

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 23rd day of March, 2011, inside the boundaries of the District, 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 said persons were present except Darden, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION ADOPTING POLICY ON EARLY CONSTRUCTION OF SURFACE WATER LINES DUE TO DEVELOPER/DISTRICT REQUESTS

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. 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; the action approving 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; 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; the meeting was open to the public as required by law; and 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 on the 23rd day of March, 2011.

(SEAL)



Melony Gay
Secretary, Board of Directors

RESOLUTION ADOPTING POLICY ON EARLY CONSTRUCTION OF SURFACE
WATER LINES DUE TO DEVELOPER/DISTRICT REQUESTS

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; and

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; and

WHEREAS, the Harris Galveston Subsidence District ("HGSD") and Fort Bend Subsidence District ("FBSD") have adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water); and

WHEREAS, unless a water provider within the Authority has been converted to surface water by the Authority, the water provider generally obtains all of its water from groundwater wells; and

WHEREAS, the Authority has to date, at its cost, constructed water line facilities ("Lines") to convert developed areas from groundwater to surface water in order to maximize the amount of surface water that can be delivered by the Authority so that the Authority's GRP will achieve compliance with HGSD and FBSD regulations; and

WHEREAS, constructing Lines to certain undeveloped areas pursuant to this Resolution will create benefits for the Authority GRP by: (i) acquiring easements for Authority Lines at no cost, (ii) obtaining cost-sharing for Authority Line construction costs, (iii) reducing Authority Line construction costs by performing construction in undeveloped areas, and (iv) allowing advance planning and routing for the location of the Authority's Lines; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY THAT:

Section 1: Each of the recitals stated above in this Resolution are hereby adopted as findings of the Board.

Section 2: The Board hereby adopts the policy on early construction of surface water lines due to developer requests (the "Policy") described below. If a developer of land or political subdivision within the Authority ("Developer") requests that the Authority construct Lines and provide surface water prior to the date otherwise scheduled by the Authority ("Original Conversion Date"), the Authority may enter into a contract with the Developer ("Contract") if the land to be converted is located in close

proximity to the Authority's current Lines and the Contract benefits the Authority, all as determined by the sole discretion of the Authority. The Authority will evaluate the merits and feasibility of each developer request to determine whether the Authority should enter into a Contract. The Contract, among other terms, may provide some or all of the following:

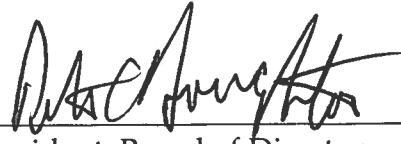
- (i) The Developer, without cost to the Authority, will dedicate to the Authority any Line easements needed by the Authority within the land owned or controlled by the Developer, including easements that are necessary for the Authority to serve the Developer and to serve other Authority users.
- (ii) The Authority will pay for 100% of the engineering costs of the Lines; provided, however, the Developer shall pay for any re-design engineering costs necessitated by the Developer seeking to move Line routing after original design has commenced. The Authority may withhold notice to proceed to its engineer until after all easements have been dedicated to the Authority in compliance with subsection (i), above.
- (iii) Unless otherwise agreed to in writing by the Authority, the Developer will pay for 50% of its pro-rata share of the construction costs of the Lines needed to serve the Developer at full build-out, as determined by the Authority. (For example, if the Developer needs 40% of the capacity in a Line, it will pay for 20% of the construction costs.) The Developer will make all of such payment to the Authority within 30 days of the Authority receiving bids for the project. The Authority will pay the remaining construction costs, unless paid by other Developers, Later Developers (defined below), or other entities.
- (iv) If a site is needed by the Authority for a water pump station or other Authority facilities, the Developer will agree to sell a mutually acceptable site to the Authority and the Authority shall pay the Developer for such site based on the Developer's purchase price plus interest and property taxes similar to the Texas Commission on Environmental Quality Rules applicable to developer land reimbursement from utility districts.
- (v) The Authority will use reasonable efforts to construct the Line to be able to deliver surface water to the Developer's land by a mutually acceptable date. If the Developer is a political subdivision that is a water provider, the Authority will deliver water to the political subdivision. If the Developer is not a political subdivision that is a water provider, the Authority will deliver water to a utility district located on the Developer's land and not directly to the Developer. Such district will be required to execute the Contract, along with the Developer. If the district is not created at the time the Contract is executed by the Developer and the Authority, the district will be required to execute the Contract after the district is created.

- (vi) This Section (vi) applies to a Developer that seeks the Authority, pursuant to this Policy, to construct a Line and deliver surface water prior to the Original Conversion Date, but did not participate in the original funding of the Line previously constructed under this Policy ("Later Developer"). In order to reimburse the Authority for a portion of the Authority's construction costs, the Authority may, at its option, require a Later Developer to comply with all of the terms of this Policy (including, without limitation, the payment provision in Section (iii), above). However, the preceding sentence shall apply only if the Authority is not then requiring the Later Developer to take surface water from the Authority's system. If the Authority is at that time requiring the Later Developer to receive surface water from the Authority, then the Later Developer shall not be required to comply with the terms of this Policy (including, without limitation, the payment provision in Section (iii), above).
- (vii) Nothing in this Policy prevents a Developer that does not desire to participate in this Policy from obtaining groundwater from a groundwater well.

Section 3: Participation in this Policy is entirely optional for the Authority and any Developers. The Authority reserves the right to modify the Policy and this Resolution at any time and to add, remove or modify terms of the Policy on a case-by-case basis for any Developer.

[Remainder of Page Intentionally Left Blank.]

PASSED AND APPROVED this 23rd day of March, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

