



## AUTHORIZE EXECUTION OF ENGAGEMENT LETTER FOR AUDITING SERVICES

The Board next reviewed an engagement letter from Null-Lairson, PC. for auditing services, a copy of which is attached. Following review and discussion, Director Gay moved that the Board authorize execution of the engagement letter from Null-Lairson, P.C. Director Hebert seconded the motion, which was approved by unanimous vote.

## BOOKKEEPER'S REPORT

Ms. Logsdon reviewed a bookkeeper's report, including a summary of investments, monthly receipts, and past due accounts, a copy of which is attached. She next reviewed a request for a waiver of penalties and interest from Fort Bend County M.U.D. No. 118 because of a postal error. Following review, Director Patton moved that the Board approve the request for waiver of penalties and interest. Director Darden seconded the motion, which was approved by unanimous vote. Following additional 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.

## DISCUSS POLICY ON WATER CONSERVATION KITS AND PURCHASE OF CREDITS

Mr. Garcia reported that, as approved last month, a questionnaire was distributed to the utility districts located within the Authority to assist the Authority with the development of a policy on the purchase of Fort Bend Subsidence District ("FBSD") Water Wise Program conservation kits for the schools and the purchase of water conservation credits. He stated that the responses are due by February 22, 2007. No action was taken by the Board.

## 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 meetings, and upcoming events. A copy of the written engineer's report is attached.

## 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 the analysis containing an evaluation of only the Authority had been prioritized after completion of two additional preliminary evaluations of proposed participants in the Authority's Groundwater

Reduction Plan ("GRP"): the first of which integrates the Cities of Richmond and Rosenberg and their extraterritorial jurisdictions, and includes Pecan Grove M.U.D., and the second of which also integrates Fort Bend County M.U.D. No. 25, Plantation M.U.D., and the George Ranch into the current analysis. He stated that the first preliminary evaluation has been finalized and distributed. He reminded the Board that the second preliminary evaluation was presented at the November regular meeting and discussed the findings of the evaluations. He reported that the additional charges for the second preliminary evaluation were approximately \$26,000.00.

Mr. Scholler reported that letters which include a January 31, 2007, deadline for determining whether any additional entities will be included in the Authority's GRP have been sent to the proposed participants, including Lake Management Services on behalf of two homeowners associations located within the City of Richmond's extraterritorial jurisdiction. He stated that Fort Bend County M.U.D. No. 25 has responded that it is not interested in participating in the Authority's GRP. He reported on a joint council meeting held by the Cities of Richmond and Rosenberg and stated that another joint council meeting is scheduled on January 31, 2007. He stated that the Cities of Richmond and Rosenberg are expected to respond to the Authority by the deadline. Mr. Allen reported that a meeting will be held with the George Ranch today to discuss proposed participation in the Authority's GRP. Mr. Scholler stated that once the participants are identified, the facilities planning portions of the Alternative Analysis will move towards finalization.

Mr. Scholler stated that the original scope of work authorized by the Board for the Alternative Analysis included data collection and facility planning. He requested that the Board consider approval of invoices in an amount not to exceed \$8,800.00 for additional time spent for preparing for, attending and summarizing meetings, and follow-up communications between B&G and Pecan Grove M.U.D., the Cities of Richmond and Rosenberg, and their engineers. Following review and discussion, Director Gay moved that the Board approve the additional invoices. Director Spell seconded the motion, which was approved by unanimous vote.

Mr. Scholler next reviewed a chronology and the amounts budgeted compared to the amounts billed for the three tasks contained in the original scope of work authorized by the Board for the Alternative Analysis. He reviewed and requested that the Board consider approval of additional funding in an amount not to exceed \$101,481.00 for five additional tasks which are important to complete the facilities planning portion of the Alternative Analysis, including: determining storage requirements for the Brazos River surface water source; on-going and additional meetings with various entities; presenting findings to the Board in a workshop; identifying special pipe crossings; and evaluating the benefit of over-conversion. Discussion ensued regarding the additional tasks, the status of the systems operations permit application submitted to the Texas Commission on Environmental Quality (the "TCEQ") by the BRA, and the additional cost of analyzing proposed additional

participants in the Authority's GRP. Mr. Scholler stated that the Alternative Analysis is expected to be completed within 60 days after February 1, 2007.

Ms. Barnett addressed the Board regarding a letter she sent to the Authority on behalf of Plantation M.U.D. requesting that the Board consider extending the response deadline for determining whether any additional entities will be included in the Authority's GRP to February 28, 2007. A copy of the letter is attached. She briefly reviewed the actions undertaken by Plantation M.U.D. over the previous 18 months and stated that to-date, Plantation M.U.D. has not received written confirmation of its inclusion in the City of Sugar Land's GRP. She stated that Plantation MUD has approximately 1,428 utility connections and would have a small impact on the Authority's water demand. Mr. Allen reminded the Board that part of the certification requirement for the Authority's GRP includes having a contract for surface water in place prior to the 2008 FBSD deadline. He stated that the negotiating process for such a contract takes many months and that time is critical. He recommended that the deadline not be extended and that only written requests for inclusion in the Authority's GRP submitted by the January 31, 2007, deadline be considered. He suggested that prior to the deadline, Plantation M.U.D. should submit a written request for inclusion in the Authority's GRP for the Authority's consideration, subject to receiving the City of Sugar Land's consent.

Mr. Lawrence stated that the BRA has scheduled a meeting of the West Fort Bend County Regional Surface Water System stakeholders on January 25, 2007, to assist entities with determining their choices for meeting the FBSD's requirements. In response to questions from Mr. Taylor regarding whether the construction of a second water treatment plant located south of the Brazos River will be necessary and the estimated timing for conversion of Pecan Grove M.U.D. to surface water, Mr. Scholler stated that he can only speculate without a detailed analysis.

Additional discussion ensued regarding the additional costs incurred for analyzing proposed additional participants in the Authority's GRP and the penalties for withdrawal of additional participants from the Authority's GRP if GRP contracts are executed.

Following review and discussion, Director Gay moved that the Board approve additional funding in an amount not to exceed \$101,481.00 for the five additional tasks for the facilities planning portion of the Alternative Analysis as discussed. Director Patton seconded the motion, which was approved by unanimous vote. The Board requested that B&G submit revised proposals for the additional scope of work approved for the Alternative Analysis.

After discussion regarding incentive options for encouraging the reuse of treated effluent within the Authority and water conservation matters, Director Darden moved that the Board reaffirm a deadline of January 31, 2007, for consideration of including any

additional participants in the Authority's GRP, due to the FBSD's 2008 deadline. Director Gay seconded the motion, which was approved by unanimous vote.

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

#### EFFLUENT REUSE

Mr. Allen next discussed incentive options for encouraging the reuse of treated effluent within the Authority. He recommended that the Board adopt a reuse policy that the Authority enter into written contracts with owners of wastewater treatment plants that also own water well facilities to provide that: (i) owners who implement an effluent reuse system will receive a \$0.39 per 1,000 gallon credit for each 1,000 gallons of metered effluent reused from their plants to be applied against pumpage fees or other fees due the Authority by such owners; (ii) such credit will remain in effect for a five-year period, beginning at the time of commencement of metered reuse of effluent; and (iii) Fort Bend Subsidence District conversion credits associated with the reuse during the life of the reuse system will belong to the Authority for the benefit of the Authority's GRP. Additionally, he stated that the Authority would reserve the right to modify the reuse policy at any time, but a fully executed contract would not be modified without the mutual agreement of both parties to the contract. Following review and discussion, Director Gay moved that the Board adopt the effluent reuse policy as recommended, authorize ABHR to distribute a notice of such policy, and prepare a contract per the policy. Director Patton seconded the motion, which was approved by unanimous vote.

Mr. Allen next discussed the importance of water conservation in the upcoming Texas legislative session.

#### ADOPT FIRST AMENDMENT TO FIRST AMENDED ORDER ESTABLISHING GROUNDWATER REDUCTION PLAN FEE

Mr. Garcia next reviewed a First Amendment to First Amended Order Establishing Groundwater Reduction Plan Fee, a copy of which is attached. He stated that the amendment includes changes to the dates on the Pumpage and Billing Form from year 2006 to year 2007, adds a provision which allows deferment of Groundwater Reduction Plan Fee payments until the cumulative amount of fees equals or exceeds \$1.00, and adds a provision which requires submission of a Pumpage and Billing Form each month to the Authority regardless of whether the Non-Exempt Well owner owes any funds to the Authority for that month. Following review and discussion, Director Fay moved that the Board adopt the First Amendment to First Amended Order Establishing Groundwater Reduction Plan Fee. Director Gay seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications. She discussed development of long-range plans for educational programs on water conservation and coordination with the school districts located within the Authority. Director Patton requested that water consumption numbers for Texas cities be placed into the Authority's newsletter.

REPORTS FROM DIRECTORS AND CONSULTANTS

Mr. Garcia reviewed with the Board the Authority's Travel Reimbursement Guidelines. Following review and discussion, Director Gay moved that the Board approve per diems and meals for three days and hotel accommodation expenses for two nights for Directors who attend the Association of Water Board Directors' winter conference. 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.

---

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
attendance sheet .....	1
engagement letter from Null-Lairson, PC .....	2
bookkeeper's report .....	2
engineer's report .....	2
letter from Plantation M.U.D.....	4
First Amendment to First Amended Order Establishing Groundwater Reduction Plan Fee.....	5