

MINUTES  
NORTH FORT BEND WATER AUTHORITY

October 30, 2008

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session, open to the public, on the 30th day of October, 2008, at the offices of Brown & Gay Engineers, Inc., 10777 Westheimer, Houston, Texas, outside 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 Directors Fay and Patton, 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"); Terrell Palmer of First Southwest Company; Pamela Logsdon of AVANTA Services; Melisa Montague of Coats Rose PC; and Joe B. Allen, David Oliver, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

ISSUANCE OF BOND AND REVENUE ANTICIPATION NOTE

Mr. Palmer discussed the issuance of the Bond and Revenue Anticipation Note ("BAN") in the amount of \$10,000,000 to Bank of America with a maturity date of August 3, 2009. He reviewed the use of BAN proceeds. He stated that the BAN is scheduled to close on November 4, 2008.

Mr. Palmer reported that the Authority's loan application in the approximate amount of \$141,490,000 to the Texas Water Development Board's (the "TWDB") D Fund Program will be submitted tomorrow. He reviewed the anticipated schedule for the loan application process and stated that the loan could close as soon as March 2009, and is more likely to close in June 2009. Discussion ensued regarding interest rates and costs for issuance for bonds issued in the manner traditionally employed by the other water authorities versus those issued in connection with a loan from the TWDB. Additional discussion ensued regarding studies required for construction of the Authority's facilities.

## SUPPLEMENTAL ENGAGEMENT LETTERS FOR BAN AND SERIES 2009 BONDS

Mr. Palmer next reviewed a supplemental engagement letter with First Southwest Company for services as financial advisor in connection with the issuance and sale of the BAN, and in connection with the issuance and sale of Water System Revenue Bonds, Series 2009. Following review and discussion, Director Gay moved to authorize execution of the supplemental engagement letter with First Southwest Company as presented. Director Spell seconded the motion, which was approved by unanimous vote.

Mr. Allen reviewed supplemental engagement letters with ABHR for services as bond counsel in connection with the issuance and sale of the BAN, and in connection with the issuance and sale of the Water System Revenue Bonds, Series 2009. Following review and discussion, Director Darden moved to authorize execution of the supplemental engagement letters with ABHR as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

The Board next considered adopting a Resolution Authorizing the Issuance of the District's Bond Anticipation Note ("Resolution") in the amount of \$10,000,000 and authorizing execution of the Purchaser's Investment and Bid Letter by Bank of America. Mr. Oliver reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the BAN, the repayment of the BAN, and certain Authority covenants regarding the tax-exempt status of the BAN. After review and discussion, Director Spell moved to adopt the Resolution and authorize execution of the Purchaser's Investment and Bid Letter by Bank of America as presented. Director Gay seconded the motion, which carried by unanimous vote.

Mr. Oliver and Ms. Logsdon next discussed with the Board various certificates and documents related to the issuance of the BAN. Following discussion and review, Director Hebert moved to authorize the President and Secretary of the Authority to execute all documents necessary in connection with the issuance of the BAN. Director Gay seconded the motion, which carried unanimously.

### ADOPT DROUGHT CONTINGENCY PLAN

Ms. Silva next reviewed with the Board a Drought Contingency Plan required as part of the loan application to the TWDB D Fund Program. Following review and discussion, Director Gay moved to adopt the Drought Contingency Plan as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

### ADOPT WATER CONSERVATION PLAN

Ms. Silva next reviewed with the Board a finalized Water Conservation Plan. Following review and discussion, Director Hebert moved to adopt the Water

Conservation Plan as presented. Director Spell seconded the motion, which was approved by unanimous vote.

ADOPT RESOLUTION AUTHORIZING LOAN APPLICATION TO THE TWDB

Mr. Oliver next reviewed with the Board a Resolution by the Board of Directors of the North Fort Bend Water Authority Requesting Financial Participation from the Texas Water Development Board; Authorizing the Filing of an Application for Financial Participation; and Making Certain Findings in Connection Therewith. He next discussed with the Board various certificates and documents related to the application. Mr. Scholler reported that a supplement to the application will be made after receipt of a regional water plan waiver from the Region H Water Planning Group. After review and discussion, Director Gay moved to adopt the Resolution and authorize the President and Secretary of the Authority to execute all documents necessary in connection with the Application for Financial Participation. Director Hebert seconded the motion, which carried by unanimous vote.

REPORTS FROM DIRECTORS AND CONSULTANTS

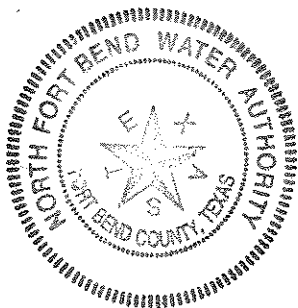
Mr. Allen next updated the Board on discussions held with the COH regarding the Luce Bayou Project.

Mr. Oliver reported that he is working to schedule the closing of the purchase of the pump station site.

Mr. Scholler stated that he expects to receive a response soon from the West Harris County Regional Water Authority regarding cost sharing options and reimbursement for the appraisal report for the City of Houston's (the "COH") D-158 pump station.

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

(SEAL)



  
Secretary, Board of Directors