

RECEIVE COMMENTS FROM THE PUBLIC

Director Patton opened the meeting for public comments. Ms. Caruso addressed the Board to request a waiver of the penalties and interest assessed for late payments for October and November 2005, pumpage fees due to the amount of time necessary to place a new vendor into Katy ISD's accounting system. She stated that the Authority is now included in the accounting system and future payments will be submitted by the due date. Ms. Lightbody estimated that the penalties and interest accrued on the late payments were approximately \$200.00 to \$250.00. She stated that all current amounts owed for pumpage fees on the account have been received.

In response to Board members' inquiries, Mr. Garcia stated that no communications have been received from TXI Operations, L.P. and that the Fort Bend Subsidence District will be contacted to determine whether the company is actively pumping. Ms. Lightbody noted that there are eight or nine other accounts which have incurred penalties and interest, including the Texas Department of Criminal Justice ("TDCJ"). She explained that the TDCJ indicated that it was late in payment due to the time needed for its internal process to add the Authority to its accounting system.

Following discussion, Director Gay moved that the Board grant a one-time waiver of fees and penalties for late October and November, 2005, pumpage fees for the Katy ISD and TDCJ accounts due to the unusual governmental accounting circumstances associated with Katy ISD and TDCJ. Director Hebert seconded the motion, which was approved by unanimous vote.

Board members reported that they have received requests for the Authority to hold their meetings within its boundaries during the evening to allow for greater participation by utility districts included within the Authority. Discussion ensued regarding possible locations, scheduling frequency, days, and times for such meetings. Following discussion, the Board concurred to hold the April meeting within its boundaries during the evening and agreed to hold a meeting within its boundaries every other month.

Mr. Baker addressed the Board and stated that the BRA is interested in the Authority's activities and offers any assistance that may be needed.

Mayor Dinges addressed the Board and stated that he is present to observe the Authority's activities.

The Board thanked the public for attending the meeting.

BOOKKEEPER'S REPORT

Ms. Lightbody reviewed a bookkeeper's report, including monthly receipts, past due accounts, and quarterly investments. A copy of which is attached. Following review and discussion, Director Gay moved that the Board approve the bookkeeper's

report and payment of the bills. Director Hebert seconded the motion, which was approved by unanimous vote.

ENGINEER'S REPORT

Mr. Shumate next presented the engineer's report, including actual and projected monthly pumpage, and a summary of activities. A copy of the written engineer's report is attached. He reported that the majority of refunds paid to well owners was due to fees being paid on wells not included in the Authority by owners of multiple wells. He stated that the original pumpage projections were based on 75 wells and approximately 20 new wells have been added since the projections were made.

Mr. Shumate updated the Board on activities performed for the Alternative Analysis for Surface Water Conversion. He reported that the Planning Questionnaire was distributed to utility districts and private well owners to obtain basic planning information. Ms. Caruso stated that Katy ISD has projected 45,000 new homes and 27 new schools over the next ten years.

Following review and discussion, Director Spell moved that the Board approve the engineer's report as presented. Director Gay seconded the motion, which carried unanimously.

RECEIVE REPORT ON POTENTIAL WATER SOURCE STUDY

Mr. Shumate next reviewed a draft report on the Potential Water Source Study, including an evaluation of ten entities to determine water supply availability. He stated that the Alternatives Analysis Study will evaluate the best way to utilize each supply source, the advantages and disadvantages associated with the alternative supplies, various transmission options, joint planning efforts with other entities, and cost estimates of each alternative.

Discussion ensued regarding transmission options, current line and plant capacities, and incorporating effluent reuse to mitigate demand within the Authority. Mr. Baker reported on the BRA's effluent reuse and the BRA's permit currently before the Texas Commission on Environmental Quality. He stated that the BRA permit application does not prevent any user's direct reuse of effluent and that the permit application allows cities and districts to conduct indirect reuse of effluent for use within the entity's boundaries. The Board discussed considering an effluent reuse program and asked that an agenda item regarding this be placed on its next meeting agenda.

Mr. Shumate and Mr. Allen requested that the Directors and meeting attendees review the draft report on the Potential Water Source Study and forward any comments to B&G. The Board concurred to review comments and consider approval of a final report with changes at the next meeting.

RECEIVE PROPOSAL FOR PUBLIC COMMUNICATONS

Ms. Payne next reviewed with the Board a proposal for public communications and website services. Following review and discussion, Director Hebert moved that the Board approve the proposal as presented and appoint Director Gay as the Board's liaison with Payne Communications. Discussion ensued regarding coordination with utility district operators to distribute notice of the launching of the Authority's web site and development of a strategic plan of communication. Director Spell seconded the motion, which was approved by unanimous vote. Ms. Payne requested that each of the Directors forward their biography to her. A copy of the proposal for public communications is attached.

ADOPT AMENDMENT TO CODE OF ETHICS

Mr. Allen reviewed with the Board an amended Code of Ethics and Travel, Professional Services and Management Policies ("Code of Ethics") to include disclosure required by Chapter 176 of the Texas Local Government Code. Following review and discussion, Director Gay moved that the Board adopt the amendment to the Code of Ethics as presented. Director Spell seconded the motion, which was approved by unanimous vote. A copy of the amended Code of Ethics is attached.

AUTHORIZE DIRECTORS TO ATTEND THE AWBD SUMMER CONFERENCE

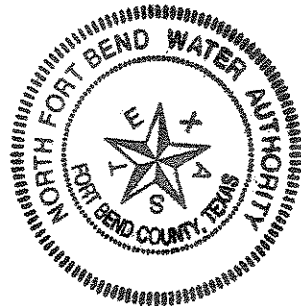
The Board next discussed the Association of Water Board Directors (the "AWBD") summer conference to be held in Galveston, Texas. Following discussion, Director Gay moved that the Board authorize the Directors to attend the AWBD summer conference. Director Hebert seconded the motion, which was approved by unanimous vote.

REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports.

Upon a motion made by Director Hebert and seconded by Director Spell, the Board adjourned.

(SEAL)



Melony Gay
Secretary, Board of Directors

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