

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 23, 2008

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 23rd day of January, 2008, 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 Director Hebert, thus constituting a quorum.

Also present for all or part of the meeting were: David C. Scholler, P.E., Melinda Silva, P.E., and Charles Shumate, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Jason Afinowicz of TCB; Pam E. Lightbody of AVANTA Services; Barbara Payne of Payne Communications; 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 December 19, 2007, meeting. After discussion, Director Gay moved to approve the minutes as corrected. Director Spell seconded the motion, which carried unanimously, except for Director Houghton who was not present for the vote.

COMMENTS FROM THE PUBLIC

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

BOOKKEEPER'S REPORT

Ms. Lightbody next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. She noted that a comparison of budgeted versus actual amounts of engineering fees since the Authority's inception was previously distributed to the Board by e-mail. Following review and discussion, Director Spell moved to approve the bookkeeper's report and

payment of the bills. Director Gay seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

CONDUCT HEARING

Ms. Lightbody stated that a hearing regarding delinquent fees is not necessary at this time.

ACCEPT ANNUAL DISCLOSURE STATEMENTS

Mr. Oliver next reviewed with the Board the annual disclosure statements of the Authority's bookkeeper and investment officer. Following review and discussion, Director Gay moved to accept the annual disclosure statements and authorize filing of the statements with the Texas Ethics Commission. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Houghton who was not present for the vote.

ENGINEER'S REPORT, STATUS OF SURFACE WATER SUPPLY NEGOTIATIONS

Ms. Silva next presented the engineer's report, including the monthly pumpage report, a list of wells located within the Authority that are not currently in service, a summary of activities, and upcoming events. A copy of the written engineer's report is attached.

Ms. Silva reported that the Groundwater Reduction Plan (the "GRP") has been submitted to the Fort Bend Subsidence District for review. She stated that the Draft Water Conservation Plan was included in the appendix of the submittal.

Ms. Silva reported that letters were forwarded to the owners of the 37 wells in Area A that are not included in any GRP to outline their options under the recommended policy for requests for inclusion in the Authority's GRP approved last month.

Ms. Silva updated the Board regarding the facility site and transmission line routing analysis. She stated that the current route is very preliminary and is expected to change.

Ms. Silva, Mr. Scholler, and Mr. Oliver reported on the status of and responded to Board members' questions regarding the following draft contracts:

1. Water Supply Contract between the City of Houston (the "COH") and the Authority;
2. Contract between the COH and all Water Authorities to address the Luce Bayou Project; and

3. Cost-Sharing Agreement between the West Harris County Regional Water Authority (the "WHCRWA") and the Authority to share joint facilities.

Mr. Oliver stated that the Cost-Sharing Agreement was sent to the WHCRWA and the Water Supply Contract was sent to the COH, and responses have not been received. Mr. Oliver noted that an advisory committee meeting for the Luce Bayou Project is scheduled for February 15, 2008. Director Houghton requested that a spreadsheet of the proposed cost participation be forwarded to the Board's advisory committee and a conference call of the advisory committee and consultants be scheduled for next Monday or Tuesday.

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

POLICY FOR INCLUSION IN THE AUTHORITY'S GRP

Mr. Oliver next reviewed with the Board a Resolution Adopting Policy for Requests for Inclusion in the Authority's Groundwater Reduction Plan which contains the provisions approved last month: (i) Owners must pay the pumpage fees (or any other fees) due the Authority by such Owners had the Owners been included in the Authority's GRP beginning on October 1, 2005; (ii) Owners will pay the same pumpage fee that permittees within the Authority pay; (iii) Owners will provide estimates of future water use and agree to a cap on the amount of coverage provided under the GRP; (iv) Owners will pay for engineering and legal fees associated with the Agreements and the inclusion of Owners in the GRP; and (v) the Authority will reserve the right in its sole discretion to convert Owners to surface water in the same manner that the Authority has the right to convert participants within its boundaries to surface water, but will have no obligation to provide surface water to Owners. All requests for inclusion into the Authority's GRP must be received by May 1, 2008. If an Owner requesting inclusion into the Authority's GRP is a utility district located within the extraterritorial jurisdiction of any city other than Houston, the Owner must also provide by May 1, 2008, a written document authorized by the applicable city council consenting to the Owner's inclusion in the Authority's GRP. Agreements may also include any other terms or conditions deemed necessary or appropriate by the Authority under the circumstances.

Following review and discussion, Director Gay moved to adopt the policy as presented. Director Spell seconded the motion, which was approved by unanimous vote.

POLICY ON EARLY CONSTRUCTION OF SURFACE WATER LINES DUE TO DEVELOPER AND DISTRICT REQUESTS

Mr. Scholler reported on his discussions with the WHCRWA regarding the methodology for the sharing percentages/incentives in its policy on early construction of surface water lines. He responded to comments and questions from Board members regarding development of a policy for the Authority. Mr. Scholler additionally responded to questions from the public regarding the responsibility for costs, and maintenance and operation issues related to the connection of individual utility districts to surface water to be supplied in the future by the Authority. He stated that such decisions have not yet been made by the Board. He stated that a water line and meter easement will be needed from each utility district for installation of the transmission line and other facilities needed to deliver surface water to water plant sites. He anticipated that the Authority would be responsible for costs, operations, and maintenance related to the transmission system, including the flow meter, and that each individual utility district would be responsible for any necessary treatment and monitoring.

ONLINE PUMPAGE REPORTING SYSTEM

Ms. Payne next discussed with the Board the status of the development of an on-line pumpage reporting system. She stated that training of utility district operators is scheduled to begin next month.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the NFBWA's public communications and updates to the NFBWA's web site.

AMENDED COMMUNICATONS CONTRACT

Ms. Payne stated that she will distribute an amended contract for public communications and website services for consideration at next month's meeting.

DIRECTOR APPOINTMENT PROCESS

Mr. Oliver reported that information regarding the Director appointment process has been distributed to the utility districts located within the Authority and to the City of Fulshear. He stated that Director nominations are due by February 15, 2008, for Precincts 1, 3, 5, and 7, and the deadline for utility districts to submit their water usage is March 1, 2008. He stated that ballots for precincts with contested appointments will be sent to the utility districts within the applicable precinct by March 15, 2008. The deadline for the districts to submit completed ballots for the appointment is April 30, 2008.

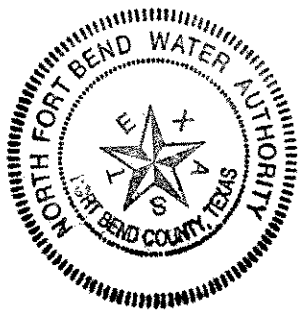
REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports from Directors and consultants.

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


Secretary, Board of Directors

(SEAL)



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