

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTIES OF HARRIS AND FORT BEND §

I, the undersigned officer of the Board of Directors of North Fort Bend Water Authority, hereby certify as follows:

1. The Board of Directors of North Fort Bend Water Authority convened in regular session on the 21st day of November, 2013, at the regular meeting place inside the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to-wit:

- | | |
|----------------|--------------------------|
| 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 said persons were present except Director(s) Houghton, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION ADOPTING AMENDED AND RESTATED OVER-CONVERSION CREDIT POLICY

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 21st day of November, 2013.



Melony Gay
Secretary, Board of Directors

(SEAL)

RESOLUTION ADOPTING AMENDED AND RESTATED
OVER-CONVERSION CREDIT POLICY

WHEREAS, North Fort Bend Water Authority (the "Authority") has been legally created by Special Act (the "Act") of the legislature of the State of Texas for the purpose, among others, of causing the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs;

WHEREAS, the Act further provides that the Authority may provide for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan ("GRP") and facilitate compliance with applicable subsidence district regulations;

WHEREAS, the Fort Bend Subsidence District ("FBSD") has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water or wastewater treatment plant effluent);

WHEREAS, via its Regulatory Area A Over-Conversion Credit Policy, the FBSD has adopted a policy by which the FBSD issues over-conversion credits achieved through the reuse of wastewater treatment plant effluent ("Effluent") and the use of any metered alternative water supply other than Effluent ("Non-Effluent Alternative Water Supply");

WHEREAS, the Authority's Board of Directors ("Board") has determined that encouraging use of Effluent and Non-Effluent Alternative Water Supply is necessary to cause the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs and to comply with FBSD regulations;

WHEREAS, the Board previously adopted a Resolution Adopting Over-Conversion Credit Policy (the "Over-Conversion Credit Policy") on April 25, 2012; and

WHEREAS, the Board desires to expand, supersede, and replace the Over-Conversion Credit Policy by adopting the Amended and Restated Over-Conversion Policy (the "Policy") set forth in this Resolution;

WHEREAS, the Authority is willing to consider proposals for all Effluent and Non-Effluent Alternative Water Supply projects from within its boundaries on a case by case basis, even if the scope of such projects are not directly contemplated by this Policy; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NORTH FORT BEND WATER AUTHORITY THAT:

Section 1: The Board hereby adopts the Policy described below, which replaces and supersedes the previous Over-Conversion Credit Policy.

Section 2: Earning Credits The Authority shall endeavor to enter into written contracts (“Contracts”) for the use of Effluent and Non-Effluent Alternative Water Supply within its boundaries. Such Contracts may include a credit of \$0.75 per 1,000 gallons for each 1,000 gallons of metered Effluent and Non-Effluent Alternative Water Supply used (“Alternative Water Credits”). Unless the Contract provides for alternate arrangements, the Alternative Water Credits may be earned for a period equal to the life of the bonds used to finance such projects or such other period as determined by the Authority to allow for reasonable economic recovery of some or all of the project costs related to the Effluent or Non-Effluent Alternative Water Supply use.

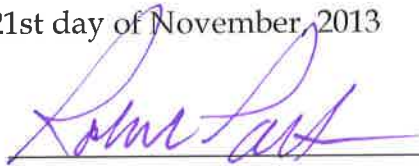
Section 3: Application of Credits The Contracts will include a provision that Alternative Water Credits shall not be applied until such time as the Authority has received FBSD over-conversion credits for the Effluent and/or Non-Effluent Alternative Water Supply in question. Upon receipt of FBSD over-conversion credits, the Alternative Water Credits may be applied against pumpage fees (or any other fees) due the Authority for the period set forth in the Contracts.

Section 4: FBSD Credits FBSD over-conversion credits associated with the Effluent and Non-Effluent Alternative Water Supply during the life of such systems will belong to the Authority for the benefit of the Authority’s GRP.

Section 5: The Authority reserves the right to modify this Policy at any time and to consider and approve Alternative Water Credit proposals that are not directly contemplated by the Policy. The Authority encourages submission of and is willing to consider proposals for all Alternative Water Credit projects within its boundaries and to evaluate the merits of such proposals on an individual basis in order to determine whether the Authority’s incentivization of or participation in a particular project is warranted.

[SIGNATURE PAGE FOLLOWS]

PASSED AND APPROVED this 21st day of November, 2013



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

