

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 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 April, 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 Director Hebert, thus constituting a quorum.

Also present for all or part of the meeting were: Dave Scholler, P.E., Melinda Silva, P.E., Charles Shumate, P.E., and Jennifer Mayes of Brown & Gay Engineers, Inc. ("B&G"); , Jason Afinowicz of TCB; Pam 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 March 25, 2008, meeting. After discussion, Director Gay moved to approve the minutes as written. Director Patton 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. Lightbody 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 Gay moved to approve the

bookkeeper's report and payment of the bills. Director Fay seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING

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

REQUESTS FOR INCLUSION IN THE GRP

Ms. Silva reported that the revised Groundwater Reduction Plan ("GRP") was presented to the Fort Bend Subsidence District's (the "FBSD") GRP Planning Committee on April 8, 2008. She stated that the committee was satisfied that the Authority has met all requirements. She stated that the GRP will be presented to the full Board of the FBSD for certification pending the execution of the Water Supply Contract between the Authority and the City of Houston (the "COH").

Ms. Silva reported that all parties that were considering joining the Authority's GRP were contacted and reminded of the pending deadline of May 1, 2008, for submitting formal requests for inclusion. She stated that seven entities have submitted formal letter requests and that several others are considering submitting requests to participate in the Authority's GRP. She stated that after the deadline, a report will be prepared and distributed before the next Board meeting. Mr. Scholler noted that, based on previous review, there would be a minor impact on the Authority's GRP, if all of the proposed parties are included in the Authority's GRP. Mr. Oliver stated that a draft GRP agreement will also be distributed before the next Board meeting.

ENGINEER'S REPORT, STATUS OF SURFACE WATER SUPPLY AND FACILITIES 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 updated the Board on activities related to the facility site and transmission line routing analysis. She stated that the work is proceeding well. She reported that recommendation reports for some of the initial segments will be presented at the next meeting. She reported on meetings with representatives of Aliana and Cross Creek Ranch developments to coordinate potential easements for the Authority. She stated that it appears that the Authority will be able to acquire the necessary easements from the developers of those projects.

She stated that B&G is investigating several pump station sites near the COH take-point and evaluating land costs with the help of Property Acquisition Services.

Ms. Silva reported that the West Harris County Regional Water Authority's (the "WHCRWA") Evaluation Report for the D-158 water plant has been reviewed and comments have been submitted to the WHCRWA's engineer. She stated that a request has been made to the WHCRWA that the report be submitted to the COH in the near term to enable the Authority to proceed with plans to potentially purchase the property. Mr. Scholler stated that the water plant would be used during the Authority's initial conversion to surface water.

Mr. Oliver reported that comments to the draft Cost Sharing Agreement for joint facilities have been received from the WHCRWA. He stated that the WHCRWA is receptive to the proposal, including the provision for the Authority to own and operate the D-158 water plant. He stated that the WHCRWA prefers that the agreement focus on the D-158 water plant and requested removal of provisions related to future facilities. Following discussion, the Board concurred to authorize the Authority's subcommittee to approve a revised draft Cost Sharing Agreement for submission to the WHCRWA.

Ms. Silva reported that coordination with CenterPoint Energy for use of their corridors continues to move forward. She stated that redlined maps indicating the preferred placement of proposed pipelines have been provided to CenterPoint Energy for comment. She stated that the next phase of the process will require the preparation of a longitudinal survey. She stated that a single Right-of-Entry will be obtained from CenterPoint for all of the Authority work, and formal surveys and payment will be made by the Authority on a per segment basis. She stated that prior to beginning survey work, the Authority needs to have survey monumentation in place. Mr. Scholler stated that the monumentation will be used in all future surveying within the Authority. He noted that the monumentation was identified during development of the five-year Capital Improvements Plan with the intent to finance this project through the planned 2008 bond issue. He presented a proposal in an amount not to exceed \$87,000 for installation of the survey monumentation, a copy of which is attached. Following review and discussion, Director Darden moved to approve the proposal as presented. Director Gay seconded the motion, which was approved by unanimous vote.

Ms. Silva reported that B&G is providing comments and support information for the ongoing contract negotiations for 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 WHCRWA and the Authority to share joint facilities.

Mr. Scholler reported that B&G is auditing cost information provided by the COH for the exhibits to the proposed Water Supply Contract. He stated that the COH is reviewing B&G's comments related to the potential costs assessed for the Authority's pro-rata share of the COH's East Water Production Plant expansions and existing COH transmission lines.

Ms. Silva reported that several issues in the proposed contract to address Luce Bayou issues have been unresolved to date pending information from the Coastal Water Authority (the "CWA"). She stated that no additional meetings are planned until previously requested information is provided and the COH and the CWA finalize contract negotiations for Luce Bayou.

Director Patton reported on his attendance at a Cinco Homeowners Association meeting on April 16, 2008 to educate residents regarding surface water conversion issues. He stated that he believed that there were opportunities for the Authority to work with homeowners associations and utility districts to encourage effluent reuse and water conservation efforts. Additionally, he stated that the Authority needs to be proactive on communications with the public regarding construction plans and projected cost increases, possibly through the creation of a committee to develop a communications strategy. Mr. Scholler noted that the Authority has adopted an Effluent Reuse Policy. Director Houghton stated that the Authority needs to determine available conservation measures and appropriate incentive options during the early development of Authority policies.

Following review and discussion, Director Gay moved to approve the engineer's report as presented. Director Spell seconded the motion, which was approved by unanimous vote.

ADOPT THIRD AMENDMENT TO FIRST AMENDED ORDER ESTABLISHING
GROUNDWATER REDUCTION PLAN FEE

Mr. Oliver reminded the Board that it was brought to B&G's attention by the FBSD that the water wells for the Houstonian Golf Club were included in Fort Bend County Municipal Utility District No. 25's ("MUD 25") GRP as well as the Authority's GRP, and that MUD 25 is providing reclaimed water to the Houstonian Golf Club. He said that the wells are legally located within the Authority and will continue to remain within the Authority. He stated that the Houstonian Golf Club has been paying pumpage fees. He stated that additional meetings will be held with MUD 25 and the Houstonian Golf Club to obtain additional information.

Mr. Oliver discussed adoption of a policy which implements an import fee to protect the interests of the Authority's constituents. He explained that the fee is not a penalty and that, if petitioned, the Board can grant exceptions based on the specific

situation. He also noted that the policy provides an exception for emergency situations. Mr. Oliver and Mr. Scholler responded to comments and questions from Board members regarding the proposed policy and MUD 25's actions. Meeting attendees made comments regarding MUD 25's actions. Following review and discussion, Director Gay moved to adopt a Third Amendment to First Amended Order Establishing Groundwater Reduction Plan Fee to implement an import fee, and to authorize ABHR and B&G to forward a letter to the FBSD as notification of the Authority's position regarding the inclusion of the Houstonian Golf Club's wells in the Authority's GRP and Board action to implement an import fee. Director Patton seconded the motion, which was approved by unanimous vote.

ONLINE PUMPAGE REPORTING SYSTEM

Ms. Payne next discussed with the Board the status of the on-line pumpage reporting system. She stated that the system is operational and well operators have begun inputting their information. She reported that about half of all well owners are now using the system and a training session is being planned.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications. She discussed development of a public outreach program and the distribution of a constituent newsletter for mailing directly to residents within the Authority. Director Houghton stated that he would like to work on the public outreach program. Ms. Payne additionally reported on statewide activities related to the area of irrigation as it relates to water conservation.

Mr. Oliver and Ms. Payne discussed development of an agreement for web site services. Following discussion, the Board concurred to consider such an agreement at a special meeting to be scheduled.

DIRECTOR APPOINTMENT PROCESS

Mr. Oliver updated the Board on the Director appointment process. He stated that the deadline for the districts to submit completed ballots for the Precinct 5 appointment is April 30, 2008. He reported that the Authority is required to declare the results for the Precinct 5 appointment by May 15, 2008. The Board concurred to declare the results for the Precinct 5 appointment at a special meeting on Wednesday, May 14, 2008 at 12:00 p.m. at the offices of B&G. The Board additionally concurred to consider at the special meeting an agreement for web site services and execution of a Water Supply Contract with the COH, if finalized.

REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports from Directors and consultants.

CONVENE IN EXECUTIVE SESSION

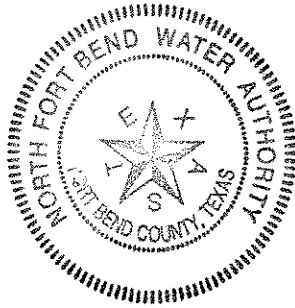
The Board next convened in executive session pursuant to Chapter 551.072 of the Texas Government Code to deliberate the purchase, exchange, lease, or value of real property.

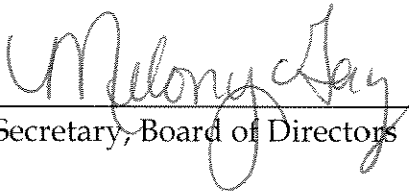
RECONVENE IN OPEN SESSION

The Board reconvened in open session. Director Gay moved to authorize obtaining an appraisal in an amount not to exceed \$5,000 for a proposed pump station site. Director Darden seconded the motion, which was approved by unanimous vote.

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

(SEAL)




Secretary, Board of Directors

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