

MINUTES
NORTH FORT BEND WATER AUTHORITY

December 19, 2007

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 19th day of December, 2007, 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 David C. Scholler, P.E., Charles Shumate, P.E., and Melinda Silva, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Mike Reedy of TCB; Pamela Logsdon of AVANTA Services; Joe B. Allen and Patti Hopper 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 November 28, 2007, meeting. After discussion, Director Hebert moved to approve the minutes as written. Director Gay seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

BOOKKEEPER'S REPORT

Ms. Logsdon next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. Following review and discussion, Director Fay moved to approve the bookkeeper's report and payment of the bills. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Logsdon stated she received correspondence from TexPool and TexStar notifying participants that they have not invested any funds in mortgages. In response to a question from Director Houghton regarding budgeted versus actual amounts for engineering matters, Mr. Scholler stated the items were budgeted for 2006 but the actual expenses were incurred in 2007. Director Houghton requested Ms. Logsdon to verify that fact.

CONDUCT HEARING

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

ENGINEER'S REPORT, POLICY FOR INCLUSION IN THE AUTHORITY'S GRP

Mr. Scholler 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.

Mr. Scholler stated the Fort Bend Subsidence District ("Subsidence District") has agreed to print the names and addresses of the sponsored schools on the conservation credit certificates.

Mr. Scholler stated a meeting was held with the City of Houston (the "City") on December 5, 2007, regarding financing of the Luce Bayou Project during which a verbal agreement on contract terms was reached. He stated that a contract amendment is now being drafted.

Mr. Scholler next reported that the Groundwater Reduction Plan (the "GRP") will be forwarded to the Subsidence District this month for review.

Mr. Scholler reported that the subcommittee assigned to evaluate and recommend a policy regarding additional participants in the GRP met on December 17, 2007. He stated there are 37 wells in Area A that are not included in any GRP. He stated the committee recommends that in order for any of those parties to join they must: (i) pay the pumpage fee they would have paid if they had been in the Authority since October, 2005; (ii) pay the same pumpage fee as the other permittees within the Authority; (iii) provide estimates of future usage and execute a contract capping the amount of coverage under the GRP; and (iv) meet the Authority's Spring, 2008 deadline for accepting GRP inclusion requests. In response to a question, Mr. Scholler stated contracts will state the Authority will not provide water to the parties.

Mr. Scholler updated the Board regarding the facility site and transmission line routing analysis. He stated a meeting was held with Kingsbridge Municipal Utility

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District to discuss their specific needs and a request was sent to the utility districts located within the Authority to request updated boundary and facility information.

Discussion re-ensued regarding the Luce Bayou Project. Mr. Allen reiterated that all parties verbally agreed to the terms and ABHR is drafting the contract. Mr. Allen then discussed the importance of the project and the factors impacting the timing of construction. In response to a question from Mr. Sauter, Mr. Scholler stated the timing of the project should not have an impact on the pumpage fee.

Following review and discussion, Director Hebert moved to approve the engineer's report as presented, approve the recommendation of the subcommittee for a policy for requests for inclusion in the Authority's GRP, and authorize ABHR to prepare the policy. Director Patton seconded the motion, which carried unanimously.

STATUS OF SURFACE WATER SUPPLY NEGOTIATIONS

Mr. Allen updated the Board on the status of negotiations between the City and the Authority for supply of surface water and transmission facilities. He stated the Cost-Sharing Agreement was sent to the West Harris County Regional Water Authority and the Water Supply Contract was sent to the City and responses have not been received.

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

Mr. Scholler stated he has not been able to contact the West Harris County Regional Water Authority to determine how they arrived at the sharing percentages/incentives in its policy. The Board concurred the engineer should continue to research this issue.

ONLINE PUMPAGE REPORTING SYSTEM, PUBLIC COMMUNICATIONS

The Board discussed the status of the development of an on-line pumpage reporting system. No action was taken by the Board.

DIRECTOR APPOINTMENT PROCESS

Mr. Allen reviewed with the Board the Director appointment process. He stated terms of office will expire in May, 2008 for Precincts 1, 3, 5, and 7. He stated notices will be sent to the utility districts located within the Authority and to the City of Fulshear to request director nominations. Director nominations are due by February 15, 2008, and the deadline for utility districts to submit their water usage is March 1, 2008. He stated ballots for precincts with contested appointments will be sent to the utility districts within the applicable precinct on March 15, 2008. The deadline for the districts to submit completed ballots for the appointment is April 30, 2008. Following discussion,

Director Patton moved to adopt a Resolution Adopting Rules for 2008 Appointment Process for Directors and direct that a copy be retained in the Authority's permanent records. Director Fay seconded the motion, which was approved by unanimous vote.

REPORTS FROM DIRECTORS AND CONSULTANTS

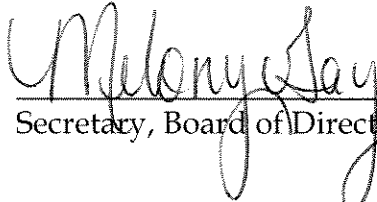
In response to a question from a meeting attendee, Ms. Silva stated the training for on-line reporting should only take an hour and will make reporting easier.

Mr. Allen stated the Subsidence District requested from the Authority a letter supporting a Resolution and Interlocal Agreement Authorizing Reciprocal Recognition of GRPs for Harris, Galveston, and Fort Bend Counties. After review and discussion, Director Gay made a motion to authorize the President to execute such a letter. Director Patton seconded the motion, which carried unanimously.

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

(SEAL)




Secretary, Board of Directors

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