

BOOKKEEPER'S REPORT

Ms. Logsdon next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. She reviewed a request for purchase of Fort Bend Subsidence District ("FBSD") Groundwater Conservation Credits from Fort Bend County Municipal Utility District No. 30. She reported that some of the credits are for sponsorship of one or two schools which are not located within the Authority's boundaries. Following discussion, Director Hebert moved that the Board adhere to its current policy and purchase only credits for sponsorship of schools located within the Authority's boundaries. Director Spell seconded the motion, which was approved by unanimous vote.

Following review and discussion, Director Fay moved that the Board approve the bookkeeper's report and payment of the bills. Director Darden seconded the motion, which was approved by unanimous vote.

CONDUCT HEARING

Ms. Logsdon stated that a hearing regarding delinquent fees is not necessary at this time.

ENGINEER'S REPORT

Mr. Scholler 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.

Mr. Scholler reported that the Texas Commission on Environmental Quality (the "TCEQ") and the Texas Institute for Applied Environmental Research ("TIAER") are studying the stream loadings on Upper Oyster Creek to determine if more stringent wastewater effluent limitations should be imposed. He stated that most of the watershed is within the Authority and requested authorization to share the population projections developed for the Authority with the TCEQ and TIAER. Following discussion, Director Patton moved that the Board authorize B&G to share the population projections developed for the Authority with the TCEQ and TIAER. Director Spell seconded the motion, which was approved by unanimous vote.

Mr. Scholler next requested approval to provide boundary and Geographic Information Systems ("GIS") information for the Authority to the City of Houston Planning Department. He stated that this will enable the Authority to view preliminary and/or final plats within the Authority that have been submitted to the City of Houston Planning Department and offer comments concerning potential conflicts. Following discussion, Director Fay moved that the Board authorize B&G to provide boundary and

GIS information for the Authority to the City of Houston Planning Department. Director Gay seconded the motion, which was approved by unanimous vote.

ALTERNATIVE ANALYSIS

Mr. Scholler updated the Board on the status of the Alternative Analysis for Surface Water Conversion ("Alternative Analysis") which includes development of detailed 2013 and 2025 population and water demand projections, development of a GIS/database system, and facilities planning. He stated that a final report on the Alternative Analysis, based on proceeding with contract negotiations with the City of Houston (the "City") and the West Harris County Regional Water Authority (the "WHCRWA") for surface water to meet the 2013 through 2022 demands, is essentially complete. He stated that B&G is currently waiting on information from the City to finalize the surface water rate calculations.

Mr. Scholler next reviewed estimated annual revenues and costs through the planning horizon of year 2055. The revenue and cost calculations have been used to estimate future surface and groundwater rates. Mr. Scholler stated that the estimates are based on Alternative 9 which recommends purchasing treated surface water from the City for the initial surface water conversion through 2024, and purchasing the 2025 and beyond surface water from the City working through and sharing the cost with the WHCRWA. He stated that conservative numbers were used for the cost estimates for the Luce Bayou Project. He stated that the estimated revenues and costs suggest an increase in the pumpage fee to \$0.30 per 1,000 gallons for 2008. Mr. Palmer reported that he reviewed and concurs with the estimates.

Mr. Allen noted that it is anticipated that the City will require payment for the Authority's pro-rata share of costs of surface water plant and transmission line capacity sufficient to meet the Authority's anticipated demand within 60 to 90 days of executing a water supply contract. He stated that the City required such payments from the WHCRWA and the North Harris County Regional Water Authority (the "NHCRWA"). He stated that both Authorities adopted pumpage fee increases during the contract negotiation process. He stated that the contract with the City must be in place by approximately next spring and that the Authority's Groundwater Reduction Plan must be approved by the FBSD by September 30, 2008. Following review and discussion, Director Spell moved that the Board authorize the distribution of a preliminary notice of the Authority's anticipated adoption of a Groundwater Reduction Plan Fee of \$0.30 per 1,000 gallons of water pumped, effective January 1, 2008, to assist with utility districts' annual budgeting process. Director Gay seconded the motion, which was approved by unanimous vote.

Mr. Scholler reported that B&G is working with other Authorities and the City to analyze the financing and the timing of the Luce Bayou Project. Discussion ensued regarding the estimated costs for the Luce Bayou Project. Following additional

discussion regarding the negotiation of water supply contracts with the City and the WHCRWA, Director Hebert moved that the Board authorize Director Houghton to execute letters to notify the City and the WHCRWA that the Authority looks forward to working with them on a water supply contract. Director Gay seconded the motion, which was approved by unanimous vote.

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

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

Mr. Allen noted that a copy of the WHCRWA's policy on early construction of surface water lines due to developer requests was previously distributed to the Board. He stated that such a policy may provide cost savings opportunities for easement acquisition and installation of transmission lines prior to development. Following discussion, Director Hebert moved that the Board authorize the engineer and ABHR to review cost savings possibilities provided by such a policy. Director Gay seconded the motion, which carried unanimously.

In response to a meeting attendee's inquiry related to Kingsbridge MUD's evaluation of whether to refurbish or drill a new well, Mr. Scholler stated that the Authority does not anticipate providing water to districts for another three or four years.

UPDATE ON CREATION OF ONLINE PUMPAGE REPORTING SYSTEM

Ms. Payne updated the Board on the status of the creation of an on-line pumpage reporting system. No action was taken by the Board.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications and updates to the Authority's web site. The Board requested a report on the number of hits received by the web site. Ms. Payne reviewed activities related to the sponsorship of the "Water is Life" Program. Following discussion, Director Hebert moved that the Board approve a contribution in the amount of \$500.00 for purchase of t-shirts for a "Water is Life" Program workshop for Katy Independent School District teachers scheduled for August 15, 2007. Director Spell seconded the motion, which was approved by unanimous vote.

AUTHORIZE EXECUTION OF REVISED INTERLOCAL AGREEMENT WITH FBSD

Mr. Garcia reported that the Interlocal Agreement between the FBSD and the Authority is being revised. He stated that the revisions to the agreement removes specific school listings and provides for the sponsorship of 1,500 students of schools located within the Authority through the purchase of water conservation kits from FBSD for a cost of \$32.75 per kit as previously approved by the Board. Following discussion, Director Patton moved that the Board authorize execution of the revised agreement. Director Darden seconded the motion, which was approved by unanimous vote. A copy of the revised Interlocal Agreement is attached.

DISCUSS MEETING LOCATIONS AND SCHEDULE

Director Patton reported that he has received requests from constituents to hold the Authority's meetings within the boundaries of the Authority. Following discussion, Director Gay moved that the Board hold all future regular meetings within the boundaries of the Authority. Director Hebert seconded the motion, which was approved by unanimous vote. The Board concurred to discuss changing the regular meeting date next month after reviewing schedules and available locations.

LEGISLATIVE UPDATE

Mr. Allen reported that the statutes regarding irrigation are being reviewed and a report will be provided to the Board.

REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports.

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

Secretary, Board of Directors

(SEAL)

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