

MINUTES  
NORTH FORT BEND WATER AUTHORITY

May 26, 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 26th day of May, 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. and Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; Pamela Logsdon of AVANTA Services; Barbara Payne of Payne Communications; Steve Bonjonia of Property Acquisition 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 regular meeting held on April 28, 2010. After review and discussion, Director Patton moved to approve the minutes as written. Director Gay seconded the motion, which carried unanimously.

APPROVE SWORN STATEMENTS, OFFICIAL BONDS, AND OATHS OF OFFICE

The Sworn Statements, Official Bonds, and Oaths of Office for Robert Darden, Melony Gay, and Peter Houghton were presented to the Board. Director Hebert moved to approve Director's Sworn Statements, Official Bonds, and Oaths of Office, and to direct that they be filed and retained in the Authority's official records, and that the Oaths of Office be filed with the Secretary of State of the State of Texas. The motion was seconded by Director Patton, which carried unanimously.

FILING OF REGISTRATION FORM

The Board next considered approving a Registration Form for filing with the

Texas Commission on Environmental Quality (the "TCEQ") to reflect the appointment of the Board members and their respective terms. After review and discussion, Director Hebert moved to authorize the execution and filing of the Registration Form. Director Patton seconded the motion, which was approved by unanimous vote.

#### COMMENTS FROM THE PUBLIC

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

#### PUBLIC COMMUNICATIONS, CONFERENCES

Ms. Payne reported that the Authority's newsletter has been distributed to residents within the Authority's boundaries. She requested to be notified of any residences within the Authority that do not receive a newsletter.

Ms. Payne next reported that the Water Conservation Committee is scheduled to meet on the first Wednesday of each month. She identified two committee members among the meeting attendees, John Sauter of Fort Bend County M.U.D. No. 2 and Severn Trent Services, Inc., and Jim Cusak of Cinco M.U.D. No. 9. She stated that the committee requested that next month's meeting focus on opportunities, policies, procedures, incentives, and disincentives for water conservation. She stated that Mr. Oliver and Alia Vinson of ABHR will make a presentation on such issues at next month's committee meeting.

Ms. Payne reported that the Water Conservation Committee recommends that the Authority purchase water conservation brochures to provide to utility districts within the Authority's boundaries for distribution with their utility bills. Following discussion, Director Patton moved to approve such purchase. Director Fay seconded the motion, which was approved by unanimous vote.

In response to Mr. Cusak's question, Ms. Payne stated that 100% of the funding has been received for the Joint Turf Grass Irrigation Research and Education Project to be performed at Texas A&M University to determine minimum water requirements of the grasses native to the area.

Ms. Payne reported that the latest dime novel, provided for students as part of the Texas Water Educational Program, is ready for distribution and introduced the author of the novels, Hugh Wynn.

Ms. Payne noted that the Mobile Teaching Lab owned jointly by the North Harris County and West Harris County Regional Water Authorities was available for tour prior to the Board meeting. She introduced the team of educators who work with the lab and on the Texas Water Program Curriculum for teacher workshops, Carol Fraser and Mary Bonetati. She reviewed a proposal in an amount not to exceed \$35,000 for

construction of a Mobile Teaching Lab for the Authority and responded to Board members' questions regarding the responsibilities of the Management Company and development of the lab's design. Following review and discussion, Director Gay moved to accept the proposal as presented. Director Darden seconded the motion, which was approved by unanimous vote.

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

Ms. Logsdon next reviewed a written bookkeeper's report, including checks for payment, a supplemental list of seven 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. Mr. Oliver explained that the check in the amount of \$50,000 to CenterPoint Energy is a deposit to be held until a Letter of Credit in favor of CenterPoint Energy is issued or until June 4, 2010, and is not expected to be cashed. He stated that the deposit was necessary to allow construction to proceed. Ms. Logsdon responded to Director Houghton's question regarding the Authority's account with Regions Bank. 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. Logsdon reported that there was no need to conduct a hearing on delinquent fees or rule violations.

#### ENGINEERING MATTERS, WATER SUPPLY CONTRACT, LUCE BAYOU PROJECT

Ms. Silva 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. She additionally reported on the status of water supply contracts with the City of Houston ("COH") and the status of the Luce Bayou Project. A copy of the written engineer's report is attached.

Ms. Silva reported that the Authority may need to participate in their pro-rata share of a study on the impact of the Luce Bayou Project on Lake Houston water quality. She stated that the estimated total cost of the study is \$297,060.00.

#### JOINT FACILITIES

Mr. Oliver reported on the status of 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. He stated that the Authority's contract committee is scheduled to meet at the end of this week to discuss a term sheet for the agreement.

Ms. Silva reported that the COH requested that the Authority and the

WHCRWA explore another route for the second source transmission line that may lead to participation by other authorities. She stated that the estimated cost of the study is \$667,000.00 and that the Authority is expected to reimburse a portion of the study costs if the results indicate that the route proposed by the COH is more economical than the route previously determined by the WHCRWA.

### LEASE OF WATER PLANT

Mr. Oliver reported that an agreement with the COH for the Authority's lease of the D-158 water plant is scheduled to be considered by the COH City Council on June 9, or June 16, 2010. Ms. Silva requested authorization to advertise for bids for the D-158 water plant design modifications project.

### DESIGN AND CONSTRUCTION PROJECTS

Ms. Silva 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. She discussed the schedule for advertising of construction projects.

Ms. Silva presented twelve bids to the Board and recommended that the Board award the contract to Reddico Construction, Inc., in the amount of \$739,572.45 for the construction of the Fort Bend County Municipal Utility District No. 2 water line. She stated that the Design Committee concurred with the recommendation. Following review and discussion, the Board concurred with the engineer's judgment that Reddico Construction, Inc. was a responsible bidder whose bid would result in the best and most economical completion of the project. A copy of the bid tabulation is attached to the engineer's report.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, and 1B and stated that construction updates are included on the Authority's web site. She additionally reviewed photographs of ongoing construction. She then recommended approval of Pay Estimate No. 1 in the amount of \$131,106.30 for Segment 0, Pay Estimate No. 2 in the amount of \$123,784.13 for Segment 1A, and Pay Estimate No. 2 in the amount of \$55,800.00 for Segment 1B. Following discussion, the Board authorized Director Gay to contact Alief High School to determine whether their concerns with the construction activity are being met.

### ROUTING ANALYSES

Ms. Silva distributed and requested approval of the routing analysis report for Main Segment No. 9. She stated that the report was reviewed by the Design Committee. She then updated the Board on the progress of route evaluations for Main

Segment Nos. 10, 13, and 14.

### SERVICES CONTRACTS

Ms. Silva presented a change order in the amount of \$110,880.00 to the Authority' contract with V&A Consulting Engineers, Inc. for alternating electrical current mitigation for Main Segments 0 through 9, and 12.

### GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva reported that the Harris-Galveston Subsidence District ("H-GSD") approved the Fort Bend Subsidence District ("FBSD") Reciprocal Compliance Agreement for the Cinco M.U.D. No. 1 well located in Harris County at the H-GSD meeting held on May 12, 2010. She stated that the FBSD will consider the matter at its next meeting.

Ms. Silva stated that responses to requests for additional information have not been received from Fort Bend County M.U.D. No. 141 to address their request to the Authority for a Groundwater Participation Contract or from Fort Bend County M.U.D. No. 142 to address their request to the Authority for a water supply contract in lieu of drilling a second water well.

Ms. Silva next reviewed a spreadsheet summarizing the status of chloramine conversion projects.

### WELL PERMITTING

Ms. Silva reported that anticipated pumpage from each of the Groundwater Reduction Plan participants has been requested for the well aggregation process and that approximately 50% have responded.

### EFFLUENT REUSE STUDY

Ms. Silva updated the Board on B&G's efforts to obtain funding from the Texas Water Development Board (the "TWDB") for the effluent reuse project. She stated that B&G is working with the TWDB 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) award and execution of a contract in the amount of \$739,572.45 to Reddico Construction for the construction of the Fort Bend County Municipal Utility District No. 2 water line; 2) approval of the change order in the amount of \$110,880.00 to the Authority' contract with V&A Consulting Engineers, Inc.; 3) authorization for B&G to advertise for bids for the construction of Main Segment 5 and the D-158 water plant

design modifications project; 4) approval of Pay Estimate No. 1 in the amount of \$131,106.30 for Segment 0, Pay Estimate No. 2 in the amount of \$123,784.13 for Segment 1A, and Pay Estimate No. 2 in the amount of \$55,800.00 for Segment 1B; 5) approval of the routing analysis report for Main Segment 9; and 6) adoption of a Resolution Authorizing Acquisition of Real Property Interests for Main Segment 9. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

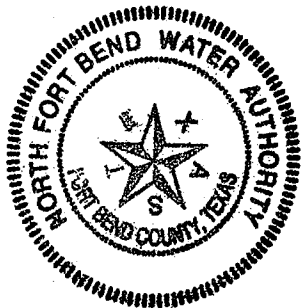
Mr. Oliver next recommended acceptance of eleven Water Line Easements for Main Segments 1, 2, and 4 from the Grantors listed on the attached chart. Following review and discussion, Director Gay moved to accept the easements as recommended. Director Darden seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

The Board did not convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

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

(SEAL)



*Melony Gay*  
Secretary, Board of Directors

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