

MINUTES OF MEETING
 OF
 NORTH FORT BEND WATER AUTHORITY

July 24, 2006

THE STATE OF TEXAS §
 §
 COUNTIES OF FORT BEND AND HARRIS §

The Board of Directors of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 24th day of July, 2006, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Brazos Room, Houston, Texas, outside the boundaries of the Authority, and the roll was called of the duly appointed members of the Board, to-wit:

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 at the meeting were: Barbara Payne of Payne Communications; David C. Scholler, P.E. and Charles Shumate, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Joe B. Allen and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheet.

APPROVE MINUTES

The Board first considered approving the minutes of the June 26, 2006, meeting. After discussion, Director Patton moved that the Board approve the minutes as written. Director Spell seconded the motion, which carried unanimously.

RECEIVE COMMENTS FROM THE PUBLIC

Director Houghton opened the meeting to receive public comments. No public comments were made.

BOOKKEEPER'S REPORT

Ms. Lightbody reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts. She reviewed the Quarterly Investment Report, a copy of which is attached. Following review and discussion, Director Gay moved that the Board approve the bookkeeper's report and payment of the bills. Director Hebert seconded the motion. Discussion ensued regarding the Authority's annual budget. Following discussion, the Board concurred to review a draft budget at next month's meeting. The motion passed by unanimous vote.

AUTHORIZE ATTENDANCE AT THE AWBD WINTER CONFERENCE

The Board next discussed the Association of Water Board Directors (the "AWBD") winter conference to be held in Galveston, Texas. Following discussion, Director Gay moved that the Board authorize the Directors to attend the AWBD winter conference. Director Patton seconded the motion, which was approved by unanimous vote.

ENGINEER'S REPORT, DISCUSS BRA STAKEHOLDER MEETING AND PARTICIPATION IN STUDY

Mr. Scholler next presented the engineer's report, including a snapshot of the Authority, actual and projected monthly pumpage, a list of wells not currently in service, and a summary of activities. A copy of the written engineer's report is attached. He reviewed tasks performed and discussed the West Fort Bend County Regional Surface Water System stakeholder meeting held by the Brazos River Authority (the "BRA") on July 13, 2006. He stated that an estimated final cost of the system for the stakeholders was over \$3.19 per 1,000 gallons for Scenario 17 of the Feasibility Study which does not include the Authority. He stated that representatives of the cities of Richmond and Rosenberg spoke regarding the options that they are weighing, including the potential water quality impacts of blending and the political issues associated with over-converting to meet the needs of participants outside of their boundaries. He stated that the BRA has an August 31, 2006, deadline for stakeholders to commit to participate in the next phase of study.

Directors Darden, Spell, and Hebert commented on the stakeholder meeting which they attended. They discussed the estimated costs of the regional system, the proposed location of the treatment plant and the costs of constructing a distribution system, the Authority's exclusion from the scenario options, the trend of increased salinity in the Brazos River, the amount of water available from the BRA in light of the permit application, and whether the Authority should participate in the next phase of study. Mr. Scholler stated that the BRA has offered to work separately with the Authority and that water source options are actively being researched by B&G. Additional discussion ensued regarding possible water source options, including the

City of Houston and the Gulf Coast Water Authority, as well as the Authority's projected water demand.

Mr. Neely addressed the Board on behalf of the City of Rosenberg to request an opportunity to meet with the Authority to explore opportunities and options for a joint effort to accomplish the shared goals of meeting surface water conversion requirements per the Fort Bend Subsidence District Rules, obtaining an adequate water supply, and constructing a water treatment plant. He stated that the City of Rosenberg wants to ensure that all opportunities and options have been explored before making any final decisions.

Following review and discussion, Director Gay moved that the Board authorize the Authority's consultants to meet with representatives from the City of Rosenberg to discuss surface water conversion and regional surface water system options, and provide recommendations to the Board regarding appropriate action related to the City of Rosenberg and the West Fort Bend County Regional Surface Water System. Director Spell seconded the motion, which was approved by unanimous vote. The Board appointed Directors Gay, Hebert, and Darden as the Authority's representatives to attend the meetings and Director Spell as the Authority's alternate representative.

Mr. Scholler next reviewed the activities and schedules for the Alternative Analysis for Surface Water Conversion Study and the Effluent Reuse Study. He reported that the Fort Bend Subsidence District water reuse seminar to be held at the Rosenberg Civic Center is tentatively scheduled for September 28, 2006, and that the Effluent Reuse Study currently being performed by B&G is expected to be completed prior to that date.

Following review and discussion, Director Spell moved that the Board approve the engineer's report as presented. Director Hebert seconded the motion, which carried unanimously.

CONDUCT HEARING ON EXCLUSION OF CERTAIN LANDS

The Board conducted a public hearing on the exclusion of land from the Authority. The Board noted that no members of the public were present to provide comments on or objections to the proposed exclusion of land from the Authority. The Board reviewed a letter from Fort Bend County Municipal Utility District No. 25 ("FBCMUD 25"), the owner of the land proposed for exclusion, requesting that the land be excluded from the Authority to correct the mistake of not including FBCMUD 25's water well no. 3 site in FBCMUD 25's previous Petition for Exclusion. A copy of the letter requesting exclusion of land from the Authority is attached.

ADOPT ORDER EXCLUDING CERTAIN LANDS

After hearing the evidence presented at the hearing, the Authority's Board of Directors then considered adopting an Order Excluding Certain Lands from the Authority ("Order"). Upon a motion made by Director Patton and seconded by Director Spell, the Board voted unanimously to adopt the Order. The Order, thus adopted, is attached to and shall be considered part of these minutes.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications including the monthly newsletter, mailing list database, e-mail blasts and website, nfbwa.com. She stated that upcoming tasks will involve conservation activities. No action was taken by the Board.

REPORTS FROM DIRECTORS AND CONSULTANTS

Mr. Allen encouraged the Board members to attend a public hearing of the Texas House of Representatives Natural Resources Committee at the Houston City Council Chamber at 11:00 a.m. on Thursday, August 3, 2006. He stated that the purpose of the hearing is to take testimony on a broad range of issues related to Municipal Utility Districts and other water districts. He stated that he will testify at the public hearing.

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 sheet	1
bookkeeper's report	2
Quarterly Investment Report	2
engineer's report	2
letter requesting exclusion of land from the Authority	3
Order Excluding Certain Lands from the Authority	4