

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 28, 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 28th day of September, 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; David Oliver, 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 meeting held on August 24, 2011. After review and discussion, Director Fay moved to approve the minutes as written. Director Hebert seconded the motion, which carried unanimously, except for Director Patton who was not present for the discussion or the vote.

COMMENTS FROM THE PUBLIC

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

PUBLIC COMMUNICATIONS AND CONFERENCES

Ms. Payne updated the Board on public communication activities, including the W.I.S.E. Guys irrigation system evaluation program and preparation of a newsletter. Following discussion, Director Gay moved to authorize the preparation of four additional newsletter pages for the approximate incremental cost of \$6,000. Director

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

Ms. Payne discussed the format, presentation topics, and speakers planned for the Authority's upcoming roundtable meeting to be held on October 27, 2011, from 6:00 to 7:30 p.m. at the Willow Fork Country Club.

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

Ms. Logsdon reviewed the 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. Ms. Logsdon discussed a wire transfer of funds for the Untreated Water Facilities payment to the City of Houston (the "COH") for the additional water requested by the Authority upon receipt of an invoice from the COH. She stated that the transfer will be included on next month's bookkeeper's report. Following review and discussion, Director Hebert moved to approve the bookkeeper's report and the wire transfer payment to the COH. Director Gay seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

Ms. Logsdon reviewed Depository Pledge Agreements with Plains State Bank, Bank of Texas, and Community Bank of Texas, N.A. Following review and discussion, Director Gay moved to approve the Depository Pledge Agreements. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

The Board conducted a hearing on delinquent fees and rule violations. Ms. Logsdon reported that a request was received from Avalon at Seven Meadows Homeowners Association (the "HOA") for a waiver of the penalty assessed by the Authority for the failure of the HOA to timely remit payment of monthly groundwater pumpage fees for April 2011. A copy of the request is attached. She stated that the Finance Committee reviewed the request at their last meeting and concurred to recommend denial of the request, due to the HOA's prior penalty for late payment of pumpage fees, the fact that no evidence had been presented showing extraordinary circumstances for the late payment, and the fact that other districts in similar circumstances have paid penalties and have not been granted variances. Following review and discussion, Director Hebert moved to deny the request for waiver. Director Darden seconded the motion, which was approved by unanimous vote, except for Director Patton who was not present for the discussion or the vote.

SERIES 2011 BONDS

Mr. Oliver reported that Standard & Poor's and Fitch have issued their credit

ratings for the Authority's Water System Revenue Bonds, Series 2011 ("Series 2011 Bonds") and an insurance commitment has been received. He discussed a bond issuance schedule that included the proposed sale of the bonds at either a special Board meeting or next month's regular Board meeting.

APPROVE PAYING AGENT, APPROVE OFFICIAL STATEMENT, AND AUTHORIZE SIGNATURES

The Board concurred to defer these items.

OPERATION OF AUTHORITY FACILITIES

Mr. Bare reported on operation of the Authority's facilities. A copy of the Operations Report is attached. He reviewed a proposal for year-end reading of well meters within the Authority in the amount of \$9,585.00. Ms. Silva reported that a request for well meter information was received from the Fort Bend Subsidence District (the "FBSD"). Following review and discussion, Director Gay moved to approve the Operator's report and proposal. Director Darden seconded the motion, which was approved by unanimous vote.

AUTHORIZE PREPARATION OF EMERGENCY PREPAREDNESS PLAN

Mr. Oliver discussed the required submittal of an Emergency Preparedness Plan to the Texas Commission on Environmental Quality by February 1, 2012. Following review and discussion, Director Gay moved to authorize B&G to prepare an Emergency Preparedness Plan. Director Hebert 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, and reported on activities related to the status of the Luce Bayou Project, the proposed second source transmission line, and evaluation of the D-158 offsite wells. A copy of the engineer's report is attached.

Ms. Silva reported that the City of Houston ("COH") is currently in Stage 2 of its Drought Contingency Plan. She stated that the Authority will be subject to water restrictions if the COH reaches Stage 4 of its Drought Contingency Plan.

Ms. Silva reported that, as discussed at last month's Board meeting and in this month's Committee meetings, the Authority will be utilizing more water than initially planned due to early conversion of municipal utility districts to surface water and the drought currently experienced in the region. She stated that the wire transfer payment

to the COH approved under the bookkeeper's report resulted from B&G's recommendation that the Authority obtain an additional 6.6 million gallons per day ("MGD") of capacity, for a total capacity of 13.2 MGD, to avoid taking water beyond the amount currently reserved with the COH.

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. Additionally, Ms. Silva reported on the status of the Vulnerability Assessment report and B&G's population and water demand update project. She requested authorization to purchase software to load on future programmable logic controllers to insure all programming is consistent across the Authority's system. She recommended soliciting proposals for a winterizing package to protect various meter stations.

Ms. Silva reported on the design of Main Segment 8B and requested authorization to advertise for bids for construction of the project. She additionally reported on the design of the Authority's Pump Station and requested authorization to advertise for bids for construction of the separate water line tie-ins to Main Segment 0. She stated that the Main Segment 0 Tie-Ins Project is currently scheduled for January 2012 and will require the system to be shut down for one week. She reported on the COH's planned shutdown of the surface water supply line for maintenance. Following discussion, the Board requested that Ms. Silva send a letter to the COH to request that their planned shutdown coincides with the Main Segment 0 Tie-Ins Project shutdown in January 2012.

Ms. Silva reported that eight bids were opened on September 6, 2011, for the contract for the construction of Main Segment 12C and recommended that the Board award a contract in the amount of \$1,713,243.61 to the lowest qualified 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 seven bids were opened on September 8, 2011, for the contract for the construction of Main Segment 7B and recommended that the Board award a contract in the amount of \$2,631,272.01 to the lowest qualified 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, 5, 12A, 12B, and 12D, the connection water lines for Fort Bend County M.U.D. Nos. 2, 30, 41, 119, and 122, 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, and final acceptance of the project for the construction of the D-158 Water Plant Modifications Project. She additionally recommended approval of change orders to the contract for the construction of the D-158 Water Plant Modifications Project for installation of new equipment and site cleanup, the contract for construction of Main Segment 5 for changes to tie-in design and the installation of temporary driveways, and the contract for construction of Main Segment 12A for a change in the water line alignment at the request of CenterPoint Energy. Ms. Silva noted that the Authority has installed approximately 25.9 miles of water lines to date and discussed the schedule for surface water delivery.

Ms. Silva requested approval of Change Order No. 4 to B&G's contract for additional right-of-way services related to easements for the Authority's water plants, additional parcels for Main Segments 7 and 12, and CenterPoint Energy's requests.

Ms. Silva recommended approval of a proposal from Environmental Allies, Inc. for storm water pollution prevention services for Main Segments 6, 7A, and 7B, and the connection water line for Fort Bend County M.U.D. No. 118.

Ms. Silva recommended approval of proposals for materials testing services from HVJ Associates, Inc. for Main Segment 6, and from Geotest Engineering, Inc. for Main Segments 7A and 7B, and the connection water line for Fort Bend County M.U.D. No. 118.

ROUTING ANALYSES

Ms. Silva did not provide an update on the progress of route evaluations for the Authority's 2025 distribution system.

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 reported on activities related to a 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 the Authority's aggregate well permit application for the

October 1, 2011, through September 30, 2011, term was approved by the FBSD. She stated that the amendment submitted to the FBSD for the current term is pending.

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

- (1) authorize B&G to purchase software to load on future programmable logic controllers in the amount of \$100,000;
- (2) authorize B&G to solicit proposals for a winterization package to protect various meter stations;
- (3) authorize B&G to advertise for bids for the construction of Main Segment 8B;
- (4) authorize B&G to advertise for bids for the construction of the Main Segment 0 Tie-Ins;
- (5) approve the award and execution of a contract in the amount of \$1,713,243.61 with Hurtado Construction Company for the construction of Main Segment 12C;
- (6) approve the award and execution of a contract in the amount of \$2,631,272.01 with Hurtado Construction Company for the construction of Main Segment 7B;
- (7) approve the following pay estimates:
 - Main Segment 0, Pay Estimate No. 17 in the amount of \$0,
 - Main Segment 1A, Pay Estimate No. 18 in the amount of \$0,
 - Main Segment 1B, Pay Estimate No. 18 in the amount of \$0,
 - Main Segment 2, Pay Estimate No. 12 in the amount of \$0,
 - Main Segment 3, Pay Estimate No. 6 in the amount of \$226,918.72,
 - Main Segment 4A, Pay Estimate No. 10 in the amount of \$65,108.36,
 - Main Segment 4B, Pay Estimate No. 4 in the amount of \$453,249.45,
 - Main Segment 5, Pay Estimate No. 9 in the amount of \$79,613.80,
 - Kingsbridge M.U.D. connection water line, Pay Estimate No. 11 in the amount of \$0,
 - North Mission Glen M.U.D. connection water line, Pay Estimate No. 8 in the amount of \$0,
 - Big Oaks M.U.D. connection water line, Pay Estimate No. 4 in the amount of \$42,765.86,
 - Grand Mission M.U.D. No. 1 connection water line, Pay Estimate No. 3 in the amount of \$208,194.30, and

D-158 Water Plant Modifications Project, Pay Estimate No. 11 and Final in the amount of \$104,046.50;

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

D-158 Water Plant Modifications Project, Change Order No. 1 in the amount of \$0,

Main Segment 5, Change Order No. 1 in the amount of \$0, and

Main Segment 12A, Change Order No. 1 in the amount of \$25,085.65;

- (9) approve final acceptance of the D-158 Water Plant Modifications Project;
- (10) approve Change Order No. 4 to B&G's contract for additional right-of-way services in an amount not to exceed \$350,000;
- (11) approve proposal from Environmental Allies, Inc. for storm water pollution prevention services for Main Segments 6, 7A, and 7B, and the connection water line for Fort Bend County M.U.D. No. 118 in an amount not to exceed \$272,000;
- (12) approve proposal from Geotest Engineering, Inc. for Main Segment 7A in the amount of \$55,000, Main Segment 7B in the amount of \$66,000, and the connection water line for Fort Bend County M.U.D. No. 118 in the amount of \$26,000; and
- (13) approve proposal from HVJ Associates, Inc. for materials testing services for Main Segment 6 in an amount not to exceed \$31,000.

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

EXTENSION OF D-158 WATER PLANT LEASE AGREEMENT

Mr. Oliver reported that the Authority's Lease Agreement for the D-158 Water Plant expires on November 1, 2012, and contains a provision whereby the COH may agree in writing to extend the term of the Lease Agreement for a period of up to an additional two (2) years. Ms. Silva recommended extending the lease for another year. Following discussion, Director Gay moved to authorize execution of a letter to the COH requesting a one-year extension of the D-158 Water Plant Lease Agreement. Director Patton seconded the motion, which was approved by unanimous vote.

JOINT PROJECTS

Mr. Oliver discussed formation of a Joint Facilities Committee per the Joint Facilities Agreement with the West Harris County Regional Water Authority for Main Segments 0 and 1A, the Bellaire Pump Station, and the Second Source Waterline and related pump stations. Following discussion, Director Gay moved to adopt a Resolution Appointing Representatives to the Joint Facilities Committee appointing Directors Houghton and Darden to serve as the primary representative members of the

Joint Facilities Committee, and Director Spell to serve as the alternate representative member. Director Hebert seconded the motion, which was approved by unanimous vote.

WATER CONSERVATION AND REUSE

Director Patton provided an update on the Water Conservation Advisory Committee's activities. Mr. Oliver reported that executed Irrigation Evaluation Systems Cost Sharing Agreements were received from Cinco MUD Nos. 10 and 12.

CONTRACTS

There was no discussion on this item.


REALTY INTEREST ACQUISITION

Mr. Oliver recommended acceptance of one Water Line Easement and Side Letter for the parcel and from the Grantor listed on the attached Realty Interests Chart for Main Segment 4. Following review and discussion, Director Gay moved to accept the easement and authorize execution of the letter. Director Hebert seconded the motion, which was approved by unanimous 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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