

MINUTES
NORTH FORT BEND WATER AUTHORITY

March 26, 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 26th day of March, 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 for Directors Spell and Fay, thus constituting a quorum.

Also present for all or part of the meeting were: Lindsay Pierce of Brown & Gay Engineers, Inc.; Arnold Brown, City Administrator, City of Arcola, Texas; Macky McIntyre of Lake Pro, Inc.; Joe Millo of the Brazos Lakes Homeowners Association; Melinda Silva, P.E. and Charles Shumate, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Pamela Logsdon 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 February 27, 2008, meeting. After discussion, Director Gay moved to approve the minutes as written. Director Hebert 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, past due accounts, and disputed amounts, a copy of which is attached. She reported that there has been no update on the Harrison Interests

account. Following review and discussion, Director Hebert moved to approve the bookkeeper's report and payment of the bills. Director Gay seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING

Ms. Logsdon reported that no public hearing was necessary at this time.

REQUESTS FOR INCLUSION IN THE GRP

Ms. Silva reported that representatives from the Brazos Lakes Homeowners Association (the "BL HOA") were present to address the Board regarding payment of the back-charged pumpage fees to be assessed beginning on October 1, 2005, for joining the Authority's Groundwater Reduction Plan ("GRP"). Mr. McIntyre estimated that the BL HOA would owe \$26,000 in back-charged pumpage fees if accepted into the Authority's GRP. He asked the Board to consider a payment plan of three annual payments due on the permit renewal dates beginning this year, or an alternate payment plan of the Authority's choice. He stated that the back-charged pumpage fees were not included in the BL HOA's budget. He stated that the BL HOA would pay future pumpage fees at the time they are due. Mr. Millo stated that the subdivision currently has 244 lots and 68 to 70 homes. He stated that approximately 10 to 12 homes are added each year. He stated that the BL HOA has not sought financing for the back-charged pumpage fees. He stated that the BL HOA was denied inclusion in the GRP's of the cities of Richmond/Rosenberg and Stafford, and of Pecan Grove MUD. He stated that the City of Missouri City did not respond to the BL HOA's request for inclusion. He stated that the subdivision is located within the City of Thompsons' extraterritorial jurisdiction and that the city has provided consent for the BL HOA's inclusion in the Authority's GRP. Following discussion and review of the Policy for Requests for Inclusion in the Authority's GRP, the Board concurred to consider the request at the April regular meeting.

Ms. Silva reported that representatives from the City of Arcola ("COA") were present to address the Board to determine whether the Authority would consider including COA in the Authority's GRP. She stated that COA does not have a public water system and just received federal funding to construct such a system. She stated that COA is unable to obtain a well permit without a GRP. She stated that the ultimate capacity needed by COA is two million gallons per day. Ms. Pierce stated that COA will have 3,000 ultimate connections. She stated that COA is surrounded by other municipalities and their associated extraterritorial jurisdictions, and has no ability to grow larger. Following discussion, the Board authorized B&G to evaluate COA's formal written request for inclusion in the Authority's GRP when received.

ENGINEER'S REPORT

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 Harris-Galveston Subsidence District ("HGSD") has scheduled a Planning Committee Meeting for Wednesday, April 9, 2008, to hear the proposal from their staff on the HGSD/Fort Bend Subsidence District ("FBSD") Reciprocal Compliance Agreement.

Ms. Silva reported that that it was brought to B&G's attention by FBSD that the water wells for the Houstonian Golf Club were included in Fort Bend County MUD No. 25's ("MUD 25") GRP as well as the Authority's. She said that the wells are legally located within the Authority and will continue to remain within the Authority. She stated that the Houstonian Golf Club has been paying pumpage fees. She said that the FBSD stated that the Authority's GRP certification will proceed as planned. She reported that the revised GRP will be presented to FBSD's GRP Planning Committee scheduled for April 8, 2008, at the George Library. She stated that B&G has met with MUD 25 and is scheduled to meet with the Houstonian Golf Club to collect more information regarding this matter. She stated that B&G will continue to follow this issue and advise the Board as appropriate.

Ms. Silva stated that, as previously reported, letters were forwarded to 18 entities which are owners of 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. She reported that three formal requests have been received in response to the letter: BL HOA, Royal Valley Utilities, and Kingdom Heights Homeowners Association. She stated that several others have expressed an interest, including Fort Bend County Fresh Water Supply District No. 1, Shadow Grove, COA, and the City of Fresno. She stated that B&G continues to track this effort and coordinate with ABHR as appropriate. She stated that the deadline for submitting formal requests for inclusion in the Authority's GRP is May 1, 2008.

Ms. Silva updated the Board on activities related to the facility site and transmission line routing analysis. She reported on meetings with METRO, CenterPoint Energy, and the Fort Bend Drainage District. She stated that B&G is investigating several pump station sites near the City of Houston (the "COH") take point.

Ms. Silva reported that, as approved last month, B&G has initiated work with Property Acquisition Services, Inc. for support services for route selection. She stated

that the written proposal in an amount not to exceed \$20,000 for the support services is being presented for approval.

Following review and discussion, Director Gay moved to approve the engineer's report as presented, including the proposal in an amount not to exceed \$20,000 for Property Acquisition Services to begin work on property issues that may impact route selection. Director Darden seconded the motion, which carried unanimously, except for Director Hebert who was not present for the vote.

STATUS OF SURFACE WATER SUPPLY AND FACILITIES NEGOTIATIONS

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

1. Water Supply Contract between 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 he expected to present the Water Supply Contract with the COH for approval at the next meeting. Mr. Oliver and Ms. Silva responded to Board members' questions regarding the reasons for the delay in receiving the exhibits from the COH.

Mr. Oliver stated that the Water Supply Contract needs to be in place prior to entering into a proposed Contract between the COH and all Water Authorities to address the Luce Bayou Project. He stated that progress is being made and a meeting is scheduled with the Coastal Water Authority (the "CWA") and representatives from the COH. Ms. Silva reported that the Texas Water Development Board approved COH's application for Water Infrastructure Funding ("WIF") for Phase 1 of the Luce Bayou Project. Mr. Oliver stated that the funding is for Phase I design and permitting costs and cannot be used for land acquisition

Mr. Oliver stated that comments to the proposed Cost-Sharing Agreement between the WHCRWA and the Authority to share joint facilities have been received and are being reviewed. Ms. Silva reported on coordination with WHCRWA's engineers on the COH take point, the possible use of the D-158 Pump Station, and the alignment of some of the water line segments that may be of benefit to both parties. She stated that the COH has expressed its intent to sell the D-158 water plant. She stated that agreement was reached with the WHCRWA to continue to share information and work together for the potential purchase of the D-158 water plant and development of

related transmission lines. Mr. Oliver responded to Board members' questions regarding how the agreement might be structured for the future addition of facilities.

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 the operators will begin inputting their information in February and/or March. She stated that the system is a work in progress to be revised per operators' and the Authority's bookkeeper's and engineer's needs. She stated that, upon Board approval, she planned to mail the orientation manual to all well owners with a cover letter, place the manual on the Authority's website, and then schedule a meeting in convenient location for training on the system. Following discussion, the Board approved the release of the orientation manual.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications. She reported on the Texas Water 2008 Conference held by the Alliance for Water Efficiency during March 25 through March 28, 2008, in San Antonio.

DIRECTOR APPOINTMENT PROCESS

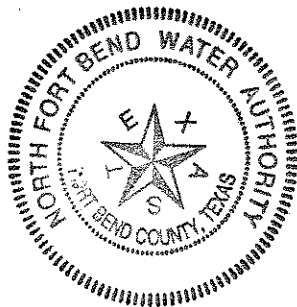
Mr. Oliver updated the Board on the Director appointment process. He stated that ballots for Precinct 5 were distributed by March 15, 2008. He reported that the deadline for the districts to submit completed ballots for the Precinct 5 appointment is April 30, 2008.

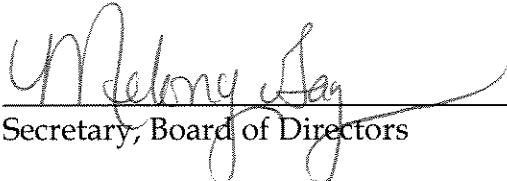
REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports from Directors and consultants.

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

(SEAL)




Secretary, Board of Directors

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