

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 25, 2009

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 25th day of March, 2009, 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 Directors Hebert and Spell, thus constituting a quorum.

Also present for all or part of the meeting were: Terrell Palmer of First SouthWest Company; Barbara Payne of Payne Communications; David C. Scholler, P.E., Melinda Silva, P.E., and Rodney Heisch, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Kevin Krahn, P.E. of AECOM; 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 February 25, 2009. After discussion, Director Patton moved to approve the minutes as written. Director Gay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications, including the purchase and delivery of twelve monthly billing inserts for the municipal utility districts that will be converted during the first two years, the purchase and distribution of three billing inserts to educate the Authority's residents about water

conservation and the conversion to surface water, preparation of the Authority's newsletter, and updates to the Authority's website. She requested that the Directors review the updated website and provide comments within the next week. She reported that the newsletter is scheduled for distribution within the next couple of weeks. She next requested that the Board consider membership in the Alliance for Water Efficiency as proposed during the last meeting of the Authority's Finance Committee. The Board concurred to consider membership at next month's meeting. Following review and discussion, Director Darden moved to authorize release of the updated website pending the Board's review and comments. Director Fay seconded the motion, which was approved by unanimous vote.

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

Ms. Lightbody next reviewed a bookkeeper's report, including quarterly investments, monthly receipts, and past due accounts, a copy of which is attached. She reviewed three additional checks for payment to Bank of America, First Southwest Company, and an Easement. She stated that the checks will be included on next month's bookkeeper's report. She next reviewed a revised report format. Following review and discussion, she stated that a revised format of the Statement of Revenues and Expenditures to include a monthly year-to-date column will be presented to the Finance Committee for review at the April committee meeting. Director Gay moved to approve the bookkeeper's report as presented. Director Patton seconded the motion, which was approved by unanimous vote.

FIRST BOND ISSUE

Mr. Terrell next reported on his preliminary review of the option for the Authority to issue bonds in the open market. Following discussion regarding potential cost savings and the schedule for obtaining a loan from the Texas Water Development Board ("TWDB"), the Board concurred to schedule a special meeting to review due diligence information on the open market issuance option.

RESOLUTION ACCEPTING CAPITAL ADVANCES

Mr. Oliver noted that the Board adopted a Capital Advance and Reimbursement Procedure. He stated that written notices of intent to fund their shares of capital costs were received from Cinco Municipal Utility District No. 8 and Kingsbridge Municipal Utility District. He reviewed a resolution prepared to accept the notices. Following review and discussion, Director Fay moved to approve the Resolution Accepting Capital Advances as presented. Director Gay seconded the motion, which was approved by unanimous vote.

RESOLUTION ADOPTING WATER CONSERVATION PLAN

Mr. Oliver reported that a resolution has been prepared to adopt the Authority's previously approved Water Conservation Plan per the request of the TWDB. Ms. Silva stated that no changes have been made to the Authority's Water Conservation Plan. Following review and discussion, Director Gay moved to adopt a Resolution Adopting Water Conservation Plan as presented. Director Darden seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

Ms. Silva next presented the engineer's report, including the monthly pumpage report, the status of newer wells located within the Authority and 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 on the status of negotiations with the West Harris County Regional Water Authority (the "WHCRWA") on a cost sharing agreement for joint facilities.

Mr. Scholler and Ms. Silva reported that, during a meeting held on March 12, 2009, with the COH to discuss leasing of the D-158 water plant, the COH initially agreed to lease the facility for a monthly rate equal to a pro rata share of the remaining service life of the equipment. Ms. Silva noted that a full report of this matter was given to the Authority's Design Committee. She recommended that a due diligence study of the facility be performed to finalize the rental fees and assess what would be required to make use of the water plant. She reviewed a proposal for performance of the due diligence.

Ms. Silva stated that as reported last month, B&G is performing a detailed review of a copy of the Second Source Water Study received from the WHCRWA. She stated that the study evaluates four different pipeline routing options for distribution of surface water from the COH's Northeast Water Plant to the Authority's second supply point.

Ms. Silva reported that B&G continues to address questions, as appropriate, regarding information provided to Dannenbaum Engineers, Inc. on preliminary incremental costs for the infrastructure adjustments that would need to be made at the Authority's pump station to accommodate initial participation by the WHCRWA in the amount of two million gallons per day ("mgd"), with an ultimate participation of 10 and 14 mgd.

Ms. Silva reported that B&G has performed maintenance, as appropriate, on the monumentation system, including replacing damaged markers.

Ms. Silva stated that, as discussed last month, the TWDB requires additional environmental work beyond what would normally be performed. She stated that Environmental Assessments must be approved prior to the release of funds by the TWDB for construction projects. She recommended proceeding with the environmental field work for all of the currently defined segments and preparing a series of constraints maps under the current contract with Raba-Kistner Consultants, Inc. ("RK") for system-wide environmental services. She stated that RK can perform the field work within a month.

Ms. Silva reported that B&G received comments from the COH on the design of Main Segment 0 and the first easement for the segment has been obtained.

Ms. Silva stated that a determination on the size and type of participation with the WHCRWA is required before design of the pump station can continue.

Ms. Silva recommended that all design work for Segments 1A, 1B, 2, 3, 4, 5, and 6, and the related district connection lines be put on hold pending the receipt of the environmental field work and the constraints maps. She stated that this action will minimize the risks to the Authority for design re-work if environmental issues are identified and adjustments are required. She stated that right-of-way surveys and title certificate preparation will continue so that the impact on the schedule is minimized. She recommended that the Board not proceed with the acquisition of any additional easements beyond Main Segment 0 until the environmental constraints are identified. Discussion ensued regarding the schedule and additional costs for Environmental Assessments required by the TWDB. Ms. Silva stated that all of the designs are currently on schedule and that the Authority's Design Committee approved preparation of the constraints map.

Ms. Silva reported that B&G is reviewing a drawing received from a developer for an easement along the future Bellaire Boulevard extension located in the area of Main Segment 6.

Ms. Silva next reported on the status of transmission line routing for Main Segments 7A, 7B, and 7C located along Mason Road. She reported that a routing option to serve Fort Bend County Municipal Utility District No. 165 ("No. 165") was initially met with a positive response. She stated that No. 165 will seek approval of the option from the other districts in its integrated water system. Following discussion regarding the outstanding routes, Director Darden moved to set the Authority's next regularly scheduled meeting date as the deadline for the close of this matter. Director Fay seconded the motion, which was approved by unanimous vote.

Ms. Silva next reported that B&G is working on the cathodic protection, electrical, and instrumentation details for the Authority's 2013 surface water system for inclusion in

the Design Manual. She stated that B&G is working on a detailed schedule for the surface water conversion.

Ms. Silva reported that the Coastal Water Authority will hold a regularly scheduled conference call one week prior to their monthly board meetings starting next month to discuss the Luce Bayou Project. She stated that the scheduled conference call is an effort to keep the stakeholders updated on the project. She said that B&G will forward the details regarding the call once received.

Ms. Silva reported that B&G is reviewing boundary issues at the request of the WHCRWA and ABHR. She stated that the City of Katy has annexed some property which may affect the Authority.

Ms. Silva reported on items of interest discussed during a meeting of the Fort Bend Subsidence District.

Following review and discussion, Director Darden moved to approve the engineer's report as presented, including authorizing RK to proceed with the environmental field work and preparation of constraints maps for the currently defined 2013 surface water system, approving the proposal from B&G for performance of due diligence for the lease of COH's D-158 water plant, and authorizing halting of the design work for the 2013 surface water system, pending the receipt of environmental clearance and constraints maps. Director Fay seconded the motion, which was approved by unanimous vote.

ACCEPT EASEMENTS

Mr. Oliver recommended acceptance of a Water Line Easement from TCH Land, LP for Main Segment 0. He briefly reported on activities for obtaining additional easements. Following review and discussion, Director Gay moved to accept the easement as presented. Director Patton seconded the motion, which was approved by unanimous vote.

RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTEREST

The Board concurred to table this item.

APPROVE ENGAGEMENT LETTER

Mr. Oliver recommended approval of an engagement letter with Joyce, McFarland, and McFarland LLP for right-of-way legal services. He noted that Charles McFarland has been providing such services to the Authority. Following review and discussion, Director Fay moved to approve the engagement letter as presented. Director Darden seconded the motion, which was approved by unanimous vote.

2009 LEGISLATIVE SESSION

Mr. Oliver provided a brief update on and discussion ensued regarding the 2009 Texas Legislative Session.

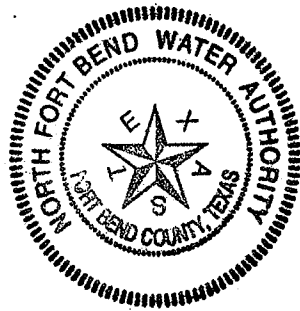
CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board convened in executive session pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property.

The Board reconvened in open session. No action was taken by the Board.

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

(SEAL)



Melony Say

Secretary, Board of Directors

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