

MINUTES  
NORTH FORT BEND WATER AUTHORITY

November 19, 2008

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 19th day of November, 2008, 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: Mark McGrath of Null-Lairson, PC; David C. Scholler, P.E. and Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of TCB, Inc.; Pamela Logsdon 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 meetings held on October 22, and October 30, 2008. After discussion, Director Hebert moved to approve the minutes as written. Director Patton 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

There was no report on the Authority's public communications.

## ENGAGE AUDITOR

The Board next discussed engaging an auditor to conduct the annual audit for fiscal year ending December 31, 2008. Mr. McGrath reviewed with the Board the proposed engagement letter from Null-Lairson, PC for auditing services for a fee not to exceed \$15,000.00. Following review and discussion, Director Gay moved to engage Null-Lairson, PC to conduct the District's annual audit for the fiscal year ending December 31, 2008, and authorize execution of the engagement letter as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

## ENGAGE ACCOUNTING FIRM

Mr. McGrath next discussed with the Board engaging an accounting firm to prepare the Authority's financial statements for fiscal year ending December 31, 2008, to avoid the issuance of a material weakness statement in the annual audit's management letter. Mr. Oliver discussed with the Board the possible effects of the statement on the Authority's credit ratings or bond insurance for future bond issues. He reviewed the proposed engagement letter from McCall, Gibson & Company, PLLC for preparation of the financial statements for a fee not to exceed \$9,500.00. Following review and discussion, Director Fay moved to engage McCall, Gibson & Company, PLLC to prepare the Authority's financial statements for fiscal year end December 31, 2008, and authorize execution of the engagement letter as presented. Director Gay seconded the motion, which was approved by unanimous vote.

## FIRST BOND ISSUE

Mr. Oliver noted that the Board sold a Bond and Revenue Anticipation Note in the amount of \$10,000,000 to Bank of America on October 30, 2008. He stated that the note has closed and the funds have been deposited into the Authority's bank account. He reported that B&G submitted a loan application to the Texas Water Development Board (the "TWDB") prior to November 1, 2008.

## APPROVE PUMPAGE FEE CALCULATION AND NOTICE

Mr. Oliver requested authorization to distribute notification of the Board of Directors' intent to adopt the monthly pumpage fee of \$0.60 per 1,000 gallons for the year 2009, at next month's regular meeting. Following discussion, Director Patton moved to authorize the consultants to distribute notification of the date, time and location of next month's regular meeting of the Board of Directors at which a Groundwater Reduction Plan Fee of \$0.60 per 1,000 gallons of water pumped effective January 1, 2009, will be adopted. Director Darden seconded the motion, which carried unanimously.

## ENGINEER'S REPORT

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 and Mr. Oliver reported that they are reviewing a proposed contract between the COH and all of the area water authorities regarding the design and construction of the Luce Bayou Project. Mr. Oliver stated that language regarding effluent reuse was removed from the proposed contract for the project.

Ms. Silva reported that an executed GRP Participant Agreement has been received from Chemical Lime, Ltd., after approval of the Authority's amended GRP approved today by the Fort Bend Subsidence District (the "FBSD"). She stated that a request to amend the Authority's GRP a second time will be submitted to the FBSD.

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 letter was forwarded to the WHCRWA as notification that the Authority has started design of Segments 0, 1A, 1B, and the pump station.

Ms. Silva reported that B&G is coordinating web access to the Authority's GIS system, including the primary monumentation report, with Barbara Payne of Payne Communications and the Authority's web site developers. She updated the Board on the status of implementing secondary monumentation for the Authority's year 2013 surface water system.

Ms. Silva reported that B&G is reviewing proposals received for the system-wide environmental, geotechnical, cathodic protection, and transient analysis which were presented to the Authority's Design Committee at their committee meeting held on November 13, 2008.

Ms. Silva requested consideration of a Change Order for Right-of-Way Services for additional funds for Title Certificates and Appraisals for the system-wide right-of-way project. A copy of the proposal is attached. She stated that the proposal was submitted to the Authority's Design Committee at their committee meeting held on November 13, 2008.

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, and 6, and the related district connection lines. She distributed thirteen design proposals and stated that they were submitted to the Authority's Design Committee at their committee meeting held on November 13, 2008. A summary of the design proposals and

the related design consultants (“Design Consultants”) are attached. Director Darden reported that it was the consensus of the Design Committee to approve the proposals as submitted. Following review and discussion, Director Darden moved to approve the design proposals as approved by the Design Committee, and authorize execution of contracts with the Design Consultants. Director Spell seconded the motion, which was approved by unanimous vote.

Ms. Silva next reported that a meeting was held with Fort Bend County M.U.D. Nos. 143, 146, 165, and 194 on October 29, 2008, to further discuss the portion of the proposed transmission route for Main Segments 7A, 7B, and 7C located along Mason Road. She stated that the additional information from Fort Bend County M.U.D. No. 165’s engineer is needed prior to completing the evaluation of several options prior to the selection of the recommended route provided in the previously distributed reports.

Ms. Silva next reported that the draft conversion and design standards for the Authority’s 2013 surface water system were presented to the Authority’s Design Committee at their committee meeting held on November 13, 2008. She stated that the standards will be provided to the Design Consultants at their kickoff meetings scheduled for next week.

Ms. Silva reported that B&G submitted a regional water plan waiver for consideration at the Texas Region H Water Planning Group meeting held on November 5, 2008. She stated that the waiver request is a procedural matter required for the TWDB loan application. She stated that Region H will submit a letter to the TWDB Board in favor of granting the Authority a waiver. She stated that the TWDB has indicated that the plan waiver and the loan application may be discussed at their January or February 2009 meeting.

Ms. Silva next reported that B&G continues to coordinate with the consultants on engineering items for the Authority’s budget and a meeting of the Finance Committee is scheduled prior to the Authority’s regularly scheduled December meeting.

Following review and discussion, Director Fay moved to approve the engineer’s report as presented. Director Patton seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Spell moved to approve B&G’s Proposal for Right-of-Way Services for the system-wide right-of-way project. Director Fay seconded the motion, which was approved by unanimous vote.

#### BOOKKEEPER’S REPORT, CONDUCT HEARING

Ms. Logsdon next reviewed a bookkeeper’s report, including a summary of investments, monthly receipts, and past due accounts, a copy of which 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.

AMENDMENT TO BOOKKEEPER'S CONTRACT

The Board next considered an amendment to the bookkeeper's contract. Ms. Logsdon and Mr. Oliver responded to questions from the Board regarding the amendment. Following review and discussion, Director Gay moved to approve the amendment as submitted. Director Hebert seconded the motion, which was approved by unanimous vote.

BUDGET FOR FISCAL YEAR END DECEMBER 31, 2009

The Board next discussed items discussed during the November meeting of the Finance Committee. Mr. Scholler reported that a recommendation was made to the committee to obtain as many FBSD water conservation credits as possible prior to the year 2013 surface water conversion requirement. He recommended allocating sufficient funds in the budget for the water conservation credit for each year over the next four years.

Ms. Logsdon stated that a draft budget will be distributed to the Board prior to next month's meeting for review.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY

The Board concurred to table this item.

REPORTS FROM DIRECTORS AND CONSULTANTS

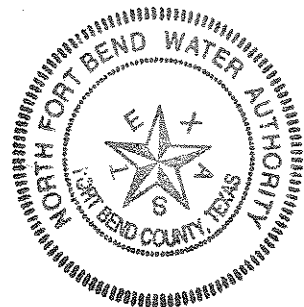
There were no additional reports from Directors or consultants.

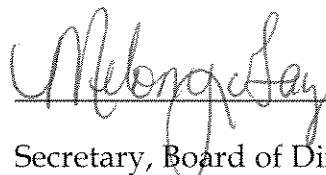
CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property. Mr. Oliver updated the Board on the status of the acquisition of the pump station.

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

(SEAL)



  
Secretary, Board of Directors

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