

MINUTES
NORTH FORT BEND WATER AUTHORITY

May 25, 2011

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 25th day of May, 2011, 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 Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Terrell Palmer of First Southwest Company; Pam Logsdon of AVANTA Services; Brian Bare of SWWC Services, Inc. ("SWWC"); Barbara Payne of Payne Communications; 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 and regular meetings held on April 27, 2011. After review and discussion, Director Gay moved to approve the minutes. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

MEETING SCHEDULE

The Board discussed drawbacks of the Authority's current regular meeting location and efforts to evaluate other venues.

PUBLIC COMMUNICATIONS, CONFERENCES

Ms. Payne updated the Board on public communication activities, including preparation of an article regarding the Authority and the availability of water conservation brochures for distribution by municipal utility districts. She additionally reported on requests for use and sponsorship of the Authority's water conservation education trailer and teacher workshops on water conservation scheduled for next month.

Ms. Payne discussed development of a Facebook page for the Authority. Following discussion, Director Patton moved to authorize development of a Facebook page for the Authority and authorized Ms. Payne to post items to the page after review by a Director to be selected by the Authority. Director Gay 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 upcoming conferences.

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

Ms. Logsdon 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 the bookkeeper's report is attached. She reviewed one additional check for payment to CenterPoint Energy and stated that the check will be included on next month's bookkeeper's report. Following review and discussion, Director Gay moved to approve the additional check and the bookkeeper's report as presented. 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.

SERIES 2011 BONDS

Mr. Palmer stated that the Authority's proposed issuance of Series 2011 Bonds is the final issue required for the Authority's 2013 conversion projects and will result in pumpage fees for 2012 and 2013 that are consistent with the Authority's projections. He stated that the proposed targeted closing date for the issue is September, 2011, and the proposed construction amount for the issue, excluding soft costs, is \$70,000,000. Mr. Palmer and Mr. Oliver discussed Optional Capital Advance and Reimbursement Procedures. After review and discussion, Director Gay moved to adopt a Resolution Authorizing Capital Advance and Reimbursement Procedure for a capital expenditure

in the amount of \$70,000,000. Director Hebert seconded the motion, which was approved by unanimous vote.

REVIEW CRITICAL LOAD SPREADSHEET FOR FACILITIES

The Board reviewed the current Critical Load Spreadsheet for the Authority's facilities. Following review and discussion, Director Gay moved to authorize filing of the spreadsheet, pursuant to Section 13.1396, Texas Water Code. Director Hebert seconded the motion, which was approved by unanimous vote.

OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported on operation of the Authority's facilities. A copy of the Operations Report is attached. He reported that no water quality issues have been reported. He stated that adjustments are being made to the Authority's system to optimize the amount of surface water delivered to Kingsbridge M.U.D.

Ms. Silva reported that North Mission Glen M.U.D. and Fort Bend County M.U.D. No. 119 are the next two municipal utility districts scheduled to receive surface water.

Following review and discussion, Director Spell moved to approve the operations report. Director Darden seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

WATER SUPPLY CONTRACT, 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 reported that the updates to the Authority's on-line pumpage reporting system became active on May 1, 2011. She reviewed a list of recent and upcoming events, and reported on activities related to the status of the Luce Bayou Project, the proposed second source transmission line, and the City of Houston's ("COH") Lake Houston Water Quality Study. A copy of the written engineer's report is attached.

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 several main line segments and related district connection lines. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report.

Ms. Silva reported that COH responded positively to the letter from the

Authority expressing the Authority's interest in potentially purchasing the two wells located at the D-158 pump station site for backup water supply. She stated that a meeting will be held with representatives of COH to discuss moving forward with the purchase.

Ms. Silva requested authorization to begin advertising for the contracts for the construction of Main Segment 12C and the connection water line for Fort Bend County M.U.D. No. 118.

Ms. Silva reported that nine bids were opened on May 19, 2011, for the contract for the construction of Main Segment 12A and recommended that the Board award a contract in the amount of \$1,563,355.75 to the lowest bidder, Calco Contracting, Ltd. Following review and discussion, the Board concurred with the engineer's judgment that Calco Contracting, Ltd. 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, 1B, 2, 3, 4A, 4B, and 5, the connection water lines for Fort Bend County M.U.D. Nos. 2, 41, and 119, North Mission Glen M.U.D., Kingsbridge M.U.D., and Big Oaks M.U.D., and the D-158 water plant modifications project. She recommended approval of thirteen pay estimates for the Main Segments, connection water lines, and the D-158 water plant modifications project. She noted that the Authority has installed approximately 18.6 miles of water lines to date and discussed the schedule for surface water delivery.

Ms. Silva reported that the contract for the construction of the connection water line for Big Oaks M.U.D. includes the restoration of walking trails that are disturbed by the Authority's project. She stated that Big Oaks M.U.D. notified B&G that it will soon be re-designing and re-constructing the trails and has requested that instead of the Authority performing the trail repairs, the Authority share the costs for the trail repairs included in the district's overall trail project. She recommended proceeding with a change order that would remove the walking trail repair costs from the construction contract and authorizing ABHR to negotiate a cost sharing agreement with Big Oaks M.U.D.

Ms. Silva recommended approval of an agreement with Geotest Engineering, Inc. in an amount not to exceed \$73,194.00 for materials testing services for Main Segment 3. She requested authorization to solicit proposals for materials testing services for Main Segments 6, 7, 8, 9, and 12.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system. She stated that B&G continues to attend meetings to inform municipal utility districts of the proposed future routes.

GRP, CHLORAMINES CONVERSION, FBSD REGULATIONS

Ms. Silva updated the Board on the status of chloramine conversion projects. A spreadsheet summarizing the status of chloramine conversion projects is attached to the engineer's report.

Ms. Silva reported that, pursuant to the variance granted by the Authority, Fort Bend County M.U.D. No. 165 ("FBC 165") has submitted information documenting its pro rata share of chloramines conversion costs for the Grand Mission M.U.D. No. 1 regional water plant and recommended payment in the amount of \$101,902.00 to Grand Mission M.U.D. No. 1 for FBC 165's pro rata share of costs.

Ms. Silva updated the Board on activities related to evaluating requests from Fort Bend County M.U.D. No. 141 to participate in the Authority's Groundwater Reduction Plan ("GRP"), and evaluating a request from Fort Bend County M.U.D. No. 142 for a water supply contract and early conversion to surface water. She reported that a meeting was held with representatives of Fort Bend County M.U.D. No. 58 to discuss the district's request for early conversion to surface water and the request is being evaluated. She reported that a second meeting was held with representatives of the Brazos Lakes Property Owners Association (the "POA"), currently a contract participant in the Authority's GRP, to evaluate the POA's request to be excluded from the Authority's GRP.

Ms. Silva reported that, due to the drought experienced in Fort Bend County, B&G will continue to monitor the status of groundwater pumpage to determine whether the Authority needs to amend its aggregate well permit with the Fort Bend Subsidence District (the "FBSD") prior to September 30, 2011.

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

- (1) authorize B&G to advertise for the contracts for the construction of Main Segment 12C and the connection water line for Fort Bend County M.U.D. No. 118;
- (2) authorize B&G to solicit proposals for materials testing services for Main Segments 6, 7, 8, 9, and 12;
- (3) approve the award and execution of a contract in the amount of \$1,563,355.75 with Calco Contracting, Ltd. for the construction of Main Segment 12A;
- (4) approve the Agreement for Professional Materials Engineering Lab Services with Geotest Engineering, Inc. in the amount of \$73,194.00 for Main Segment 3;

- (5) approve payment in the amount of \$101,902.00 to Grand Mission M.U.D. No. 1 pursuant to the variance granted by the Authority for FBC 165's pro rata share of chloramines conversion costs for the Grand Mission M.U.D. No. 1 regional water plant;
- (6) authorize B&G to proceed with a change order to the construction contract for the connection water line for Big Oaks M.U.D. to remove the cost for walking trail repairs;
- (7) authorize ABHR to negotiate a cost sharing agreement with Big Oaks M.U.D. for walking trail repair costs; and
- (8) approve the following pay estimates:
 - Main Segment 0, Pay Estimate No. 13 in the amount of \$0,
 - Main Segment 1A, Pay Estimate No. 14 in the amount of \$0,
 - Main Segment 1B, Pay Estimate No. 14 in the amount of \$151,014.00,
 - Main Segment 2, Pay Estimate No. 8 in the amount of \$665,654.13,
 - Main Segment 3, Pay Estimate No. 2 in the amount of \$0,
 - Main Segment 4A, Pay Estimate No. 6 in the amount of \$139,221.64,
 - Main Segment 5, Pay Estimate No. 5 in the amount of \$519,815.53,
 - Fort Bend County M.U.D. No. 2 connection water line, Pay Estimate No. 9 and Final in the amount of \$42,093.51,
 - Kingsbridge M.U.D. connection water line, Pay Estimate No. 7 in the amount of \$37,102.09,
 - North Mission Glen M.U.D. connection water line, Pay Estimate No. 4 in the amount of \$43,319.45,
 - Fort Bend County M.U.D. No. 119 connection water line, Pay Estimate No. 4 in the amount of \$99,274.60,
 - Fort Bend County M.U.D. No. 41 connection water line, Pay Estimate No. 2 in the amount of \$52,848.90, and
 - D-158 water plant modifications project, Pay Estimate No. 7 in the amount of \$0.

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

JOINT FACILITIES

Mr. Oliver reminded the Board that the Cities of Richmond, Rosenberg, and Sugar Land have expressed possible interest in capacity in the proposed joint second source water transmission line to be shared with the West Harris County Regional

Water Authority (the "Second Source Line"). He stated that a workshop to discuss the joint facilities will be scheduled next month.

WATER CONSERVATION AND REUSE

Director Patton reported on the Authority's water conservation task force charged with evaluating and implementing the Water Conservation Advisory Committee's recommendations. He reported that the task force, made up of Directors Patton, Hebert, and Fay, and representatives of B&G and ABHR, recommends the following:

- (1) Authorize membership renewal for the Alliance for Water Efficiency;
- (2) Approve the contract with Vepo, LLC for irrigation evaluations (the W.I.S.E. Guys Program);
- (3) Authorize the distribution of a letter to eligible entities inviting them to participate in the W.I.S.E. Guys Program and a form cost sharing agreement;
- (4) Approve the form cost sharing agreement and authorize execution by the President of the Board for all form cost sharing agreements signed and returned by the eligible entities; and
- (5) Authorize printing of marketing materials for the W.I.S.E. Guys program consisting of a post card and three billing inserts and distribution to eligible entities that have entered into cost sharing agreements with the Authority.

Director Patton and Ms. Vinson responded to meeting attendees' questions regarding the W.I.S.E. Guys Program. Following discussion, Director Patton moved to approve the implementation recommendations. Director Darden seconded the motion, which was approved by unanimous vote.

CONTRACTS

There was no discussion on this item.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of two Water Line Easements and a Right of Entry Agreement for the parcels and from the Grantors listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to accept the easements and right of entry agreement as recommended. Director Hebert seconded the motion, which was approved by unanimous vote.

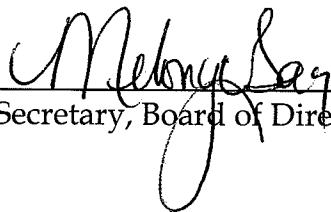
EXECUTIVE SESSION

The Board convened in executive session at 7:41 p.m., to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 7:58 p.m., the Board reconvened in open session. Following review and discussion regarding right-of-way acquisition, Director Hebert moved to accept three Water Line Easements for the parcels and from the Grantors listed on the attached Realty Interests Chart, subject to receipt. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay, who was not present for the vote.

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


Secretary, Board of Directors

(SEAL)



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