 2009. Director Houghton discussed an increased allocation in the proposed budget for water conservation. Following review and discussion, Director Patton moved to approve the budget as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

FIRST BOND ISSUE

Mr. Oliver stated that the Texas Water Development Board has provided positive feedback on the Authority's loan application and expects to respond to the application in January or February 2009. He reviewed a Resolution Expressing Intent to Finance Expenditures to be Incurred for the monumentation and design work included in the application. Following review and discussion, Director Hebert moved to adopt a Resolution Expressing Intent to Finance Expenditures to be Incurred. Director Spell seconded the motion, which was approved by unanimous vote.

ADOPT SECOND AMENDED ORDER ESTABLISHING GRP FEE

The Board next considered adopting a Second Amended Order Establishing Groundwater Reduction Plan Fee to adopt a fee equal to \$0.60 per 1,000 gallons of water pumped effective January 1, 2009. Following discussion, Director Darden moved to adopt the Second Amended Order Establishing Groundwater Reduction Plan Fee as presented. Director Patton seconded the motion, which carried unanimously.

FIRST SUPPLEMENT TO WATER SUPPLY CONTRACT

Mr. Oliver noted that he previously distributed a proposed First Supplement to the Water Supply Contract with the COH for the design and construction of the Luce Bayou Project to provide for additional raw water facilities, along with a summary of the contract. He reported that the West Harris County Regional Water Authority (the "WHCRWA") has approved and executed their contract with the COH for the project and recommended that the Authority do the same. Following discussion, Director Darden moved to approve and authorize execution of the First Supplement to the Water Supply Contract with the COH. Director Spell 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, 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 reported on the status of negotiations with the WHCRWA on a cost sharing agreement for joint facilities. She reported that the D-158 water plant valuation report was sent to the COH by the WHCRWA several weeks prior to tonight's meeting. Mr. Ahrens reported that a rate analysis is being performed by the WHCRWA to determine how the WHCRWA's rates will be affected if the Mission Bend area is converted earlier than planned. He stated that a special meeting is being held by the WHCRWA on January 8, 2009, to discuss this issue and potential cost sharing for Main Segments 0, 1A, and 1B.

Ms. Silva reported that B&G submitted to the FBSD a request to amend the Authority's GRP a second time to add Chemical Lime, Ltd.

Ms. Silva reported that B&G is coordinating with Barbara Payne of Payne Communications and the Authority's web site developers to provide web access to the Authority's GIS system, including the primary monumentation report. She said that secondary monumentation for the Authority's year 2013 surface water supply system is complete.

Ms. Silva requested approval of the following system-wide proposals with B&G: 1) in the amount of \$474,046 for geotechnical services, with Terracon Consultants, Inc. as the sub-consultant; 2) in an amount not to exceed \$105,000 for cathodic protection services, with V&A Consulting Engineers as the sub-consultant; and 3) in an amount not to exceed \$177,650 for transient analysis services, with Advantica, Inc. as the sub-consultant. She stated that the proposals were previously submitted to the Authority's Design Committee. She reported that B&G is negotiating with Raba-Kistner Consultants, Inc. for system-wide environmental services per the direction of the Authority's Design Committee.

Ms. Silva next reported on the status of design and right of way acquisition for Main Segment 0. She requested approval of a proposal in the amount of \$24,800 with B&G for performance of a slope stability analysis, with Raba-Kistner Consultants, Inc. as the sub-consultant. She stated that the analysis will be required since the waterline is running along the edge of the channel high bank.

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 stated that all of the design projects are progressing and reported on design kickoff meetings held with the Design Consultants.

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.

Ms. Silva reported that B&G and AECOM continue to evaluate routing options to convert all utility districts located south of FM 1093 during the initial phase of conversion. She reminded the Board that \$20,000 was previously authorized for Property Acquisition Services, Inc.'s ("PAS") assistance in this process by providing right of way consulting services and facilitating coordination with the county and drainage district. She stated that PAS has been of considerable assistance and has provided cost and time savings to the Authority. She requested approval of a proposal in the amount of an additional \$20,000 with B&G for right of way consulting services, with PAS as the sub-consultant.

Ms. Silva next requested approval of a proposal in the amount of \$26,400 with B&G for web development services, with Orchard Data Systems as the sub-consultant. She stated that the services include updating of the Authority's GIS website to provide security and user enhancements, including upgrading of printing options. She said that the website is used to support the design and right of way acquisition process.

Following review and discussion, Director Hebert moved to approve the engineer's report as presented, including the six proposals with B&G as presented for geotechnical services, cathodic protection services, transient analysis services, slope stability analysis for Main Segment 0, right of way consulting services, and updating of the Authority's GIS website. Director Patton seconded the motion, which was approved by unanimous vote.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY

The Board concurred to table this item.

SUPPLEMENT TO ATTORNEY ENGAGEMENT LETTER

Mr. Oliver next reviewed a supplemental engagement letter for legislative services. Following review and discussion, Director Hebert moved to approve the supplemental engagement letter as presented. Director Patton seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION

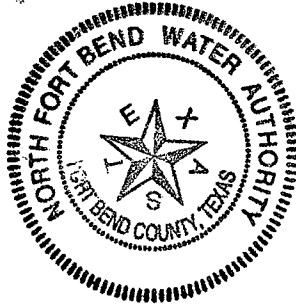
The Board did not convene in executive session pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property. Mr. Oliver reported that the acquisition of the Authority's pump station site has been completed.

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

Melony Lag

Secretary, Board of Directors

(SEAL)



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