

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 27, 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 27th day of July, 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"); Pamela Logsdon of AVANTA Services; Brian Bare of SWWC Services, Inc.; Steve Bonjonia of Property Acquisition Services, Inc.; Barbara Payne of Payne Communications; 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 regular and special meetings held on June 22, and June 27, 2011. 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.

MEETING SCHEDULE AND LOCATION

Ms. Vinson reviewed an agreement with the Willow Fork Country Club ("WFCC") for reservation of a meeting room for the Authority's monthly meetings beginning November, 2011. She noted that the Authority's November and December, 2011, meetings will be held on Wednesday, November 30, 2011, and Thursday, December 22, 2011, due to the holidays.

Ms. Vinson reported that the WFCC meeting room has been reserved for the Authority's Town Hall meeting to be held on September 29, 2011, from 6:00 to 7:30 p.m. Following review and discussion, Director Gay moved to adopt a Resolution Establishing Additional Meeting Place, approve the agreement with the WFCC for reservation of a meeting room for the Authority's monthly meetings beginning November, 2011, and authorize the WFCC banquet event order for the Town Hall meeting. Director Patton seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS AND CONFERENCES

Ms. Payne updated the Board on public communication activities, including water conservation education programs, the W.I.S.E. Guys irrigation system evaluation program, and updates to the Authority's Facebook page. Ms. Vinson responded to meeting attendees' inquiries regarding the implementation of the W.I.S.E. Guys irrigation system evaluation program.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Ms. Vinson reviewed with the Board a renewal proposal in the amount of \$78,339.00 from SIG/McDonald & Wessendorff Insurance for the Authority's insurance policies due to expire on August 2, 2011. The Board discussed increased coverage for Directors and Officers liability. Following review and discussion, Director Patton moved to accept the proposal, with the Directors and Officers liability coverage increased to the amount of \$5,000,000. Director Fay seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS AND 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, a schedule of debt service payments, an unclaimed funds memorandum, and a quarterly investment report. 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. Logsdon reported that there was no need to conduct a hearing on delinquent fees or rule violations.

SERIES 2011 BONDS

Ms. Vinson discussed the schedule for the Authority's proposed issuance of Series 2011 Bonds and noted that Fulbright & Jaworski L.L.P. will serve as

underwriter's counsel. She reviewed an amended proposal from Economists.com to include services in connection with the Series 2011 Bonds, required by the trust indenture and supplements for the Authority's outstanding bonds. Following discussion, Director Gay moved to authorize preparation of the Preliminary Official Statement for the Series 2011 Bonds and to approve the amended proposal from Economists.com. Director Hebert seconded the motion, which was approved by unanimous vote.

PRELIMINARY DRAFT BUDGET AND NOTICE OF ADOPTION OF GRP FEE

Ms. Vinson noted the Authority normally distributes a notice of the proposed Groundwater Reduction Plan ("GRP") Fee and Surface Water Fee for the next calendar year in July to assist utility districts located within the Authority that are developing their budgets for a September 30 fiscal year end. She stated that it will be necessary for the Board to amend its Rate Order next month to increase the Authority's GRP Fee and Surface Water Fee to facilitate the Authority's third bond issue, but stated that the increase will not be effective until January 1, 2012. She reviewed the provisions that the Authority must adhere to when issuing bonds, the proposed amount of bonds to be issued, and the recommended GRP Fee and Surface Water Fee for adoption by the Authority. Following discussion, Director Gay moved to authorize the consultants to distribute notification of the date, time and location of the August regular meeting of the Board, at which a GRP Fee of \$1.50 per 1,000 gallons of water pumped and a Surface Water Fee in the amount of \$1.85 per 1,000 gallons of water received, effective January 1, 2012, will be considered for adoption. Director Hebert seconded the motion, which carried unanimously.

OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported on operation of the Authority's facilities. A copy of the Operations Report is attached.

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, 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, 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 pump station. Spreadsheets summarizing the status of design and construction projects are attached to the engineer's report. Ms. Silva requested approval to record the revised plat for the pump station site per the approved landscaping variance received from the City of Houston ("COH") and authorization to advertise for bids for Main Segment 6.

Ms. Silva recommended approval of change orders to the design contracts with R.G. Miller Engineers, Inc. for Main Segment 9A, and Jacobs Engineering Group, Inc. for Main Segment 9B, due to changes in the water line alignment, and with JNS Engineers, LLC for Main Segment 12C, due to improvements constructed within the temporary construction easement.

Ms. Silva reported that B&G met with representatives of the COH on behalf of the Authority regarding the potential purchase of the three wells located at the D-158 water plant site for backup water supply.

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 sixteen pay estimates for the Main Segments, connection water lines, and the D-158 water plant modifications project. She additionally recommended approval of change orders to the contract for the construction of Main Segment 4B due to the discovery of an adjacent water line, the contract for the construction of Main Segment 2 due to utility relocation, and the contract for the construction of the connection water line for Big Oaks M.U.D. to remove the walking trail repair costs. She noted that the Authority has installed approximately 23.1 miles of water lines to date and discussed the schedule for surface water delivery.

Ms. Silva recommended approval of an agreement with HVJ Associates, Inc. for materials testing services for Main Segments 12B, 12C, and 12D.

Ms. Silva recommended approval of an agreement with Storm Water Solutions, LP for storm water pollution prevention services for Main Segments 12A, 12B, 12C, and 12D.

Ms. Silva reviewed a proposal from B&G for preparation of updated population and water demand projections based on 2010 Census data for use in determining water demand. She stated that the projections are expected to be completed by the end of the year, and that the Authority's distribution system's cost and hydraulic models will be updated per the projections as needed.

Ms. Silva recommended approval of a change order to the agreement with B&G for cathodic protection services. She stated that the change order includes additional services for Main Segment 9, and additional serves for Main Segments 1A that will be

reimbursed by contractors, as well as additional services required for modifications to the yard piping for the pump station.

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, AND 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 the request from Fort Bend County M.U.D. No. 141 to participate in the Authority's Groundwater Reduction Plan ("GRP") by contract. She reported on activities related to requests from Fort Bend County M.U.D. No. 142 for a water supply contract and 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 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. A chart of permitted and actual pumpage amounts is attached to the engineer's report. Ms. Silva stated that information for well permit amounts for the next permit term has been requested from the well owners.

Ms. Silva reported that, as previously discussed at the August 8, 2011, Design Committee meeting, a letter was forwarded to Cinco Southwest M.U.D. No. 1 to approve its request for construction of a new well, and advising that the district will be required to take delivery of surface water when available, which is projected by August 2012.

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

- (1) authorize B&G to record the revised plat for the pump station site;
- (2) authorize advertisement for bids for the contract for construction of Main Segment 6;
- (3) approve the following change orders to design contracts:
R.G. Miller Engineers, Inc. in the amount of \$8,900.00 for Main Segment

9A,

Jacobs Engineering Group, Inc. in the amount of \$21,030.00 for Main Segment 9B, and

JNS Engineers, LLC in the amount of \$12,600.00 for Main Segment 12C;

- (4) approve the following change orders to construction contracts:

Main Segment 2, Change Order No. 1 in the amount of \$0,

Main Segment 4B, Change Order No. 1 in the amount of \$59,287.34, and

Big Oaks M.U.D. connection water line, Change Order No. 1 in the amount of (\$11,836.00);

- (5) approve the following pay estimates:

Main Segment 0, Pay Estimate No. 15 in the amount of \$0,

Main Segment 1A, Pay Estimate No. 16 in the amount of \$51,203.87,

Main Segment 1B, Pay Estimate Nos. 15 and 16 in the amounts of \$8,271.73 and \$0, respectively,

Main Segment 2, Pay Estimate No. 10 in the amount of \$0,

Main Segment 3, Pay Estimate No. 4 in the amount of \$294,492.33,

Main Segment 4A, Pay Estimate No. 8 in the amount of \$51,965.00,

Main Segment 4B, Pay Estimate No. 2 in the amount of \$216,703.20,

Main Segment 5, Pay Estimate No. 7 in the amount of \$151,260.46,

Kingsbridge M.U.D. connection water line, Pay Estimate No. 9 in the amount of \$21,688.60,

North Mission Glen M.U.D. connection water line, Pay Estimate No. 6 in the amount of \$0,

Fort Bend County M.U.D. No. 119 connection water line, Pay Estimate No. 6 in the amount of \$24,200.25,

Fort Bend County M.U.D. No. 41 connection water line, Pay Estimate No. 4 in the amount of \$45,736.10,

Big Oaks M.U.D. connection water line, Pay Estimate No. 2 in the amount of \$28,555.12,

Grand Mission M.U.D. No. 1 connection water line, Pay Estimate No. 1 in the amount of \$185,133.50; and

D-158 water plant modifications project, Pay Estimate No. 9 in the amount of \$0;

- (6) approve agreement with HVJ Associates, Inc. in an amount not to exceed

\$55,000.00 for materials testing services for Main Segments 12B, 12C, and 12D;

- (7) approve agreement with Storm Water Solutions, LP in an amount not to exceed \$265,000.00 for storm water pollution prevention services for Main Segments 12A, 12B, 12C, and 12D;
- (8) approve agreement with B&G in an amount not to exceed \$115,500.00 for preparation of updated population and water demand projections; and
- (9) approve change order no. 4 to the agreement with B&G in an amount not to exceed \$26,200.00 for cathodic protection services.

Director Fay seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

JOINT FACILITIES

Ms. Vinson reviewed with the Board a 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. She reviewed the revisions made to the agreement following the Board's special meeting held on June 27, 2011, and responded to Board members' questions. Following review and discussion, Director Darden moved to authorize execution of the agreement and the wire transfer of funds to the WHCRWA for the Authority's first payment of its share of already incurred right-a-way acquisition costs for the Second Source Waterline in the amount of \$5,975,887.00. Director Spell seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

WATER CONSERVATION AND REUSE

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

Director Patton provided an update on the Water Conservation Advisory Committee's activities.

CONTRACTS

Ms. Vinson reviewed a legal conflicts waiver related to ABHR's representation of the Authority and of Fort Bend County M.U.D. No. 58 ("FBC MUD 58") on certain matters related to FBC MUD 58's request to be converted to surface water earlier than

its projected conversion date, as well as any right-of way acquisition actions related thereto. Following review and discussion, Director Hebert moved to authorize execution of the legal conflicts waiver. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

REALTY INTEREST ACQUISITION

Ms. Vinson recommended acceptance of seven Water Line Easements for the parcels and from the Grantors listed on the attached Realty Interests Chart. Ms. Vinson additionally reviewed a legal conflicts waiver related to ABHR’s representation of the Authority and of Fort Bend County M.U.D. No. 133 (“FBC MUD 133”) on certain matters related to easement acquisition from FBC MUD 133, as listed on the attached Conflict Waivers Chart. Following review and discussion, Director Hebert moved to accept the easements and authorize execution of the legal conflicts waiver. Director Patton seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

Ms. Vinson noted that the Board approved a change order to the contract for the construction of the connection water line for Big Oaks M.U.D. in an amount not to exceed \$11,836.00 that would remove the walking trail repair costs from the construction contract. She reviewed an Interlocal Agreement for cost sharing 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. Following review and discussion, Director Darden moved to authorize execution of the agreement. Director Spell seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

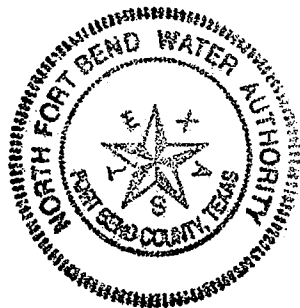
EXECUTIVE SESSION

The Board did not convene in executive session.

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


Secretary, Board of Directors

(SEAL)



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