

MINUTES  
NORTH FORT BEND WATER AUTHORITY

June 27, 2012

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 27th day of June, 2012, at the Willow Fork Country Club, 21055 Westheimer Parkway, 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"); Barbara Payne of Payne Communications; Pam E. Lightbody of AVANTA Services; Mike Thelen of SWWC Services, Inc. ("SWWC"); Steve Bonjonia of Property Acquisition Services, Inc.; David Oliver, Brooks Hamilton, 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 regular meeting held on May 23, 2012, and the special meetings held on May 30 and 31, 2012. After review and discussion, Director Gay moved to approve the minutes as written. 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.

PUBLIC COMMUNICATIONS

Ms. Payne updated the Board on public communication and water conservation activities, including preparation for water conservation workshops to be held with teachers from the Katy Independent School District. She reported on development of an outreach campaign for the Authority's W.I.S.E. Guys Irrigation System Evaluations

Program. She discussed the Authority's water conservation workshop held on May 31, 2012, and stated that one copy of the publication, "Water Awareness, A Guide for Community Outreach" has been purchased for each municipal utility district and will be distributed to the districts that did not attend the workshop.

#### WATER CONSERVATION AND REUSE

Mr. Oliver reported that approximately 50% of non-exempt well owners submitted their water conservation plans per the Authority's requirement that all non-exempt well owners within the Authority adopt a water conservation plan meeting minimum State requirements by May 1, 2012. He said a letter will be sent to remind non-exempt well owners of the penalty for non-compliance under the Authority's Amended Rate Order and provide a 60-day amnesty period for compliance.

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

Ms. Lightbody reviewed the written bookkeeper's report, including checks for payment, transfers, monthly receipts, past due accounts, the income statement for the enterprise fund, a summary of investments, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. She reviewed five additional checks for payment of meeting expenses, three Special Commissioner Hearings, and one Water Line Easement acquisition. She stated that the checks will be included on next month's bookkeeper's report. Following review and discussion, Director Gay moved to approve the bookkeeper's report and payment of the five additional checks 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.

#### TRAVEL REIMBURSEMENT GUIDELINES

The Board next discussed the Authority's Travel Reimbursement Guidelines in preparation for upcoming conferences.

#### ANNUAL REPORT

The Board 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 Gay 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 Authority's official records. Director Hebert seconded the motion, which was approved by unanimous vote.

## OPERATION OF AUTHORITY FACILITIES

Mr. Thelen reported on the operations of the Authority's facilities, including maintenance and repairs, the quantity of requests for staking responded to by SWWC through the One-Call Board of Texas, and the status of installing identification plates on all wells located within the Authority. A copy of the operations report is attached. Following review and discussion, Director Gay moved to approve the operator's report. Director Patton seconded the motion, which was approved by unanimous vote.

## ENGINEERING MATTERS

### WATER SUPPLY CONTRACT AND 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, reported on information received and outstanding from the City of Houston (the "COH") needed to analyze the Fiscal Year 2011 estimated true-up, and discussed the status of the wetlands delineation for the Luce Bayou Project. A copy of the engineer's report is attached.

### DESIGN AND CONSTRUCTION PROJECTS, AND 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, related district connection water lines, and the inspection and evaluation of the D-158 Water Plant site water wells. A spreadsheet summarizing the status of design projects is attached to the engineer's report. Ms. Silva recommended approval of a change order to the design contract for the connection water line for Fort Bend County M.U.D. No. 118.

Ms. Silva updated the Board on the construction of Main Segments 2, 6, 7A, 7B, 8A, 8B, 9A, 9B, 12A, 12B, 12C, and 12D, the connection water lines for Fort Bend County M.U.D. Nos. 30, 118, and 122, the Bellaire Pump Station project, the flow control valves winterization project, the D-158 tank painting project, and the Main Segment 0 Tie-ins and D-158 Water Plant Modifications project. A spreadsheet summarizing the status of construction projects is attached to the engineer's report. Ms. Silva recommended approval of fourteen pay estimates for the construction projects and final acceptance of Main Segment 2, the facility winterization project, and the connection water line projects for Fort Bend County M.U.D. Nos. 30 and 122. She additionally recommended approval of change orders to the construction contracts for Main Segment 12A and the Segment 0 Tie-ins and D-158 Water Plant Modification Project.

Ms. Silva recommended approval of a change order to the contract with HVJ Associates, Inc. for construction materials engineering and testing services for Main

Segment 6.

ROUTING ANALYSES

There was no update on this item.

GRP, CHLORAMINES CONVERSION, AND REGULATIONS

Ms. Silva updated the Board on the status of chloramine conversion projects and evaluation of requests for reimbursement for chloramine conversion. A spreadsheet summarizing the status of chloramine conversion projects and reimbursement is attached to the engineer's report. She reported that Cinco Southwest M.U.D. No. 1's Board of Directors and engineer recommended approval of Pay Estimate No. 2 for the chloramine conversion project per the Authority's approved variance with that district.

Ms. Silva reported on activities related to evaluating requests from Fort Bend County M.U.D. No. 142 for early conversion to surface water, a request for early conversion to surface water from Fort Bend County M.U.D. No. 58, and a request from Grand Mission M.U.D. No. 1 for a water supply contract.

Ms. Silva reviewed a chart reflecting surface water versus groundwater usage by the municipal utility districts currently receiving surface water from the Authority. She stated that a form will be posted on the Authority's website for use by municipal utility districts to notify the Authority when they use interconnects.

Ms. Silva reported that B&G is evaluating a revised request from Fort Bend County M.U.D. No. 25 for exclusion of approximately 24.014 acres.

Ms. Silva requested authorization for B&G to send letters notifying the appropriate parties that surface water conversion has been delayed due to various schedule delays.

Ms. Silva reported that ABHR is coordinating with Cinco M.U.D. No. 1 and the Fort Bend Subsidence District (the "FBSD") regarding Cinco M.U.D. No. 1's water well located in Harris County.

Ms. Silva stated that the preparation of a Groundwater Reduction Plan ("GRP") Participation Agreement with Fort Bend County M.U.D. No. 141 is on hold pending completion of B&G's updated population and water demand projections for the Authority.

Ms. Silva reported that the Authority's aggregate well permit renewal forms are due to the FBSD by July 30, 2012.

## REPORTS AND STUDIES

Ms. Silva reported on B&G's coordination with ABHR to evaluate water conservation plans received from municipal utility districts and other non-exempt well owners located within the Authority per the Authority's requirement that all non-exempt well owners within the Authority are required to adopt a water conservation plan meeting minimum State requirements by May 1, 2012.

Ms. Silva reported that B&G is comparing its updated population and water demand projections for the Authority with projections presented by the FBSD at its recent stakeholder advisory meeting. She stated that a meeting is scheduled with the FBSD for the week of July 9, 2012, to discuss B&G's projections in detail.

Ms. Silva reported that the COH's revised Drought Ordinance was posted to the COH's website and discussed ABHR's and B&G's review of the ordinance. Mr. Oliver stated that comments on the revised Drought Ordinance have been sent to the COH.

Ms. Silva stated that, based on B&G's analyses of whether the available right-of-way from NETCO Pipeline, L.L.C. can be used effectively by the Authority, B&G does not recommend pursuing the alternate right-of-way. A copy of B&G's NETCO Easement Summary and Cost Analyses is attached.

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

- (1) approve the following pay estimates:
  - Main Segment 2, Pay Estimate No. 21 and Final in the amount of \$70,966.57,
  - Main Segment 6, Pay Estimate No. 5 in the amount of \$100,742.76,
  - Main Segment 7A, Pay Estimate No. 3 in the amount of \$399,133.35,
  - Main Segment 7B, Pay Estimate No. 3 in the amount of \$0,
  - Main Segment 12A, Pay Estimate No. 9 in the amount of \$0,
  - Main Segment 12B, Pay Estimate No. 8 in the amount of \$100,189.80,
  - Main Segment 12C, Pay Estimate No. 7 in the amount of \$116,178.13,
  - Main Segment 12D, Pay Estimate No. 9 in the amount of \$47,880.00,
  - Fort Bend County M.U.D. No. 30 connection water line, Pay Estimate No. 9 and Final in the amount of \$41,720.13,
  - Fort Bend County M.U.D. No. 122 connection water line, Pay Estimate No. 8 and Final in the amount of \$42,576.65,
  - Main Segment 0 Tie-ins and D-158 Water Plant Modifications project, Pay

Estimate No. 6 in the amount of \$0,

D-158 Water Plant Tank Painting project, Pay Estimate No. 1 in the amount of \$66,402.00,

Flow control valves winterization project, Pay Estimate No. 4 and Final in the amount of \$18,533.75, and

Bellaire Pump Station project, Pay Estimate No. 2 in the amount of \$171,051.15;

- (2) approve the following change orders to construction contracts:  
Main Segment 12A, Change Order No. 2 in the amount of \$0, and  
Segment 0 Tie-ins and D-158 Water Plant Modification Project, Change Order No. 1 in the amount of \$0;
- (3) approve final acceptance of Main Segment 2, the facility winterization project, and the connection water line projects for Fort Bend County M.U.D. Nos. 30 and 122;
- (4) approve a change order to the contract with HVJ Associates, Inc. for construction materials engineering and testing services in an amount not to exceed \$10,005.50 for Main Segment 6;
- (5) approve a change order to the design contract for the connection water line for Fort Bend County M.U.D. No. 118 in an amount not to exceed \$3,100;
- (6) authorize B&G to coordinate with all well owners within the Authority to prepare the Authority's aggregate well permit renewal forms for submission to the FBSD; and
- (7) authorize B&G to send letters notifying the appropriate parties that surface water conversion has been delayed due to various schedule delays.

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

#### JOINT PROJECTS

Mr. Oliver reported that the West Harris County Regional Water Authority (the "WHCRWA") approved the 60-day extension requested in the Authority's letter notifying the WHCRWA that, based on updated population projections, the Authority anticipates an increased capacity reservation of not more than 20% in the Second Source Water Line. Discussion ensued regarding the budgeting process for the Texas Water Development Board as it relates to the possible inclusion of a line item for funding for the Coastal Water Authority. Following discussion, the Board concurred to hold a special meeting to discuss B&G's updated population and water demand projections for the Authority and the effect of early surface water conversion requests on the

Authority's surface water reservation with the COH and proposed capacity in the Second Source Water Line under the Joint Facilities Agreement with the WHCRWA.

#### CONTRACTS

There was no discussion on this item.

#### REALTY INTEREST ACQUISITION

There was no discussion on this item.

#### EXECUTIVE SESSION

The Board convened in executive session at 7:12 p.m., to deliberate the purchase, exchange, lease, or value of real property.

At 7:38 p.m., the Board reconvened in open session. Following review and discussion regarding easement acquisition, Director Darden moved to approve acquisition of additional right-of-way for Main Segment 7B as discussed. Director Gay seconded the motion, which was approved by unanimous vote. The Board requested that B&G investigate installation of a water conserving irrigation system to replace the system that will need to be removed to accommodate relocation of the Main Segment 7B water line.

#### WATER CONSERVATION AND REUSE

The Board discussed potential reuse projects.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE JUNE 27, 2012, BOARD MEETING]

*Melony Sag*  
Secretary, Board of Directors

(SEAL)





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