



APPROVE AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2006

Ms. Garcia next reviewed with the Board new auditing standards related to control deficiency. The Board requested that modifications to the reference to the new standards be made. Ms. Garcia then reviewed the draft audit for fiscal year ended December 31, 2006. Following review and discussion, Director Darden moved that the Board approve the audit for fiscal year ended December 31, 2006, subject to final review. Director Gay seconded the motion, which was approved by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Logsdon next reviewed a bookkeeper's report, including a summary of investments, monthly receipts, past due accounts, and a quarterly investment report, 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 Spell seconded the motion, which was approved by unanimous vote.

ADOPT POLICY ON WATER CONSERVATION KITS AND PURCHASE OF CREDITS

Mr. Garcia reviewed with the Board the estimated cost of the purchase of the Fort Bend Subsidence District's ("FBSD") Water Wise Program water conservation kits and credits. He stated that the potential annual purchase of water conservation kits from FBSD, without municipal utility district participation, is estimated at \$103,752.00 based on an estimated total population of 3,168 fifth grade students of schools located within the Authority. He stated that the estimated cost of the total credits currently available for purchase from municipal utility districts located within the Authority is \$67,278.50 based on the responses to the questionnaires distributed by the Authority. Ms. Logsdon stated that funds to pay for the purchases could be reallocated from budgeted contingency funds to budgeted public education funds. Mr. Garcia stated that the credits can be applied only to the first 30% of the Authority's required conversion to surface water use. Ms. Silva stated that the credits expire 20 years after issuance.

Discussion ensued regarding developing a policy for water conservation. Following discussion, Director Gay moved that the Board authorize purchase of the water conservation credits currently available from utility districts, and purchase credits on an ongoing basis, from utility districts within the Authority and the City of Fulshear that sponsor schools within the Authority, at the current exchange rate of 84,000 credits per water conservation kit and a cost of \$32.75 per kit. Director Spell seconded the motion, which was approved by unanimous vote. Director Spell moved that the Board sponsor 1,500 students of schools located within the Authority by purchasing water conservation kits from FBSD for a cost of \$32.75 per kit. Director Darden seconded the motion, which was approved by unanimous vote.

ENGINEER'S REPORT

Ms. Silva 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.

Ms. Silva reviewed an annual reconciliation between the well pumpage amounts reported to the Authority and the well pumpage amounts reported to the FBSD during 2006. She reported that based on the reconciliation, six entities have differences in the reported pumpage amounts. She recommended that the six entities be notified of the discrepancies to provide an opportunity for correction or explanation. Ms. Logsdon reported that she has begun contacting the well owners to request that the discrepancies be resolved.

Ms. Silva reported that during the course of the reconciliation, it was determined that the Fort Bend Independent School District ("FBISD") is an entity that should have been paying groundwater reduction fees and was not officially notified of the requirement. She stated that based on FBISD's annual report to the FBSD, \$5,700.00 is owed to the Authority for October 1, 2005 through March 2007. Following review and discussion, Director Gay moved that the Board waive penalties and interest if the amount due by FBISD is paid within 90 days, and authorize B&G to notify FBISD of the groundwater reduction fee payment requirement and the amount owed. Director Hebert seconded the motion, which was approved by unanimous vote.

EFFLUENT REUSE

Ms. Silva reported that B&G will contact the United States Army Corps of Engineers regarding the proposed project to provide treated effluent from the Cinco South Wastewater Treatment Plant to the YMCA camp located within the Barker Reservoir to create a lake to discuss the possible impact on reservoir storage and wetlands. In response to Director Darden's inquiry, Ms. Silva stated that the Authority will not be a party to any contract for the project and is only acting in a facilitator capacity.

ALTERNATIVE ANALYSIS

Ms. Silva 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. She stated that a final report on the Alternative Analysis, based on last month's recommendation to proceed with contract negotiations with the City of Houston and the West Harris County Regional Water Authority (the "WHCRWA") for surface water to meet the 2013 through 2024 demands,

is expected to be presented at next month's meeting. She stated that discussions are ongoing with the City of Houston to clarify the timeframe and amount of payments that the Authority can anticipate based on surface water demands. Discussion ensued regarding the possibility of purchasing water through the City of Houston's existing contract with the WHCRWA and proposed costs.

Ms. Silva reported that B&G is working with other Authorities and the City of Houston to determine the timing of the need for the Luce Bayou Interbasin Transfer Project. She stated that the activities are being undertaken to assist with planning to meet water demand projections through 2060. Mr. Garcia explained that all of the Authorities that are parties to a water supply agreement with the City of Houston will be required to pay their portion of debt service for City of Houston new raw water source projects. Ms. Silva reviewed a map of the current raw water and treated water capacities and future demands of the Authorities and the City of Houston. Board members requested copies of the map.

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

#### APPROVE CONTRACT WITH THE GEORGE FOUNDATION

Mr. Garcia reported that ABHR and The George Foundation's legal counsel are working on the contract for participation in the Authority's Groundwater Reduction Plan ("GRP"). He reviewed a proposed provision of the contract which places a limit on the amount of water the Authority is obligated to include in its GRP. He stated that the proposed term of the contract is sixty years. Following review and discussion, the Board concurred to consider the contract at its next meeting.

#### CITIES OF RICHMOND/ROSENBERG REQUEST FOR EXTENSION

Mr. Garcia reported that the Cities of Richmond and Rosenberg (the "Cities") have submitted a requested to the FBSD for extension of the dates for certification of a groundwater reduction plan to 2010 and for conversion to surface water use from 2015 to a later date. He stated that the FBSD appears to be amenable to granting the request to extend the groundwater reduction plan deadline, but not to grant the conversion deadline extension request. Discussion ensued regarding entities not included within the boundaries of the Cities, but within the Cities' extraterritorial jurisdiction. Director Gay stated that the request appears not to include such entities. Ms. Elms reported that Pecan Grove MUD is analyzing the possibility of constructing a water treatment plant in conjunction with proposed participation with the Brazos River Authority. No action was taken by the Board.

UPDATE ON CREATION OF ONLINE PUMPAGE REPORTING SYSTEM

Ms. Payne next 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. She distributed compact discs containing lists of directors, consultants, and entities located within the Authority. No action was taken by the Board.

MAY MEETING DATE

The Board next discussed rescheduling the Authority's May meeting due to the Memorial Day holiday. Following discussion, the Board concurred to change its May meeting date to Tuesday, May 29, 2006, at 12:30 p.m. at the offices of ABHR.

REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports.

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

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Secretary, Board of Directors

(SEAL)

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