

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 5, 2014

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 5th day of March, 2014, at the offices of Brown & Gay Engineers, Inc., 10777 Westheimer, 3rd Floor, 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, thus constituting a quorum.

Also present for all or part of the meeting were Steve Talecki of Cornerstones M.U.D.; Anna Agnew of Cinco M.U.D. No. 7; Dave Scholler, Charles Shumate, Shayna Chapman, and Lindsay Kovar of Brown & Gay Engineers, Inc. ("B&G"); Pam E. Lightbody of AVANTA Services; Mark Yentzen of Severn Trent Services, Inc.; Angela Radilla of Coats Rose PC; Doug Goodwin and John DeCell of Vepo, LLC; and David Oliver and Christina Miller of Allen Boone Humphries Robinson LLP ("ABHR").

SCOPE OF WORK FOR MARKETING FIRMS AND WATER CONSERVATION AND ALTERNATIVE WATER STRATEGY PLAN

The Board received a presentation on development of a comprehensive plan for water conservation and alternative water utilization in the Authority from Ms. Kovar. Discussion ensued regarding resuming meetings of the Water Conservation Advisory Committee on a quarterly basis to facilitate projects for the comprehensive plan. The Board concurred that Directors Patton and Hebert would attend committee meetings with Director Houghton as an alternate committee member.

Discussion ensued regarding the scope and content of contracts to be negotiated with Glass House Strategy for development of water conservation marketing materials and Barbara Payne of Payne Communications. Following discussion, the Board authorized Ms. Kovar to coordinate with Glass House Strategy on a proposed scope of services.

Discussion ensued regarding proposed water conservation and alternative water utilization projects, including performance of free irrigation system evaluations for schools, attendance of municipal utility district meetings by Ms. Kovar on an annual basis to discuss water conservation, implementation of tiered or summer water rates or water use budgets, and implementation of incentive programs. Following discussion, the Board authorized Ms. Kovar to estimate costs of the potential projects as discussed.

Discussion ensued regarding formatting changes for the Authority's newsletter and website, including a less voluminous newsletter with an additional option of e-mail delivery.

Ms. Kovar stated that the Authority had a low probability of qualifying for water use reduction credits from the Fort Bend Subsidence District (the "FBSD"), because the baseline year was a wet year. Following discussion, the Board requested that B&G discuss the possibility of adjusting the baseline with the FBSD.

IMPLEMENTATION OF WATER REUSE PROJECTS

Ms. Kovar updated the Board on the status of reuse and alternative water credit agreement requests that the Authority has received to date. She reported that a draft Wastewater Treatment Plant Effluent Reuse Agreement with Cinco M.U.D. No. 1 is being reviewed by its attorneys. She stated that B&G completed its review of a draft Wastewater Treatment Plant Effluent Reuse Agreement with Fort Bend County M.U.D. Nos. 34 and 35 and has forwarded comments on the agreement to ABHR.

DEVELOPMENT OF LANDSCAPE IRRIGATION REQUIREMENTS

The Board and consultants discussed development of proposed landscape irrigation installation requirements, including enforcement matters related to the proposed requirements. Following discussion, the Board concurred to schedule stakeholder meetings on the proposed irrigation requirements at noon and 6:00 p.m. on April 29, 2014, at Willow Fork Country Club.

FORT BEND SUBSIDENCE DISTRICT MATTERS

The Board concurred to defer this item.

EXECUTIVE SESSION

The Board convened in executive session at 7:20 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer.

RECONVENE IN OPEN SESSION

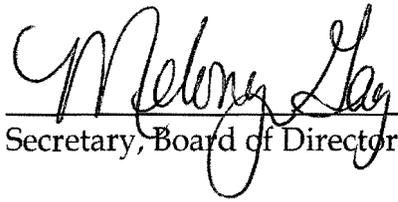
At 8:03 p.m., the Board reconvened in open session.

2014 DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reviewed the appointment process and stated that the Directors seeking re-appointment in Precincts 2 and 6 were unopposed. He stated that candidate nomination resolutions for Precinct 4 were received for Melony Gay and Anna Maria Agnew. Mr. Oliver reviewed a memorandum regarding the eligibility of Anna Agnew to be listed on a ballot and elected to the Board of Directors of the Authority drafted by Kemp Smith LLP. Following review and discussion, Director Darden moved to: i) make a finding based on the legal analysis contained in the memorandum prepared by Kemp Smith LLP that Anna Maria Agnew is not currently eligible to be listed on a ballot as a candidate for an Authority director seat; ii) adopt an Order Declaring Directors Elected and Cancelling Director Appointment Process stating that Robert Darden, Melon Gay, and Peter Houghton are appointed as directors of the Authority, to serve until May 15, 2018, or until their successors have been duly appointed and qualified; and iii) authorize ABHR to send a letter to Cinco M.U.D. No. 7 ("Cinco 7") regarding the Board's actions related to Cinco 7's candidate nomination of Ms. Agnew. Director Spell seconded the motion, which was approved by majority vote with Director Gay abstaining from the discussion and vote.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE MARCH 5, 2014, BOARD MEETING]


Secretary, Board of Directors

(SEAL)

