

MINUTES
NORTH FORT BEND WATER AUTHORITY

February 24, 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 24th day of February, 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, thus constituting a quorum.

Also present for all or part of the meeting were: David C. Scholler, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; 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 January 27, 2010. After review and discussion, Director Gay 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. There were no public comments.

PUBLIC COMMUNICATIONS, CONFERENCES

Correspondence from Barbara Payne of Payne Communications was previously distributed to update the Board on communication matters, including preparation of notebooks for the initial meeting of the Water Conservation Committee, creation of construction brochures, and brochures regarding the rising cost of water available for distribution. Following discussion, the Board concurred to review the sample brochure on the rising cost of water and requested that the draft construction brochures be

distributed to the Directors for review.

The Board next discussed Director attendance at the American Water Works Association meeting to be held April 13 - 15, 2010, in Corpus Christi, Texas, and the Texas Water Conservation Association's Annual Conference to be held March 3 - 5, 2010, in Dallas, Texas. Following discussion, Director Gay moved to approve Director attendance at both conferences. Director Fay seconded the motion, which was approved by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS

The Directors discussed the activities and topics of the Association of Water Board Directors ("AWBD") winter conference. Following discussion, Director Gay moved to approve reimbursement of eligible expenses and authorize the Directors to attend the AWBD summer conference. Director Hebert 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, and a schedule of debt service payments, a copy of which is attached. She reviewed corrections to the budget and stated that a draft schedule of cumulative project costs will be reviewed at the next Finance Committee meeting. She next reviewed the Quarterly Investment Report. Ms. Lightbody then requested authorization to open bank accounts to utilize the Texas Commission on Environmental Quality's (the "TCEQ") online system for filing Notices of Intent to Make Stormwater Discharges from Construction Projects for the Authority's upcoming projects. Ms. Lightbody, Mr. Oliver, and Mr. Scholler responded to Board members' questions regarding Special Commissioner expenses and the Enterprise Fund budget. Following review and discussion, Director Hebert moved to approve the bookkeeper's report and authorize the opening of bank accounts to utilize the TCEQ's online system. Director Gay 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.

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 2, 4, and 6 were uncontested. After discussion, Director Fay moved to adopt the order declaring

that Robert Darden, Melony Gay, and Peter Houghton are appointed as directors of the Authority, to serve until May 15, 2014, or until their successors have been duly appointed and have qualified. Director Patton seconded the motion, which carried unanimously.

ENGINEERING MATTERS, WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT, JOINT FACILITIES

Mr. Scholler next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority, a summary of activities, and a list of upcoming events. He additionally reported on the status of water supply contracts with the City of Houston ("COH"), the status of the Luce Bayou Project, and negotiations with the West Harris County Regional Water Authority (the "WHCRWA") for sharing in the costs and capacity in the pump station and the Authority's initial water lines. A copy of the written engineer's report is attached. He reported that the COH has notified the WHCRWA that the COH is interested in participating in the second source water line and the additional surface water line to bring surface water to the Authority's proposed pump station. He stated that the COH has expressed a need for 20 to 40 million of gallons per day of surface water to serve their Katy-Addicks pump station and potentially their Bellaire-Braes pump station.

LEASE OF WATER PLANT

Mr. Scholler reported that the COH has not yet forwarded a draft agreement for the Authority's lease of the D-158 water plant. He stated that the initial timeline prepared and submitted to the COH requested an agreement and Right of Entry by April 1, 2010. He requested authorization for B&G to prepare an engineering proposal for a preliminary engineering study for the required plant modifications. Mr. Oliver reported that he met representatives of the COH regarding the project and that the Authority should receive the Right of Entry as requested.

DESIGN AND CONSTRUCTION PROJECTS, ROUTING ANALYSES

Mr. Scholler next reported on and reviewed tables indicating the status of design, contract documentation, right-of-way acquisition, and construction, as appropriate, for Main Segment Nos. 0, 1A, 1B, 2, 3, 4, 5, 6, 7A, 7B, 7C, 8A, 8B, 12A, 12B, 12C, and 12D, and the related district connection lines. Mr. Scholler recommended approval of a request for additional topographic design survey fees in the amount of \$1,770.00 from Costello, Inc. for Segment 7B and a request for additional environmental services fees in the amount of \$10,505.00 from Raba-Kistner Consultants, Inc. for Segment 4. He stated that a limited sub-surface assessment was needed for Segment 4 due to undocumented abandoned gas station tanks found during design.

Mr. Oliver next recommended approval of Permits for Use and Occupancy with

COH for Main Segment Nos. 0, 1A, 1B. Following discussion, Director Gay moved to approve the permits. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Scholler additionally reported on activities undertaken to resolve the routing analysis for Main Segment No. 9.

SERVICES CONTRACTS

Mr. Scholler reported on activities undertaken by ABHR and B&G to finalize amendments to the existing design contracts.

Mr. Scholler next recommended review of Supervisory Control and Data Acquisition ("SCADA") system requirements for the Authority's water distribution system. He stated that a communications survey within the Authority would need to be conducted prior to preparing a comprehensive cost estimate for a SCADA system. He requested authorization to perform such survey for the amount of \$23,500.00 under B&G's General Engineering Services Contract.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Mr. Scholler next reviewed a table indicating the status of utility district conversion to chloramines disinfection. He reported that the Fort Bend Subsidence District (the "FBSD") notified B&G that Cinco M.U.D. No. 1 has a well located in Harris County that is eligible to be included in the Harris-Galveston Subsidence District ("H-GSD") and FBSD Reciprocal Compliance Agreement. He recommended that the Authority pursue this agreement to allow Cinco M.U.D. No. 1 to adhere to one, rather than two, separate surface water conversion mandates. He stated that, if included in the agreement, the well would continue to be permitted in Harris County and compliance would be based on FBSD conversion requirements.

WELL PERMITTING

Mr. Scholler reported on activities undertaken and meetings held with the FBSD to develop a detailed process for the aggregation of well permits for the entities located within the Authority.

EFFLUENT REUSE STUDY PROPOSAL

Mr. Scholler next reviewed a proposal in an amount not to exceed \$85,460.00 from B&G for performance of an effluent reuse study. He stated that the proposal has been reviewed by the Design Committee.

OPERATIONS REQUEST FOR QUALIFICATIONS

Mr. Scholler reported that a Request for Qualifications ("RFQ") for operations and maintenance services was distributed to a comprehensive list of operators assembled by B&G. He stated that three operating companies attended the mandatory, pre-proposal meeting held on February 16, 2010, and proposal submittals are due on March 1, 2010, for review at the March Design Committee meeting.

Director Houghton thanked B&G for coordinating and reported on the tour of the Coastal Water Authority ("CWA") Lynchburg and Trinity Pump Stations. He stated that the tour gave the Board members a much better understanding of the operations of these pump stations and an appreciation for the emphasis that CWA places on preventative maintenance.

Following review and discussion, Director Gay moved to approve the engineer's report, including: 1) authorize B&G to prepare an engineering proposal for a preliminary engineering study for the required D-158 water plant modifications; 2) approve additional topographic design survey fees in the amount of \$1,770.00 from Costello, Inc. for Segment 7B; 3) approve additional environmental services fees in the amount of \$10,505.00 from Raba-Kistner Consultants, Inc. for Segment 4; 4) authorize B&G to perform a communications survey within the Authority for later preparation of a comprehensive cost estimate for a SCADA system; 5) authorize B&G to pursue the Reciprocal Compliance Agreement with H-GSD for the Cinco M.U.D. No. 1 well located in Harris County; and 6) authorize execution of a proposal from B&G for performance of an effluent reuse study. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver next recommended acceptance of eight Water Line Easements for Main Segments 1A, 1B, and 4 from the Grantors listed on the attached chart. Following review and discussion, Director Hebert moved to accept the easements as recommended. Director Patton seconded the motion, which was approved by unanimous vote.

PROPOSALS FOR ADDITIONAL INSURANCE AND PERFORMANCE BONDS

Mr. Oliver reported that he and B&G are working with the District's insurance provider to obtain proposals for additional insurance and performance bonds as required for the Authority's utilization of CenterPoint Energy's right-of-way. In response to Director Houghton's questions, Mr. Oliver and Mr. Scholler reported on discussions and meetings held with CenterPoint Energy regarding the form of the agreement for the Authority's utilization of CenterPoint Energy's right-of-way. Mr. Scholler stated that the construction schedule potentially may be delayed three to four

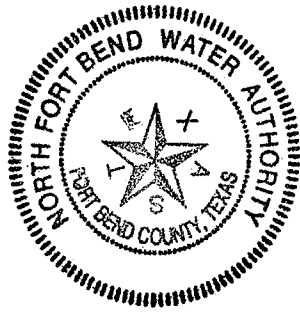
weeks until the agreement is finalized. Additional discussion ensued regarding the construction schedule for the Authority's projects. Following discussion, Directors Darden and Houghton requested that Mr. Krahn and Mr. Scholler distribute the construction schedules to them for review.

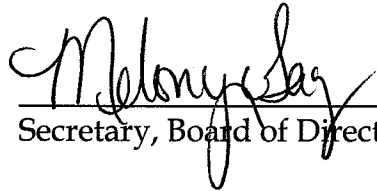
EXECUTIVE SESSION

The Board did not convene in executive session.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
attendance sheets	1
bookkeeper's report.....	2
written engineer's report	3
easement chart.....	5