

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 28, 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 28th day of April, 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:

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|----------------|--------------------------|
| 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 Houghton, 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; Barbara Payne of Payne Communications; David Oliver and Rhonda Sterrett 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 meetings held on March 24 and 30, 2010. After review and discussion, Director Hebert moved to approve the minutes as written. Director Gay 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

Director Patton next reported on the first two meetings of the Water Conservation Committee and stated that the next meeting is scheduled within the next couple of weeks. He stated that Marjie Risk, former head of water conservation for the state of Arizona, made a presentation on the development of water conservation plans at the April meeting. Director Patton also stated that there will be a presentation on the Wise Guy Program.

Ms. Payne discussed the Joint Turf Grass Irrigation Research and Education Project study sponsored by the Houston Gulf Coast Irrigation Association. She stated that the project will be performed at Texas A&M University to study the grasses native to the area to determine minimum water requirements.

Ms. Payne updated the Board on a program being offered by Payne Communications for water conservation education. She stated that staff has been expanded to accommodate the education programs. She then introduced Hugh Wynn of SaveWaterTexas.com and discussed the Texas Water Hog program.

Ms. Payne then reviewed a draft of a newsletter that will be sent to residents in the Authority's boundaries and reported that a quarterly update report on Authority activities for direct distribution to utility districts and for posting on the Authority's website will be forwarded to ABHR prior to distribution.

Ms. Payne next discussed scheduling a town hall meeting in June.

PROPOSAL FOR MODIFICATIONS TO ONLINE PUMPAGE SYSTEM

Director Patton discussed a proposal in the amount of \$16,500.00 from The Texas Network for programming of proposed modifications to the Authority's online pumpage reporting system. Following discussion, Director Hebert moved to approve the proposal and authorize proceeding with updating the website. Director Gay seconded the motion, which passed 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, quarterly investment report and a schedule of debt service payments, a copy of which is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report. 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.

SECOND BOND ISSUE, ADOPT RESOLUTION AUTHORIZING CAPITAL ADVANCE AND REIMBURSEMENT PROCEDURE

Mr. Oliver next reviewed with the Board the legislative requirement for the Authority to provide to its member utility districts the option to make a capital contribution to the Authority for their share of the capital costs to be funded by proposed Authority bond issues. He reviewed the process for notifying the districts of their option regarding a proposed capital advance and reimbursement procedure. After

review and discussion, Director Hebert moved to adopt a Resolution Authorizing Capital Advance and Reimbursement Procedure for a capital expenditure in the amount of \$110,000,000. Director Gay seconded the motion, which was approved by unanimous vote.

AUTHORIZE PREPARATION OF ANNUAL REPORT

Mr. Oliver informed the Board that the District is required to file an Annual Report in accordance with the District's Continuing Disclosure of Information Agreement and SEC Rule 15c2-12. He stated that certain financial information and operating data is required to be updated annually. After discussion, Director Gay moved to authorize the consultants to prepare the Annual Report. Director Darden seconded the motion, which was approved by unanimous vote.

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, and a list of recent and 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, the Authority's initial water lines, and in second source water facilities. A copy of the written engineer's report is attached.

LEASE OF WATER PLANT

Mr. Scholler reported on ABHR's efforts to work with the COH on an agreement for the Authority's lease of the D-158 water plant. He recommended that the Board approve the agreement pending final review by ABHR and B&G. Mr. Scholler then presented a proposal for the required plant modifications.

DESIGN AND CONSTRUCTION PROJECTS, ROUTING ANALYSES

Mr. Scholler reviewed a spreadsheet summarizing the status of on-going projects. He stated that the Fort Bend County Municipal Utility District No. 2 waterline bids will be reviewed at the next committee meeting and that the Kingsbridge Municipal Utility District waterline will be advertised in May. He then requested approval to advertise the waterline projects for Fort Bend County Municipal Utility District Nos. 41 and 119, and Main Segments 2 and 4.

Mr. Scholler reported that construction has begun on Main Segments 0 and 1A. He reported that the issues related to the Authority's utilization of CenterPoint Energy's right-of-way have been resolved. He reported that construction notification flyers have

been prepared and printed, and are expected to be distributed by mail this week. He then presented Pay Estimate Nos. 1 in the amounts of \$83,720.88 for Segment 1A and \$8,784 for Segment 1B.

Mr. Scholler updated the Board on the progress of route evaluations for connecting the Cross Creek Ranch area to Main Segment No. 12.

SERVICES CONTRACTS

Mr. Scholler presented a change order in the amount of \$34,210.00 to the Authority' contract with V&A Consulting Engineers, Inc. for cathodic protection for additional design details for Main Segments 0 through 7.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Mr. Scholler reported that B&G received a request from Benchmark Engineering Corporation on behalf of a development entity requesting that the Authority supply all of the water for a 180-acre tract near FM 1464. He stated that B&G has requested more information in order to evaluate the request.

Mr. Scholler reported that B&G received a request from Mac McCune at Lake Management Services, Inc. to consider providing pumpage fee credits in exchange for early conversion credits. He added that Cross Creek Ranch has obtained early conversion credits from the Fort Bend Subsidence District (the "FBSD") for 13.2 million gallons.

Mr. Scholler next reviewed a spreadsheet summarizing the status of chloramine conversion projects.

Mr. Scholler stated that B&G is working with the FBSD to address the Cinco M.U.D. No. 1 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 stated that the agreement is expected to be approved at the May 12, 2010, meeting of the H-GSD.

WELL PERMITTING

Mr. Scholler reported that FBSD is issuing notices to well permittees in the Authority regarding the well permit aggregation process. He stated that letters from the Authority are also being distributed.

EFFLUENT REUSE STUDY

Mr. Scholler updated the Board on B&G's efforts to obtain funding from the Texas Water Development Board (the "TWDB") for the effluent reuse project. He requested authorization to distribute letters reminding municipal utility districts to

submit Water Use Summary Reports to the TWDB for use by the TWDB in determining their funding priorities.

Following review and discussion, Director Gay moved to approve the engineer's report, including: 1) approval of the D-158 Water Plant lease agreement pending final review by ABHR and B&G and approval of the modifications design proposal; 2) authorization for B&G to advertise for bids for the construction of the waterlines for Fort Bend County Municipal Utility District Nos. 41 and 119, and Main Segments 2 and 4; 3) approval of Pay Estimate Nos. 1 in the amounts of \$83,720.88 for Segment 1A and \$8,784 for Segment 1B; 4) approval of change order in the amount of \$34,210.00 to the Authority' contract with V&A Consulting Engineers, Inc.; and 5) authorization for B&G to distribute letters encouraging submittal of Water Use Summary Reports to TWDB by municipal utility districts. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver next recommended acceptance of six Water Line Easements for Main Segments 1A, 2 and 4 from the Grantors listed on the attached chart. Following review and discussion, Director Gay moved to accept the easements as recommended and approve the legal conflicts waiver for Fort Bend County Municipal Utility District No. 122. Director Darden seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

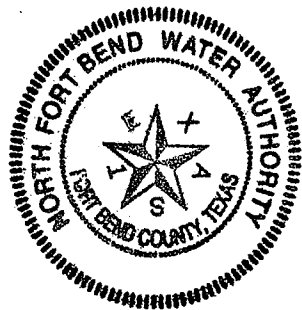
The Board convened in executive session at 7:22p.m., to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 7:36 p.m., the Board reconvened in open session. No action was taken by the Board.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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