

RESOLUTION ADOPTING WASTEWATER TREATMENT PLANT
EFFLUENT REUSE POLICY

WHEREAS, North Fort Bend Water Authority (the "Authority") has been legally created by Special Act (the "Act") of the legislature of the State of Texas for the purpose, among others, of causing the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs; and

WHEREAS, the Act further provides that the Authority may provide for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan ("GRP") and facilitate compliance with applicable subsidence district regulations;

WHEREAS, the Fort Bend Subsidence District ("FBSD") has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water or wastewater treatment plant effluent);

WHEREAS, via its Regulatory A Over-Conversion Credit Policy, the FBSD has adopted a policy by which the FBSD issues over-conversion credits achieved through the reuse of wastewater treatment plant effluent ("Effluent") in the amount of 1.5 gallons for each gallon of Effluent over-conversion;

WHEREAS, the Authority's Board of Directors ("Board") has reviewed an engineering report and analysis regarding the availability of Effluent within the Authority and the benefits of using Effluent for non-potable purposes; and

WHEREAS, the Board has determined that encouraging reuse of Effluent by adopting the Wastewater Treatment Plant Effluent Reuse Policy (the "Reuse Policy") set forth in this Resolution is necessary to cause the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs and to comply with FBSD regulations; Now, Therefore,

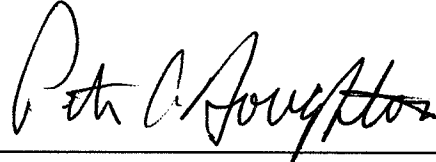
BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NORTH FORT BEND WATER AUTHORITY THAT:

Section 1: The Board hereby adopts the Reuse Policy described below. The Authority shall endeavor to enter into written contracts ("Contracts") with owners of wastewater treatment plants ("Plants") who also own water well facilities ("Owners") to provide, among other terms, that: (i) Owners who implement an Effluent reuse system will receive a \$0.39 per 1,000 gallon credit for each 1,000 gallons of metered Effluent reused from their Plants to be applied against pumpage fees (or any other fees) due the Authority by such Owners; (ii) such credit will remain in effect for a five-year period, beginning at the time of commencement of metered reuse of Effluent; and (iii)

FBSD conversion credits associated with the reuse during the life of the reuse system will belong to the Authority for the benefit of the Authority's GRP.

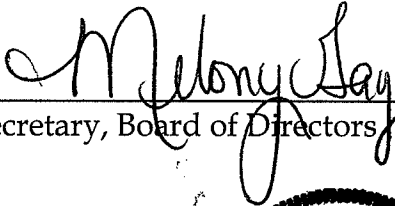
Section 2: The Authority reserves the right to modify this Reuse Policy at any time, except that a contract executed by an Owner and the Authority will not be modified without the mutual agreement of the Owner and the Authority.

PASSED AND APPROVED this 26th day of February, 2007.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

