

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 22, 2009

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 July, 2009, 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 Directors Houghton and Hebert, 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"); Kevin Krahn, P.E. of AECOM; Pam E. Lightbody of AVANTA 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 meeting held on June 24, 2009. After discussion, Director Fay moved to approve the minutes as written. Director Spell 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

Director Patton reported that updates to the Authority's public communications will be reported next month. He discussed activities related to the formation of the water conservation committee.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. Oliver next reviewed a renewal proposal from Anco-McDonald Waterworks Insurance Service ("Anco") for the Authority's insurance policies. He noted that the proposal does not contain an increase in premium and the policies expire on August 2, 2009. He stated that as the Authority acquires facilities additional insurance coverage will be necessary. Director Patton stated that the Finance Committee recommends renewing the Authority's insurance policies with Anco at this time. Following review and discussion, Director Spell 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. Lightbody next reviewed a bookkeeper's report, including monthly receipts, past due accounts, and the quarterly investment report, a copy of which is attached. She reviewed nine additional checks for payment of an expense reimbursement to Director Houghton and for payment for eight easements. Mr. Oliver noted that the easement payments are consistent with the valuation of the market studies obtained by the Authority.

Ms. Lightbody reported that there was no need to conduct a hearing on delinquent fees or rule violations. Mr. Oliver reported all of the outstanding fees related to Groundwater Reduction Plan Participant Agreements are expected to be received prior to next month's regularly scheduled meeting. Following review and discussion, Director Darden moved to approve the bookkeeper's report as presented. Director Spell seconded the motion, which was approved by unanimous vote.

PRELIMINARY DRAFT BUDGET AND NOTICE OF PRELIMINARY GRP FEE

Mr. Oliver noted that, as discussed at the July Finance Committee meeting, many of the utility districts located within the Authority are developing their budgets for a September 30, 2009, fiscal year end and are inquiring about the Authority's proposed Groundwater Reduction Plan Fee ("GRP Fee") for next year. He briefly reviewed the process and schedule for adopting a proposed GRP Fee for the Authority's December 31 fiscal year end. He stated that the Finance Committee recommended distributing a notice of an unofficial proposed GRP Fee to assist the utility districts with their budgeting procedures. Following review and discussion, Director Fay moved to authorize distribution of a notice of an unofficial proposed GRP as discussed. Director Spell seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority, including the wells of the

contract participants in the Authority's Groundwater Reduction Plan ("GRP"), a summary of activities, and a list of upcoming events. A copy of the written engineer's report is attached.

Ms. Silva reported on the status of negotiations with the West Harris County Regional Water Authority (the "WHCRWA") on a cost sharing agreement for joint facilities. She stated that a preliminary term sheet to address technical issues was developed and forwarded to ABHR for use in preparing the agreement. Mr. Oliver stated that a draft agreement will be distributed next week to the contract committee.

Ms. Silva reported that B&G has requested a meeting with the City of Houston (the "COH") to begin negotiations for a lease agreement to use the D-158 facility.

Ms. Silva next reported that work to set the secondary monuments for Main Segments 8 and 12 is underway.

Ms. Silva reported on environmental issues related to design of the main segments. She requested authorization to submit an Antiquities Permit Application to the Texas Historical Commission, based on a recommendation from the environmental consultant, Raba-Kistner Consultants, Inc. ("RK").

Ms. Silva next reported that the Design Committee has reviewed contracts for additional environmental study services required for the design of Main Segments 8, 9, and 12. She recommended approval of a proposal in the amount of \$50,160.00 for sub-consultant services with Knudson, LP for the additional environmental services.

Ms. Silva next reported that the Design Committee has reviewed contracts for additional geotechnical investigation services required for the design of Main Segments 8, 9, and 12. She recommended approval of a proposal in the amount of \$84,700.00 for sub-consultant services with Tolunay-Wong Engineers, Inc. for the additional geotechnical investigation services.

Ms. Silva recommended approval of a proposal in the amount of \$15,280.00 for sub-consultant services with Terracon Consultants, Inc. for additional geotechnical work for slope stability analysis services along Long Point Slough Segments 5 and 6.

Ms. Silva next reported on the status of design, right of way acquisition, and contract negotiations for the design, as appropriate, for the pump station, Main Segments 0, 1A, 1B, 2, 3, 4, 5, 6, 7A, 7B, and 7C and the related district connection lines. Ms. Silva reported that design drawings for Main Segment 0 are under review at the Texas Commission on Environmental Quality (the "TCEQ"). She stated that the Harris County Flood Control District (the "HCFCD") has returned comments to the plans. She stated that the HCFCD has stipulated that they will not approve the plans until they receive a copy of the interlocal agreement between the Authority and WHCRWA. She

stated that the plans are substantially complete and requested approval of the plans and authorization to advertise for bids.

Ms. Silva reported that the plans for Main Segments 1A and 1B are substantially complete and requested approval of the plans and authorization to advertise for bids.

Ms. Silva reported that the design team continues to work with CenterPoint Energy and the landowner to develop an alternate alignment for Main Segment 3.

Ms. Silva reported that the design team for Main Segment 4 has developed an alternate alignment along Westmoor Drive to avoid the identified cemetery and archeological study areas along Aliana Trace Road. She stated that, after submittal of the Antiquities Permit Application to the Texas Historical Commission (the "THC"), the Authority's environmental consultant will coordinate with the THC to determine the impacts to the Authority's project alignment.

Ms. Silva next reported that the design contracts for Main Segments 8 and 12 with the consultants recommended per last month's engineer's report are ready for execution.

Ms. Silva reported that the developer of Fort Bend County Municipal Utility District No. 133 has recently requested alignment modifications. She stated that the design team is coordinating options and has delayed the submittal of the routing report for Main Segment 9.

Ms. Silva next reported that B&G is organizing a surface water conversion workshop and the TCEQ is available to participate on September 2, 2009. She said an agenda for the workshop is being prepared for discussion at the next meeting of the Design Committee. She stated that a deposit in the amount of \$1,000.00 and execution of a reservation contract is required to reserve the Safari Texas Ballroom for the workshop.

Ms. Silva requested authorization to attend upcoming meetings of all of the utility districts included in the 2013 surface water system to receive comments, address concerns, and answer questions about the surface water conversion program. She stated that the Design Committee suggested this course of action.

Ms. Silva reported on activities related to coordination with the Region H Water Planning Group at their request.

Following review and discussion, Director Darden moved to accept the engineer's report as presented, including the following: 1) authorize execution of design contracts with Dannenbaum Engineering Corporation for Main Segment 8A, with Lockwood, Andrews & Newman, Inc. for Main Segment 8B, with Kellog Brown & Root Services, Inc. for Main Segment 12 A, with Binkley & Barfield, Inc. for Main Segment 12B, with JNS Engineers, LLC for Main Segment 12C, and with Benchmark Engineering Corporation for Main Segment 12D; 2) authorize execution of a proposal in the amount of \$50,160.00 for Knudson LP to perform additional environmental study services required for the design of Main Segments

8, 9, and 12; 3) authorize execution of proposal in the amount of \$84,700.00 for Tolunay-Wong Engineers, Inc. to perform additional geotechnical investigation services required for the design of Main Segments 8, 9, and 12; 4) authorize execution of a proposal in the amount of \$15,280.00 for Terracon Consultants, Inc. to perform additional geotechnical work for slope stability analysis services along Long Point Slough Segments 5 and 6; 5) approve the design and authorize advertisement for bids for the construction of Main Segments 0, 1A, and 1B; 6) authorize submission of an Antiquities Permit Application to the Texas Historical Commission; 7) authorize B&G to reserve the Safari Texas Ballroom for the Surface Conversion Workshop to be held on September 2, 2009, including payment of a deposit in the amount of \$1,000.00 and execution of the reservation contract; and 8) authorize B&G and ABHR to attend the upcoming meetings of all of the utility districts included in the 2013 surface water system to receive comments, address concerns, and answer questions about the surface water conversion program. Director Fay seconded the motion, which was approved by unanimous vote.

JOINT FACILITIES AGREEMENT WITH WHCRWA

Mr. Oliver stated that, as previously reported during the engineer's report, a joint facilities agreement with the West Harris County Regional Water Authority for Main Segments 0 and 1A will be distributed next week to the contract committee for review.

RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTEREST

Mr. Oliver next discussed with the Board the right-of-way acquisition process for the Authority's proposed construction projects related to the distribution of surface water to the utility districts located within the Authority. Following review and discussion, Director Spell moved to adopt Resolutions Authorizing Acquisition of Real Property Interests for Water Line Segments 8 and 12. Director Fay seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of 15 Water Line Easements for Main Segment 0 from the Grantors listed in the attached chart. He stated that the easement payments are consistent with the valuations in the market studies prepared for the Authority. Following review and discussion, Director Darden moved to accept the easements as recommended. Director Spell seconded the motion, which was approved by unanimous vote.

CONTRACTS, NOTICES, CHANGE ORDERS, AND ASSIGNMENTS

There was no discussion regarding additional engineering, environmental, surveying, legal, right-of-way acquisition, or appraisal services.

REPORT ON LEGISLATION AFFECTING WATER DISTRICTS

Mr. Oliver reviewed the ABHR legislative report with the Board.

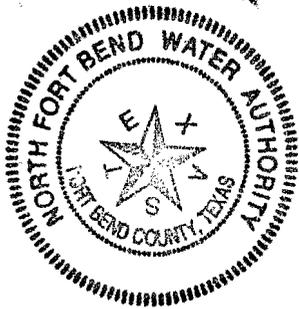
CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

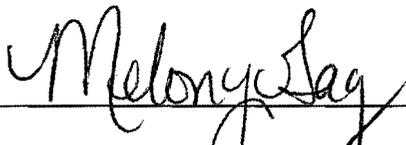
The Board convened in executive session pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property.

The Board reconvened in open session. Discussion ensued regarding right-of-way acquisition for Main Segments 1 and 4. Following review and discussion, Director Fay moved to: 1) reject the counteroffer made by the landowner for Parcel 1A-25; 2) authorize the submission of a counteroffer to the landowner's counteroffer for Parcels 1A-30 and 1A-31; and 3) accept the landowner's offer in the amount of \$25,000.00 for Parcel 4-19. Director Darden seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors

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