

MINUTES
NORTH FORT BEND WATER AUTHORITY

June 22, 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 22nd day of June, 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, 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"); Pam E. Lightbody of AVANTA Services; Brian Bare of SWWC Services, Inc. ("SWWC"); Steve Bonjonia of Property Acquisition Services, Inc.; Barbara Payne of Payne Communications; David Oliver, Alia Vinson, 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 special and regular meetings held on May 9, and May 25, 2011. After review and discussion, Director Gay moved to approve the minutes as written. Director Fay 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 AND LOCATION

Mr. Oliver reported that research into meeting location options for the Authority's regular meetings continues.

PUBLIC COMMUNICATIONS, CONFERENCES

Ms. Payne updated the Board on public communication activities, including water conservation education programs, scheduling of a Town Hall meeting, the W.I.S.E. Guys irrigation system evaluation program, and articles for the Authority's Facebook page.

AWBD

The Board discussed the recent Association of Water Board Directors ("AWBD") summer conference in Fort Worth.

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

Ms. Lightbody 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. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. 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.

SERIES 2011 BONDS

Mr. Oliver discussed the schedule for the Authority's proposed issuance of Series 2011 Bonds and the Authority's Optional Capital Advance and Reimbursement Notice.

ANNUAL REPORT

The Board next considered approving the Annual Report and authorizing filing of same with the appropriate information depositories in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Following review and discussion, Director Fay moved to approve the updated financial and operating data, subject to final review of the data by the Authority's consultants, and direct that the report be filed appropriately and retained in the District's official records. Director Gay 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 Fort Bend County M.U.D. Nos. 41 and

119 are the next two municipal utility districts scheduled to receive surface water. Following review and discussion, Director Gay moved to approve the operations report. Director Hebert 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 reviewed a list of recent and upcoming events, and reported on activities related to the status of the Luce Bayou Project and the proposed second source transmission line. 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 recommended approval of a change order to the design contract with Kellogg Brown & Root Services, Inc. for Main Segment 12A in the amount of \$5,397.00.

Ms. Silva reported that B&G will meet next month with the City of Houston ("COH") on behalf of the Authority regarding the potential purchase of the two wells located at the D-158 water plant site for backup water supply.

Ms. Silva reported on the preparation of an application for submission to the City of Houston's Planning Commission to request a variance to allow the Authority to install landscaping to meet the opaque fencing requirements at the D-158 pump station site.

Ms. Silva reported that five bids were opened on June 7, 2011, for the contract for the construction of the connection water line for Fort Bend County M.U.D. No. 30 and recommended that the Board award a contract in the amount of \$524,110.00 to the lowest bidder, Hurtado Construction Company. Following review and discussion, the Board concurred with the engineer's judgment that Hurtado Construction Company was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva reported that nine bids were opened on June 9, 2011, for the contract for the construction of Main Segment 12B and recommended that the Board award a contract in the amount of \$2,205,923.00 to the lowest bidder, Holloman Corporation. Following review and discussion, the Board concurred with the engineer's judgment

that Holloman Corporation was a responsible bidder whose bid would result in the best and most economical completion of the project.

Ms. Silva reported that ten bids were opened on June 9, 2011, for the contract for the construction of Main Segment 12D and recommended that the Board award a contract in the amount of \$1,498,440.01 to the lowest bidder, Hurtado Construction Company. Following review and discussion, the Board concurred with the engineer's judgment that Hurtado Construction Company 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., Big Oaks M.U.D., and Grand Mission M.U.D. No. 1, 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 20.7 miles of water lines to date and discussed the schedule for surface water delivery.

Ms. Silva reported that, as discussed at last month's Board meeting, B&G is preparing a change order to the contract for the construction of the connection water line for Big Oaks M.U.D. that would remove the walking trail repair costs from the construction contract. Mr. Oliver reported that ABHR is negotiating a cost sharing agreement with Big Oaks M.U.D. to facilitate restoration of the walking trail by Big Oaks M.U.D. as part of a larger district trail project.

Ms. Silva recommended approval of a contract with Environmental Allies in an amount not to exceed \$23,660.00 for storm water pollution prevention services for the connection water line for Fort Bend County M.U.D. No. 30.

Ms. Silva recommended approval of an agreement with Geotest Engineering, Inc. in an amount not to exceed \$18,000.00 for materials testing services for the connection water line for Fort Bend County M.U.D. No. 30.

Ms. Silva recommended approval of an agreement with HVJ Associates, Inc. in an amount not to exceed \$40,000.00 for materials testing services for Main Segment 12A.

Ms. Silva recommended approval of a change order to the materials testing services contract with Aviles Engineering Corporation in an amount not to exceed \$100,000.00 for construction projects in progress.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system. She reported that B&G is working on route

evaluations for Main Segments 15 and 17.

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 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 on B&G's evaluation of a request for early conversion to surface water from Fort Bend County M.U.D. No. 58.

The Board discussed a second letter received from the Brazos Lakes Property Owners' Association ("POA"), currently a contract participant in the Authority's Groundwater Reduction Plan ("GRP"), requesting termination of its contract with the Authority. Mr. Oliver stated that ABHR will prepare a termination agreement to be sent to the POA, and notify the Fort Bend Subsidence District ("FBSD") that the Authority has no objection to FBSD's review of the POA's proposed 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 FBSD prior to September 30, 2011.

Ms. Silva reported that the Authority has been requested to prepare information about the Authority and its activities for the Subsidence District Regulatory Plan study. Following discussion, the Board concurred that B&G should provide any information requested for the study.

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

- (1) approve a change order to the design contract with Kellogg Brown & Root Services, Inc. for Main Segment 12A in the amount of \$5,397.00;
- (2) approve the award and execution of a contract in the amount of \$524,110.00 with Hurtado Construction Company for the construction of the connection water line for Fort Bend County M.U.D No. 30;
- (3) approve the award and execution of a contract in the amount of \$2,205,923.00 with Holloman Corporation for the construction of Main Segment 12B;

- (4) approve the award and execution of a contract in the amount of \$1,498,440.01 with Hurtado Construction Company for the construction of Main Segment 12D;
- (5) approve contract with Environmental Allies in an amount not to exceed \$23,660.00 for storm water pollution prevention services for the connection water line for Fort Bend County M.U.D. No. 30;
- (6) approve agreement with Geotest Engineering, Inc. in an amount not to exceed \$18,000.00 for materials testing services for the connection water line for Fort Bend County M.U.D. No. 30;
- (7) approve agreement with HVJ Associates, Inc. in an amount not to exceed \$40,000.00 for materials testing services for Main Segment 12A; and
- (8) approve change order to the materials testing services contract with Aviles Engineering Corporation in an amount not to exceed \$100,000.00 for construction projects in progress
- (9) approve the following pay estimates:
 - Main Segment 0, Pay Estimate No. 14 in the amount of \$11,586.20,
 - Main Segment 1A, Pay Estimate No. 15 in the amount of \$0,
 - Main Segment 2, Pay Estimate No. 9 in the amount of \$1,076,309.86,
 - Main Segment 3, Pay Estimate No. 3 in the amount of \$519,261.21,
 - Main Segment 4A, Pay Estimate No. 7 in the amount of \$58,795.51,
 - Main Segment 4B, Pay Estimate No. 1 in the amount of \$678,544.47,
 - Main Segment 5, Pay Estimate No. 6 in the amount of \$156,467.30,
 - Fort Bend County M.U.D. No. 119 connection water line, Pay Estimate No. 5 in the amount of \$55,570.25,
 - Kingsbridge M.U.D. connection water line, Pay Estimate No. 8 in the amount of \$3,733.50,
 - North Mission Glen M.U.D. connection water line, Pay Estimate No. 5 in the amount of \$13,469.39,
 - Big Oaks M.U.D. connection water line, Pay Estimate No. 1 in the amount of \$84,603.06,
 - Fort Bend County M.U.D. No. 41 connection water line, Pay Estimate No. 3 in the amount of \$124,186.50, and
 - D-158 water plant modifications project, Pay Estimate No. 8 in the amount of \$0.

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

JOINT FACILITIES

Mr. Oliver reminded the Board that a special meeting of the Board is scheduled on Monday, June 27, 2011, to discuss the proposed Joint Facilities Agreement with the West Harris County Regional Water Authority (the "WHCRWA") for Main Segments 0 and 1A, the Bellaire Pump Station, and the Second Source Waterline and related pump stations.

WATER CONSERVATION AND REUSE

Director Patton reported on a meeting of the Water Conservation Advisory Committee.

Ms. Vinson reported that five executed cost sharing agreements to participate in the W.I.S.E. Guys irrigation system evaluation program have been received from the following districts: Grand Lakes M.U.D. Nos. 1 and 2, Grand Mission M.U.D. No. 1, Fort Bend Count M.U.D. No. 50, and Cinco M.U.D. No. 14.

Ms. Vinson discussed with the Board the Authority's sponsorship of students for the FBSD's Learning to be Water Wise Program. Following review and discussion, Director Gay moved to provide for sponsorship of students in eligible area schools in an amount not to exceed \$125,000.00. Director Hebert seconded the motion, which was approved by unanimous vote.

CONTRACTS

The Board deferred discussion of this item.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of two Water Line Easements 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 as recommended. Director Patton seconded the motion, which was approved by unanimous vote.

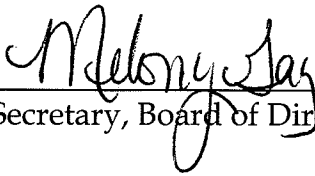
EXECUTIVE SESSION

The Board convened in executive session at 7:00 p.m., to deliberate the purchase, exchange, lease, or value of real property.

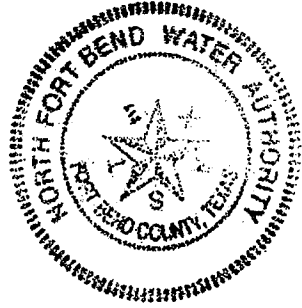
RECONVENE IN OPEN SESSION

At 7:17 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.


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
attendance sheets	1
bookkeeper's report.....	2
Operations Report.....	2
written engineer's report	3
Realty Interests Chart	7