

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 22, 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 22nd day of October, 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 except Director 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 TCB, Inc.; Terrell Palmer of First Southwest Company; 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 meeting held on September 24, 2008. After discussion, Director Gay 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.

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. She

requested approval to open a TexPool investment account in connection with the planned issuance of a note by the Authority for interim financing. She reported that a budget workshop will be conducted next week with the Authority's consultants. 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.

AMENDMENT TO BOOKKEEPER'S CONTRACT

The Board next considered an amendment to the bookkeeper's contract. Ms. Logsdon responded to questions from the Board regarding the amendment. Following discussion, the Board concurred to table this item pending review of additional information regarding comparable bookkeeping rates.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY

The Board next conducted an annual review of the District's Investment Policy. No changes to the Investment Policy were recommended by the District's consultants. Following review and discussion, Director Gay moved to adopt a Resolution Regarding Annual Review of Investment Policy without amendment to the District's current Investment Policy as recommended. Director Patton seconded the motion, which was approved by unanimous vote.

FIRST BOND ISSUE AND INTERIM FINANCING OPTIONS

Mr. Palmer next presented a current market update, and discussed interim bond financing and the proposed preparation of a Texas Water Development Board (the "TWDB") loan application. He reviewed a proposed sale of a Bond and Revenue Anticipation Note in the amount of \$10,000,000 to Bank of America. He stated that the note would provide interim financing needed to pay for the initial amounts owed to the City of Houston (the "COH") per the Authority's Water Supply Contract with the COH, and for property acquisition, transmission facilities, and related projects for the first phase of the Authority's 2013 conversion. He reviewed procedures for submitting an application in the approximate amount of \$141,490,000 to the TWDB for the D Fund Program. He asked that the Board consider authorizing preparation and submission of the application. He stated that the application could potentially be submitted by November 1, 2008, and funding received in May, 2008.

Mr. Oliver recommended moving forward with the financing approach presented by Mr. Palmer and discussed a proposed financing schedule. Director Houghton reported on his discussions with ABHR regarding financing matters for the Authority. He stated that he concurs with an ABHR recommendation that the Authority form a Finance Committee. Following review and discussion, the Board concurred to hold a special meeting on Thursday, October 30, 2008, at noon at the

offices of B&G, to issue a Bond and Revenue Anticipation Note and consider submittal of an application to the TWDB for the D Fund Program as discussed.

ISSUANCE OF BOND AND REVENUE ANTICIPATION NOTE

The Board concurred to table this item.

DESIGN COMMITTEE RECOMMENDATIONS

Mr. Oliver reported that the Authority's Design Committee met and has a meeting scheduled for November 13, 2008. He stated that recommendations from the committee will be presented at the Board's regularly scheduled November meeting.

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 reported that, because an executed GRP Participant Agreement was not received from Chemical Lime, Ltd., the company was not included in the Authority's amended GRP approved today by the Fort Bend Subsidence District (the "FBSD").

Ms. Silva reported that, per the meeting held with the TWDB to discuss financing options, B&G is preparing a regional water plan waiver for consideration at the November 5, 2008, Texas Region H Water Planning Group meeting. She stated that the waiver request is a procedural matter required for the TWDB loan application and recommended that a Board member attend the meeting.

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 requested authorization to forward a letter notifying the WHCRWA that the Authority has started design of Segments 0, 1A, 1B, and the pump station. Director Houghton reported that, as authorized last month, he contacted Dan Sallee of the WHCRWA regarding cost sharing options and reimbursement for the appraisal report for the City of Houston's (the "COH") D-158 pump station. He stated that Mr. Sallee is consulting with Dannenbaum Engineering prior to responding to his request. He stated that the WHCRWA is most likely uninterested in the COH D-158 pump station due to design incompatibilities with their system.

Ms. Silva reported that a contract between the COH and the Coastal Water Authority regarding the design and construction of the Luce Bayou Project has not yet

been finalized. She stated that the COH has requested additional time to develop language to address the outstanding effluent reuse issue related to a contract for the project between the COH and all of the area water authorities.

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 environmental, geotechnical, cathodic protection, and transient analysis which will be presented to the Authority's Design Committee at their committee meeting scheduled for 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 stated that the designs and design proposals will be submitted to the Authority's Design Committee prior to submission to the entire Board.

Ms. Silva next recommended that the Board consider approval of the transmission line routing analysis reports for Main Segments 7A, 7B, and 7C, after a meeting is 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 route located along Mason Road. She noted that the details of several options evaluated prior to the selection of the recommended route are provided in the previously distributed reports.

Ms. Silva next reported that conversion and design standards for the Authority's 2013 surface water system will be presented to the Authority's Design Committee at their committee meeting scheduled for November 13, 2008.

Ms. Silva next reported that a meeting is scheduled for October 29, 2008, for the consultants to coordinate on the Authority's budget.

Ms. Silva reported that B&G and ABHR are continuing to work on right-of-way acquisition policies for the Authority.

Ms. Silva reported that B&G is reviewing water demand information provided by Kingsbridge M.U.D. to determine whether drilling of an additional water well by Kingsbridge M.U.D. can be avoided by early delivery of surface water.

Ms. Silva reported that a meeting is scheduled with representatives of a new utility district, Fort Bend County M.U.D. No. 190, to determine whether drilling of wells can be avoided through surface water conversion.

Following review and discussion, Director Darden moved to approve the engineer's report as presented, including authorizing B&G to forward a letter notifying the WHCRWA that the Authority has started design of Segments 0, 1A, 1B, and the pump station. Director Fay seconded the motion, which was approved by unanimous vote.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY

The Board concurred to table this item.

ADOPT RESOLUTION ESTABLISHING DESIGN COMMITTEE

The Board next considered adopting a Resolution Establishing a Design Committee. Following review and discussion, Director Gay moved that the Board adopt such resolution with the Design Committee consisting of the following members: Robert Darden, Melony Gay, and David Spell, with Bruce Fay to serve as an alternate member on the committee. Director Patton seconded the motion, which was approved by unanimous vote.

ADOPT RESOLUTION ESTABLISHING FINANCE COMMITTEE

The Board next considered adopting a Resolution Establishing a Finance Committee. Following review and discussion, Director Gay moved that the Board adopt such resolution with the Finance Committee consisting of the following members: Bruce Fay, Pat Hebert, Peter Houghton, and Robert Patton. Director Patton seconded the motion, which was approved by unanimous vote.

REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports from Directors or consultants.


MEETING SCHEDULE

The Board next discussed rescheduling the November and December regular meetings due to the Thanksgiving and Christmas holidays. Following discussion, the Board concurred to reschedule the November meeting to Wednesday, November 19, 2008, and to reschedule the December meeting to Wednesday, December 17, 2008, both at 6:00 p.m. at the Golf Club at Cinco Ranch.

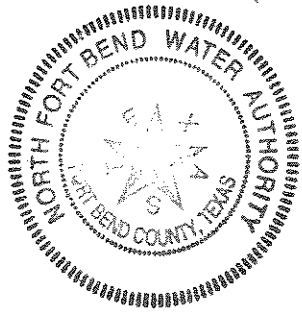
CONVENE IN EXECUTIVE SESSION

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.

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


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
attendance sheets	1
bookkeeper's report	1
written engineer's report	3