

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 22, 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 22nd day of September, 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, except Director Fay, 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; Terrell Palmer of First Southwest Company; Steve Bonjonia of Property Acquisition Services; Joe B. Allen, David Oliver, Alia Vinson, 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 August 25, 2010. After review and discussion, Director Hebert moved to approve the minutes as written. Director Patton seconded the motion, which carried unanimously, except for Director Gay who was not present for the vote.

COMMENTS FROM THE PUBLIC

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

PUBLIC COMMUNICATIONS, CONFERENCES

Director Houghton updated the Board on public communication activities and noted that the Authority will be hosting a Town Hall meeting on September 30, 2010, at Safari Texas Ranch.

AGREEMENT WITH MASUEN CONSULTING, LLC

Mr. Oliver reviewed with the Board an agreement with Masuen Consulting, LLC for water conservation planning services. He stated that the services proposal was previously reviewed by the Finance Committee. Following review and discussion, Director Patton moved to approve the agreement with Masuen Consulting, LLC as presented. Director Hebert seconded the motion, which was approved by unanimous vote, except for Director Gay who was not present for the vote.

WATER USE REDUCTION CREDITS PROPOSAL

Mr. Allen reviewed with the Board a draft proposal for the Fort Bend Subsidence District ("FBSD") outlining a credit policy for achieved water conservation. He stated that the Water Conservation Committee recommends submission of the proposal to the FBSD. Following review and discussion, Director Gay moved to authorize submission of the proposal to the FBSD. Director Hebert 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, transfers, monthly receipts, past due accounts, the income statement for the enterprise fund, and a schedule of debt service payments, a copy of which is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Spell 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 2010 BONDS

Mr. Palmer stated that the sale of the Authority's Water System Revenue Bonds, Series 2010 ("Series 2010 Bonds"), is expected to be held at a special meeting in October. He reported that the bonds received ratings from Fitch Ratings, Ltd. ("Fitch") and Standard and Poor's Rating Services ("S&P"). He stated that S&P gave the Authority and A- rating and that the rating from Fitch was A+. He also indicated that a bond insurance commitment from Assured Guaranty Corporation is expected soon.

Mr. Palmer reviewed a presentation outlining the benefits and risks of issuing a portion of the Authority's Series 2010 Bonds as Build America Bonds, a copy of this information is attached. He recommended that the Authority issue approximately \$18,000,000 of the Authority's Series 2010 Bonds as Build America Bonds in the maturities that would provide at least a 50 basis point savings. Following review and

discussion, Director Hebert moved to authorize the Board to consider issuing Build America Bonds for those maturities within the Series 2010 Bonds that provide at least 50 basis points in savings and designate Director Houghton to determine whether these parameters are met. Director Patton seconded the motion, which was approved by majority vote, with Director Gay opposed.

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 discussed the Texas Water Conservation Association's 2010 Fall Conference scheduled to be held October 13 - 15, 2010, in San Antonio, Texas. A copy of the written engineer's report is attached.

Ms. Silva reported on the status of the Luce Bayou Project.

JOINT FACILITIES

Ms. Silva reported that B&G is reviewing the City of Houston's ("COH") report regarding an alternate route for the second source transmission line.

DESIGN AND CONSTRUCTION PROJECTS, SERVICES CONTRACTS

Ms. Silva reported that B&G has addressed additional design changes requested by the COH for the D-158 water plant modification project. She stated that an agreement with the COH for the Authority's lease of the D-158 water plant is expected to be considered by the COH City Council next week.

Ms. Silva next 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.

Ms. Silva updated the Board on the construction of Main Segments 0, 1A, 1B, and the Fort Bend County M.U.D. No. 2 connection line. She then recommended approval of Pay Estimate No. 5 in the amount of \$453,143.26 for Segment 0, Pay Estimate No. 6 in the amount of \$447,161.42 for Segment 1A, Pay Estimate No. 6 in the amount of \$412,318.82 for Segment 1B, and Pay Estimate No. 1 in the amount of \$148,904.55 for the Fort Bend County M.U.D. No. 2 connection line.

Ms. Silva recommended approval of the following change orders: Change Order No. 1 in the amount of \$0 for a time extension of 29 days for Segment 0; Change Order No. 1 in the amount of \$258,637.84 for Segment 1A; and Change Order No. 1 in the amount of \$14,906.29, Change Order No. 2 in the amount of \$114,355.30, and Change Order No. 3 in the amount of \$0 providing for an incentive if the project is complete by January 14, 2011, for Segment 1B.

Ms. Silva recommended, with the concurrence of the Design Committee, the purchase of a water pressure data logger in the amount of \$447.00 to document the water pressure at the take point.

Ms. Silva reported that Environmental Allies was selected by the Design Committee to serve as the Authority's storm water pollution protection consultant. She reviewed a unit rate proposal for their services for Segments 4A and 5, the D-158 water plant modification project, and the Kingsbridge M.U.D. connection line.

HEALTH AND SAFETY PLAN FOR CONSTRUCTION

Ms. Silva reported that a Health and Safety Plan for Construction was presented at this month's Design Committee meeting and that B&G is currently addressing comments to the plan from ABHR. She requested approval to purchase safety equipment for the construction management team in the amount of \$2,227.50.

ROUTING ANALYSES

Ms. Silva updated the Board on the progress of route evaluations for the Authority's 2025 distribution system.

GROUNDWATER REDUCTION PLAN, CHLORAMINES CONVERSION

Ms. Silva stated that no response has been received from Fort Bend County M.U.D. No. 141 regarding its request to participate in the Authority's Groundwater Reduction Plan.

Ms. Silva stated that at the direction of the Design Committee, B&G recommends approval for the Brazos Lakes subdivision to join the Authority's Groundwater Reduction Plan ("GRP") by contract.

Ms. Silva stated that, at the direction of the Design Committee, B&G will contact Fort Bend County M.U.D. No. 142 regarding its request for a water supply contract and early conversion to surface water.

Ms. Silva next reviewed a spreadsheet summarizing the status of chloramine conversion projects and the updated project schedule received from Kingsbridge M.U.D.

WELL PERMITTING, EFFLUENT REUSE STUDY

Ms. Silva reported that the Fort Bend Subsidence District will consider the Authority's aggregate well permit at their September Board meeting.

Ms. Silva stated that several potential regional effluent reuse projects will be

discussed at the next Finance Committee meeting. She stated that the effluent reuse study is ongoing.

Following review and discussion, Director Patton moved to approve the engineer's report, including: 1) approval of Pay Estimate No. 5 in the amount of \$453,143.26 for Segment 0, Pay Estimate No. 6 in the amount of \$447,161.42 for Segment 1A, Pay Estimate No. 6 in the amount of \$412,318.82 for Segment 1B, and Pay Estimate No. 1 in the amount of \$148,904.55 for the Fort Bend County M.U.D. No. 2 connection line; 2) approval of Change Order No. 1 in the amount of \$0 for a time extension of 29 days for Segment 0; Change Order No. 1 in the amount of \$258,637.84 for Segment 1A; and Change Order No. 1 in the amount of \$14,906.29, Change Order No. 2 in the amount of \$114,355.30, and Change Order No. 3 in the amount of \$0 providing for an incentive if the project is complete by January 14, 2011, for Segment 1B; 3) approval of the purchase of a water pressure data logger in the amount of \$447.00; 4) authorize execution of an agreement with Environmental Allies for storm water consulting services, subject to final review by ABHR and Director Houghton; 5) approval of the purchase of safety equipment for the construction management team in the amount of \$2,227.50; 6) approval of the Health and Safety Plan for Construction, subject to ABHR final review; 7) authorize B&G and ABHR to negotiate a contract with the Brazos Lakes subdivision to join the Authority's GRP as a participant; and 8) authorize the Directors' attendance at the Texas Water Conservation Association's 2010 Fall Conference. Director Spell seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver next recommended acceptance of one Right of Entry Agreement and six 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 agreement and easements as recommended. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reviewed a Waiver of Conflict Letter with ABHR related to the matter listed on the attached Conflict Waivers Chart. Following review and discussion, Director Gay moved to approve execution of the Waiver of Conflict Letter as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

EXECUTIVE SESSION

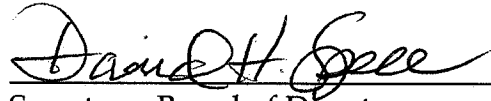
The Board convened in executive session at 7:48 p.m., to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 8:07 p.m., the Board reconvened in open session. Following review and

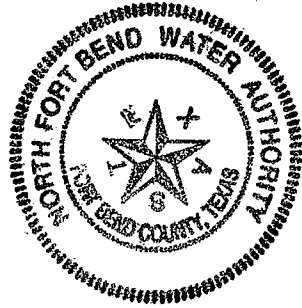
discussion regarding right-of-way acquisition, Director Hebert moved to: 1) accept the owners' counteroffer for parcel 04.L02.01; 2) reject the owners' counteroffer for parcel 04.L02.06; and 3) accept three Water Line Easements for parcels 04.L01.01, 04.L01.06 and 04.L02.05. Director Gay seconded the motion, which was approved by unanimous vote.

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



Asst. Secretary, Board of Directors

(SEAL)



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