

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 17, 2012

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session, open to the public, on the 17th day of July, 2012, at the Willow Fork Country Club, 21055 Westheimer Parkway, 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 Anna Agnew of Cinco Municipal Utility District No. 7; Morgan Stagg and Stephen Talecki of Cornerstone Municipal Utility District; Pam E. Lightbody of AVANTA Services; Terrell Palmer of First Southwest Company; Melinda Silva, P.E., Charles Shumate, P.E., and Aaron Hargrove, P.E. of Brown & Gay Engineers, Inc. ("B&G"); Suzanne McCalla of Coats Rose PC; and David Oliver and Alia Vinson of Allen Boone Humphries Robinson LLP ("ABHR").

WATER DEMAND PLANNING

Ms. Silva gave a presentation on updated population and water demand projections for the Authority. A copy of the presentation is attached. She compared B&G's and the Fort Bend Subsidence District's (the "FBSD") studies of population and water demand. Ms. Silva reviewed three proposed options for calculating population projections and recommended that the Authority use option 3, as described in the attached presentation. She stated that the FBSD's method of calculating gallons per capita per day ("GPCD") is reasonable for regulatory purposes.

JOINT PROJECTS

Ms. Silva discussed increasing the Authority's proposed capacity in the Second Source Water Line under the Joint Facilities Agreement with the West Harris County Regional Water Authority (the "WHCRWA") by 20%, or 11.8 million gallons per day ("MGD"). She reviewed estimated costs associated with the proposed increased capacity. She noted that the WHCRWA is investigating whether a larger line would be

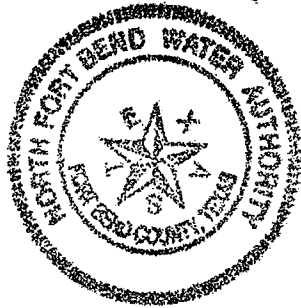
needed due to the proposed increase in capacity.

Ms. Silva then discussed the benefits and disadvantages of the Authority's participation in the City of Houston's ("COH") proposed alternate Second Source Water Line. She stated that she will distribute a summary of the benefits and disadvantages of such participation at a later date.

Following review and discussion, Director Gay moved to: 1) authorize B&G to request that the FBSD use the FBSD calculated GPCD projections for regulatory planning purposes; 2) authorize ABHR to send formal notice to the WHCRWA that the Authority will increase its capacity in the Second Source Water Line under the Joint Facilities Agreement by 20%, or 11.8 MGD; and 3) participate only with the WHCRWA in the Second Source Water Line and to send a notice to the COH that the Authority will not participate with the COH in the alternate Second Source Water Line. Director Hebert seconded the motion, which was approved by unanimous vote.

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

(SEAL)



David Hebert
Asst. Secretary, Board of Directors

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