

BOOKKEEPER'S REPORT

Ms. Lightbody next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. She responded to a question from Steve Haas of Cinco MUD No. 8 regarding the Authority's budget. Following review and discussion, Director Spell 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.

CONDUCT HEARING

Ms. Lightbody next reported that the Fort Bend Independent School District ("FBISD") paid groundwater reduction fees in the amount of \$3,200.00 for October 1, 2005 through July 2007. She stated that the payment was received approximately three or four days after the due date and approximately \$600.00 in penalties and interest had accrued. Mr. Scholler reminded the Board that FBISD had not been officially notified of the requirement to pay groundwater reduction fees until April 2007, and that the Board had waived penalties and interest on the amount due if paid within 90 days. Following review and discussion, Director Darden moved that the Board waive penalties and interest due by FBISD. Director Patton seconded the motion, which was approved by unanimous vote.

ENGINEER'S REPORT, ALTERNATIVE ANALYSIS

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. He responded to a question from a meeting attendee regarding a well included in the report.

Mr. Scholler next distributed to the Board a draft report 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 requested that the Board review the draft report over the next month for discussion and potential approval at the September regular meeting.

Mr. Scholler reported on a City of Houston (the "City") advisory meeting held on August 17, 2007, at which the City provided estimated Luce Bayou Project financing schedules and estimates of debt service payments for each water authority. He stated that the parties are in the process of evaluating the pro-rata shares of the costs based on 2040 water demands for all parties. He stated that additional information has been requested from the City to assist with B&G's evaluation.

Mr. Scholler next reported on the development of the Groundwater Reduction Plan, the preparation of a proposal for facility siting and transmission line routing analysis, and the development of the on-line pumpage reporting system.

Mr. Scholler responded to Director Houghton's questions regarding the Alternative Analysis and cost estimates for the Luce Bayou Project, and to a question from Doug Brewer of Cinco MUD 8 regarding pumpage projections.

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

PAYMENT OF FORT BEND SUBSIDENCE DISTRICT PERMIT FEES

Mr. Scholler reported on discussions with the Fort Bend Subsidence District (the "FBSD") to coordinate the permit expiration dates of wells permitted in the Authority to a common expiration date of September 30. He stated that he will keep the Board apprised of whether there may be additional fees charged by the FBSD for early renewal of well permits. No action was taken by the Board.

UPDATE ON CREATION OF ONLINE PUMPAGE REPORTING SYSTEM

Updates on the status of the creation of an on-line pumpage reporting system are included in the written engineer's and public communications reports, copies of which are attached. No action was taken by the Board.

PUBLIC COMMUNICATIONS

There was no discussion regarding the written public communications report.

DISCUSS MEETING LOCATIONS AND SCHEDULE

The Board next discussed the Authority's meeting location and schedule. Following discussion, Director Spell moved that the Board change the monthly meeting schedule to the fourth Wednesday of each month at 6:00 p.m. at the current location of the Golf Club at Cinco Ranch beginning on September 26, 2007. Director Fay seconded the motion. Director Houghton opened the meeting for public comments regarding the proposed scheduled change and there were no comments. The motion was approved by unanimous vote.

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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