

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 22, 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 22nd day of April, 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, thus constituting a quorum.

Also present for all or part of the meeting were: Terrell Palmer of First SouthWest Company; 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; Katie Dorfman 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 March 25, and April 6, 2009. 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. A member of the public commented that the updated website looks good.

PUBLIC COMMUNICATIONS

Director Houghton next updated the Board on the Authority's public communications. The Authority's newsletter is scheduled for distribution within the week.

The Board next considered membership in the Alliance for Water Efficiency. Following review and discussion, Director Patton moved to authorize membership in the

Alliance for Water Efficiency at the lowest membership fee available and in an amount not to exceed \$500.00. Director Fay seconded the motion, which was approved by unanimous vote.

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

Ms. Logsdon reported that a draft of the Authority's audit is expected to be available for review at the Authority's Finance Committee meeting scheduled for May 11, 2009. Mr. Palmer stated that the finalized audit is needed prior to the regularly scheduled May 27, 2009, Board meeting, during which he expects the Series 2009 Bonds to be sold. Following discussion, the Board concurred that approval of the audit would be considered at the Authority's Finance Committee meeting scheduled for May 11, 2009.

Ms. Logsdon next reviewed a bookkeeper's report, including monthly receipts and past due accounts, a copy of which is attached. She stated that there was no need to conduct a hearing on delinquent fees or rule violations. 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.

SERIES 2009 BONDS

Mr. Palmer next discussed the procedures and activities to be undertaken to issue bonds in the open market with a May 2009 sale date and a June 2009 closing date. He recommended preparing a Preliminary Official Statement and engaging Jana Cogburn of Fulbright & Jaworski, LLP as Disclosure Counsel. He stated that the fees for Disclosure Counsel are estimated at approximately \$80,000. Following discussion, Director Gay moved to authorize preparation of the Preliminary Official Statement and to engage Janet Cogburn of Fulbright & Jaworski, LLP as Disclosure Counsel, per Mr. Palmer's recommendations. Director Fay seconded the motion, which was approved by unanimous vote.

ENGAGE AUDITOR, APPOINT UNDERWRITER

Ms. Cherne stated that there was no need to engage an auditor to prepare a certificate for the Authority's first bond issue.

Mr. Palmer next reviewed a comparison of interest cost rates for various financing options. He discussed projected ratings of the Authority by Standard and Poor's Financial Services LLC and Fitch Ratings, Ltd. and actions being undertaken to obtain confirmed ratings.

Mr. Palmer next reviewed a summary of the selection of an underwriting team and discussed competitively bid and negotiated bond sales. He stated that these issues

were discussed at the previous meeting of the Authority's Finance Committee. He recommended that the Series 2009 Bonds be sold through a negotiated sale. He additionally recommended the selection of an underwriting team with RBC Capital Markets as the senior manager, and Morgan Keegan & Company, Inc., Coastal Securities, Inc.; Bank of America Merrill Lynch, and The GMS Group, LLC as co-managers. Following review and discussion, Director Gay moved to authorize the negotiated sale of the Series 2009 Bonds and to appoint the underwriting team per Mr. Palmer's recommendations. Director Fay 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. She said that all requested information has been provided to the WHCRWA regarding their participation in the Authority's pump station. Mr. Scholler stated that a response from the WHCRWA is needed by the June Board meeting and preferred by the May Board meeting.

Ms. Silva stated that, as previously reported, 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 City of Houston's (the "COH") Northeast Water Plant to the Authority's second supply point. She stated that B&G anticipates providing a recommendation on these evaluations at the next meeting of the Authority's Design Committee.

Ms. Silva and Mr. Scholler reported that the due diligence inspection of the COH D-158 water plant is underway.

Ms. Silva reported that Raba-Kistner Consultants, Inc. ("RK") presented their preliminary constraints map information today. She stated that, at this time, it does not appear that there are any insurmountable issues along the waterline routes. She stated that RK will refine their maps to focus on only the critical areas that may have to be addressed by the design engineers, at which time B&G will review and communicate that information to those affected design engineers.

Ms. Silva reported on the acquisition of easements for Main Segment 0.

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 stated that all design work for Segments 1A, 1B, 2, 3, 4, 5, and 6, and the related district connection lines are on hold pending the receipt of the environmental field work and the constraints maps.

Ms. Silva reported that B&G is developing a right-of-way survey to support the easement acquisition for the design of Main Segment 6.

Ms. Silva next reviewed a draft Transmission Line Routing Study for Main Segments 7A, 7B, and 7C and stated that the route was reviewed with the Authority's Design Committee. She reviewed the design engineering firms recommended by the Authority's Design Committee for the segments and the connection line. Following review and discussion, Director Fay moved to approve the Transmission Line Route for Main Segments 7A, 7B, and 7C per the study and to authorize B&G to begin contract negotiations with the design engineering firms as recommended. Director Gay 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 on additional engineering matters, including activities related to the Series 2009 Bonds, preparation of a summary of Coastal Water Authority loan documents, information provided to the Region H Water Planning Group per request, review of boundary issues at the request of the WHCRWA and ABHR, and the coordination with ABHR on a letter to the COH regarding the Luce Bayou Project.

Ms. Silva and Mr. Scholler next reported on a Groundwater Reduction Plan regulation amendment to be made by the Fort Bend Subsidence District (the "FBSD") to allow no-growth users to make groundwater reductions without a requirement to receive a supply of surface water. Ms. Silva stated that the FBSD will hold a hearing on the amendment at their regularly scheduled May meeting. She requested authorization to coordinate with ABHR to review the amendment, prepare a position paper, and possibly testify on behalf of the Authority. Following discussion, Director Gay moved to authorize B&G to coordinate with ABHR to review the amendment, prepare a position paper, and possibly testify on behalf of the Authority. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Ms. Dorfman recommended acceptance of a Water Line Easement from Rodeo Square Apartments, LP for Main Segment 0. Following review and discussion, Director

Gay moved to accept the easement as presented. Director Darden seconded the motion, which was approved by unanimous vote.

RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTEREST

Ms. Dorfman next discussed with the Board the right-of-way acquisition process for the Authority's proposed construction projects related to the distribution of surface water to the utility districts located within the Authority. Following review and discussion, Director Gay moved to adopt Resolutions Authorizing Acquisition of Real Property Interests for Water Line Segments 7A, 7B, and 7C. Director Patton seconded the motion, which was approved by unanimous vote.

CONTRACTS

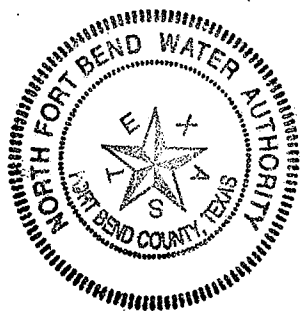
Ms. Dorfman next reviewed a supplemental engagement letter in the amount of \$25,000 plus expenses from ABHR for legislative services. Following review and discussion, Director Gay moved to approve the engagement letter as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

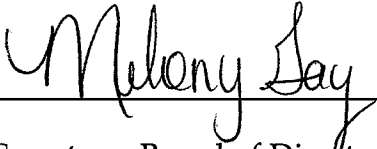
EXECUTIVE SESSION

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.

(SEAL)




Secretary, Board of Directors

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