

MINUTES
NORTH FORT BEND WATER AUTHORITY

February 22, 2012

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 22nd day of February, 2012, at the Willow Fork Country Club, 21055 Westheimer Parkway, 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"); Barbara Payne of Payne Communications; Pamela Logsdon of AVANTA Services; Mike Thelen of SWWC Services, Inc.; Steve Bonjonia of Property Acquisition Services, Inc.; David Oliver, Christina Miller, 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 regular meeting held on January 25, 2012. After review and discussion, Director Gay moved to approve the minutes as written. Director Spell seconded the motion, which carried unanimously, except for Directors Hebert and Fay who were not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

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

PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication activities, including information included on the Authority's website related to protecting backflow preventers from freezing. She reported on two workshops held on February 16, 2012,

and stated that the presentation and discussed guidelines are available on the Authority's website. She stated that another workshop will be scheduled in early April to provide additional information about water conservation strategies and preparation of water conservation plans. She reported that brochures on the rising cost of water are available to the municipal utility districts for distribution to their customers at no cost. She noted that the Gulf Coast Water Conservation Symposium is scheduled for March 2, 2012.

WATER CONSERVATION AND REUSE

Director Patton discussed the activities and recommendations made by the Water Conservation Advisory Committee during the prior two years and presented a Resolution Commending the Water Conservation Advisory Committee for Service to the Authority. Following discussion, Director Patton moved to adopt the Resolution Commending the Water Conservation Advisory Committee for Service to the Authority. Director Spell seconded the motion, which carried unanimously, except for Directors Hebert and Fay who were not present for the discussion or the vote.

Mr. Oliver reported that an executed Irrigation Evaluation Systems Cost Sharing Agreement was received from Cinco M.U.D. No. 5.

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

Ms. Logsdon reviewed the written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the income statement for the enterprise fund, a summary of investments, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. She reviewed three additional checks for payment from the Operations Account for payments related to water line easements and one additional check for payment from the Construction Account for a Facilities Extension Agreement with CenterPoint Energy Houston Electric LLC ("CenterPoint"). Ms. Logsdon noted that a memorandum was previously distributed to request the Board's approval to transfer of funds from the Improvement Fund to the Coverage and Operations and Maintenance Reserve Funds. Following review and discussion, Director Gay moved to approve the bookkeeper's report, the four additional checks, and the transfer of funds. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Logsdon reported that there was no need to conduct a hearing on delinquent fees or rule violations. Ms. Miller noted that, at its February 2012 meeting, the Finance Committee concurred there was no need to consider a second appeal for waiver of penalties for delinquent payment of groundwater pumpage fees for the month of May, 2011, received from Grand Lakes M.U.D. No. 4 because the matter was previously considered by the Board.

OPERATION OF AUTHORITY FACILITIES

Mr. Thelen reported on the operations of the Authority's facilities. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operations report. Director Darden seconded the motion, which was approved by unanimous vote.

ADOPT ORDER

The Board next considered adopting an Order Declaring Directors Elected and Cancelling Director Appointment Process. Mr. Oliver reviewed the appointment process and stated that the Directors seeking re-appointment in Precincts 1, 3, 5, and 7 were uncontested. After discussion, Director Gay moved to adopt the Order Declaring Directors Elected and Cancelling Director Appointment Process stating that David Spell, Bruce Fay, Robert Patton, and Pat Hebert are appointed as directors of the Authority, to serve until May 15, 2016, or until their successors have been duly appointed and qualified. Director Hebert seconded the motion, which carried unanimously.

ENGINEERING MATTERS

WATER SUPPLY CONTRACT AND 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 reported on activities related to the status of the Luce Bayou Project. A copy of the engineer's report is attached.

DESIGN AND CONSTRUCTION PROJECTS, AND SERVICES CONTRACTS

Ms. Silva reported on the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for several main line segments, related district connection water lines, the Bellaire Pump Station, and the D-158 Water Plant site water wells. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report. Ms. Silva reported on coordination with the Authority's operator on operational improvements for the D-158 Water Plant.

Ms. Silva recommended approval of a Facilities Relocation Agreement with CenterPoint to install electrical lines for the Bellaire Pump Station.

Ms. Silva informed the Board that the bid obtained by Benchmark Engineering Corporation ("Benchmark") on behalf of Fort Bend County M.U.D No. 58 ("MUD 58") for Main Segment 12D to include the casing under future Roesner Road to serve future development within MUD 58 came in higher than expected. She requested authorization from the Board to obtain a bid from Hurtado Construction Company

("Hurtado") for comparison purposes. Based on Ms. Silva's recommendation, the Board declined to accept the bid obtained by Benchmark and authorized B&G to obtain a bid for the work from Hurtado.

Ms. Silva reported that bids were opened on February 9, 2012, for the contract for the construction of Main Segment 9A and recommended that the Board award a contract in the amount of \$1,226,151.65 to the lowest qualified bidder, Gonzalez Construction Enterprise, Inc. Following review and discussion, the Board concurred with the engineer's judgment that Gonzalez Construction Enterprise, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 2, 4B, 6, 7A, 7B, 8B, 12A, 12B, 12C, and 12D, the connection water lines for Fort Bend County M.U.D. Nos. 30, 118, and 122, and Grand Mission M.U.D. No. 1, the Bellaire Pump Station project, the winterization of flow control valves project, and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. She stated that the water supply was shut down on February 16, 2012, for the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. She recommended approval of eleven pay estimates for the Main Segments and connection water lines.

Ms. Silva reported on the status of the preparation of bid documents for the project to paint the tanks located at the D-158 Water Plant.

Ms. Silva requested authorization to solicit proposals for construction materials engineering and storm water pollution prevention services for Main Segments 7C, 9A, and 9B. She recommended approval of a proposal from HTS Inc. Consultants for construction materials engineering and testing services for the Bellaire Pump Station project. She requested approval of proposals from B&G for supplemental cathodic protection services on Main Segment 3 and hydraulic modeling services to analyze a pipeline owned by NETCO Pipeline, L.L.C. for right-of-way acquisition matters.

ROUTING ANALYSES

Ms. Silva recommended that the Authority pursue preliminary acquisition related services, including a market study, for the property related to the second point of delivery at the connection between the Authority and the West Harris County Regional Water Authority (the "WHCRWA") to assist with the final routing report and coordination with the WHCRWA.

GRP, CHLORAMINES CONVERSION, AND FBSD REGULATIONS

Ms. Silva updated the Board on the status of chloramine conversion projects and evaluation of requests for reimbursement for chloramine conversion. A spreadsheet

summarizing the status of chloramine conversion projects and reimbursement recommendations is attached to the engineer's report.

Ms. Silva reported on activities related to evaluating requests from Fort Bend County M.U.D. No. 142 for a water supply contract and early conversion to surface water, a request for early conversion to surface water from Fort Bend County M.U.D. No. 58, and a request from Grand Mission M.U.D. No. 1 for a water supply contract. She stated that B&G is preparing minimum well capacity requirements for inclusion in water supply contracts.

Ms. Silva reviewed a chart reflecting surface water versus groundwater usage by the municipal utility districts currently receiving surface water from the Authority.

Ms. Silva reported that the Fort Bend Subsidence District (the "FBSB") adopted an Amendment to the 2003 District Regulatory Plan at its Board meeting held earlier today implementing a one-year extension to Regulatory Area A and Richmond/Rosenberg Sub-Area 30% deadlines, as well as extending the over-conversion credit expiration date to 2033.

Ms. Silva stated that, as previously reported, B&G submitted a final amendment to the Authority's aggregate well permit for the October 1, 2010, through September 30, 2011, term to the FBSB. She stated that the amendment has been received and that B&G will work with FBSB to correct errors included in the amendment.

Ms. Silva reported that B&G has received all pumpage data for 2011 and requested authorization to submit the Authority's Annual Report for Water Pumpage to the FBSB.

Ms. Silva reported that the FBSB continues to process the Authority's application for over-conversion credits earned within the Authority in the amount of 706 million gallons.

Ms. Silva reported that B&G is evaluating a request from Cinco M.U.D. No. 1 to add a well located in Harris County to the Authority's Groundwater Reduction Plan.

REPORTS AND STUDIES

Ms. Silva reported on the status of B&G's updated population and water demand projections for the Authority and stated that she is able to currently provide information related to the projections upon request.

Ms. Silva discussed proposed revisions to the Authority's Drought Contingency Plan to coordinate with the COH's Drought Contingency Plan.

Following review and discussion, Director Gay moved to approve the engineer's

report, including:

- (1) approve the award and execution of a contract in the amount of \$1,226,151.65 with Gonzalez Construction Enterprise, Inc. for the construction of Main Segment 9A;
- (2) approve the following pay estimates:
 - Main Segment 0, Pay Estimate No. 22 in the amount of \$0,
 - Main Segment 1A, Pay Estimate No. 23 in the amount of \$0,
 - Main Segment 2, Pay Estimate No. 17 in the amount of \$0,
 - Main Segment 6, Pay Estimate No. 1 in the amount of \$481,879.16,
 - Main Segment 12A, Pay Estimate No. 5 in the amount of \$0,
 - Main Segment 12B, Pay Estimate No. 4 in the amount of \$165,885,
 - Main Segment 12C, Pay Estimate No. 3 in the amount of \$431,049.06,
 - Main Segment 12D, Pay Estimate No. 5 in the amount of \$0,
 - Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 5 in the amount of \$112,488.15,
 - Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 4 in the amount of \$0, and
 - Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay Estimate No. 2 in the amount of \$0;
- (3) authorize B&G to solicit proposals for construction materials engineering and testing services from HVJ Associates, Inc. for Main Segment 7C and from Fugro Consultants, Inc. for Main Segments 9A and 9B;
- (4) authorize B&G to solicit proposals for storm water pollution prevention services from Environmental Allies for Main Segment 7C and from Storm Water Solutions, LP for Main Segments 9A and 9B;
- (5) approve a proposal from HTS Inc. Consultants for construction materials engineering and testing services for the Bellaire Pump Station project in an amount not to exceed \$433,588;
- (6) authorize B&G to advertise for bids for the D-158 Water Plant tank painting project;
- (7) approve a proposal from B&G for supplemental cathodic protection services for Main Segment 3 in an amount not to exceed \$13,800;
- (8) approve a proposal from B&G for hydraulic modeling services to analyze a pipeline owned by NETCO Pipeline, L.L.C. in an amount not to exceed \$22,253;

- (9) approve the following chloramine conversion reimbursement amounts:
North Mission Glen M.U.D. in the amount of \$435,492.50,
Fort Bend Count M.U.D. No. 41 in the amount of \$303,612.94,
Fort Bend County M.U.D. No. 119 in the amount of \$303,928.75, and
Fort Bend County M.U.D. No. 122 in the amount of \$258,562.50;
- (10) authorize B&G to submit the Authority's Annual Report to the FBSD; and
- (11) authorize execution of a Facilities Relocation Agreement with CenterPoint in the amount of \$46,300.

Director Fay seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver reviewed a First Amendment to Joint Facilities Agreement with the WHCRWA, which was distributed to the Board in advance of the meeting. Following review and discussion, Director Gay moved to approve the amendment. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver and the Board discussed matters related to an anticipated cash call for the Luce Bayou Project per the Authority's Water Supply Contract with the COH.

CONTRACTS

Mr. Oliver reviewed a legal conflict waiver related to ABHR's representation of the Authority and the WHCRWA on certain matters related to the First Amendment to Joint Facilities Agreement. Following review and discussion, Director Hebert moved to approve the legal conflict waiver. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of seven Water Line Easements, one Temporary Construction Easement, and four side letters for the parcels and from the Grantors listed on the attached Realty Interests Chart for Main Segments 7A, 7B, 7C, and 8. Following review and discussion, Director Hebert moved to accept the easements and approve the side letters. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

EXECUTIVE SESSION

The Board convened in executive session at 8:09 p.m., to deliberate the purchase, exchange, lease, or value of real property.

At 8:16 p.m., the Board reconvened in open session. Following review and discussion regarding easement acquisition, Director Darden moved to revise the Authority's offer for Parcel 07A.04 and related drill site consent as discussed and to deny the request for additional funds from the ad litem attorney for Parcel 01.B17. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the discussion or the vote.

ENGINEERING MATTERS

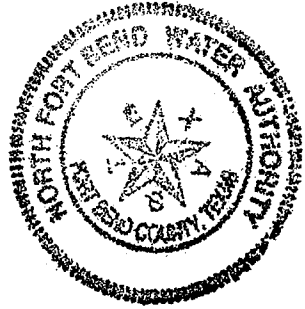
Ms. Silva reported on matters related to a CenterPoint gas line that was leaking and has since been shut-off.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE FEBRUARY 22, 2012, BOARD MEETING]


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Bookkeeper's Report.....	2
Operations Report.....	3
Engineer's Report.....	3
Realty Interests Chart.....	7