

RECEIVE COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. No comments were made.

Mr. Allen reported that representatives from The George Foundation were present. The Board concurred to discuss the costs of incorporating The George Foundation properties into the Authority's Groundwater Reduction Plan ("GRP").

Mr. Scholler reviewed long-term and short-term analyses of costs associated with incorporating The George Ranch properties into the Authority's GRP. He stated that in the long-term, The George Ranch properties will pay fees once development occurs which will be a cost sharing benefit to the Authority. He stated that in the short-term, additional costs for overcapacity of some transmission lines that are sized to meet The George Ranch properties' needs will be incurred by the Authority while no fees are being collected. He stated that the costs are difficult to quantify. He stated that it is important to note that it is unknown when development will occur and there is no guaranty about how much water usage they will have. He stated that this is a complicated issue, based on assumptions about future conditions that certainly will change. He stated that future expansions of the Authority's transmission system and facilities can and should be adjusted to reflect the true development that is occurring both in the Authority and in The George Ranch properties.

Mr. Scholler also reviewed possible affects on future costs that may arise from discussions being held between the Cities of Richmond and Rosenberg (the "Cities") and the Fort Bend Subsidence District (the "FBSD"). He stated that the discussions include the Cities' request for either exclusion of the Cities from the FBSD's Regulatory Area A or an extension in the time frame for conversion of the Cities' area to surface water use.

Mr. Page addressed the Board and stated that The George Foundation has been following and paralleling the Authority's efforts to meet the FBSD's regulations for conversion to surface water use. He stated that the FBSD denied The George Foundation's previous request for an extension in the time frame for conversion to surface water use. He stated that preliminary planning has been done to identify that approximately half of the 22,000 acres of The George Ranch properties will be developed. He estimated that the development will consist of 25,000 to 30,000 connections. He stated that The George Foundation is trying to look into the future and do what's best for The George Foundation and Fort Bend County. He stated that The George Foundation will provide to the Authority any additional information that may be needed.

Mr. Herder addressed the Board and stated that The George Foundation is a non-profit organization. He stated that the values of the foundation's planning group

are to preserve adequate amounts of land for historical and environmental purposes. He stated that the group plans to develop sustainable communities and asked for the Authority's assistance with meeting the FBSD's regulations. In response to Director Patton's inquiry, Mr. Herder stated that he would expect that wastewater effluent reuse would occur when the property is developed.

In response to Director Hebert's question, Mr. Scholler stated that The George Ranch properties are approximately 10% of the Authority's year 2050 ultimate water demand. He stated that the approximate cost of transmission lines and facilities for over-converting surface water use in other areas of the Authority to meet The George Ranch properties' needs is \$6,000,000 to \$7,000,000. He stated that the lines and facilities would be built as needed but there is a lot of uncertainty. He stated that it is possible that the Authority would not be able to over-convert to surface water use in an amount large enough to meet The George Ranch properties' needs, which would require construction of a water treatment plant on the south side of the Brazos River. He stated that the cost for such construction is significant, but difficult to estimate.

Discussion ensued regarding the front-end cost for over-sizing of the transmission lines without receiving matching revenue from The George Ranch properties. Mr. Page stated that if there is a discernable cost for such over-sizing, The George Foundation is amenable to discussing such cost. Mr. Scholler noted that The George Ranch properties are not located within the Authority and that over-sizing of the transmission lines and facilities will be undertaken for the undeveloped areas within the Authority.

Mr. Allen reported that a draft contract for participation in the Authority's GRP has been sent to The George Foundation's legal counsel but comments have not yet been received. Following review and discussion, Director Gay moved that the Board authorize ABHR to proceed with finalizing a contract for execution for participation in the Authority's GRP from The George Foundation. Director Hebert seconded the motion, which was approved by unanimous vote.

Director Patton opened the meeting to receive additional public comments. No additional comments were made.

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

ADOPT POLICY ON WATER CONSERVATION KITS AND PURCHASE OF CREDITS

Mr. Garcia reported on responses received to the questionnaire distributed to the utility districts located within the Authority to assist with the development of a policy on the purchase of FBSD's Water Wise Program conservation kits and the purchase of water conservation credits. A copy of a summary of the responses is attached. The summary indicates that credits for 2,054 kits are available for purchase for an estimated cost of \$67,278.50 ($\$32.75 \times 2,054$). This would provide approximately 172,536,000 gallons of credit to the Authority. The regulatory requirement on the Authority to reduce groundwater pumpage by 30 percent in 2013 equates to approximately 13,000,000 per day, and accordingly, the credits produced by the purchase of the 2,054 kits represents approximately thirteen days of pumpage ($172,536,000/13,000,000 = 13.272$ days).

Mr. Garcia stated that the West Harris County Regional Water Authority (the "WHCRWA") purchases water conservation credits and sponsors students chosen by the Harris-Galveston Subsidence District. Mr. Scholler stated that the FBSD may have a limit on the number of credits obtained from the purchase of the conservation kits which are available for use towards the required conversion to surface water use. Following review and discussion, the Board authorized ABHR to determine the maximum number of credits that are available for purchase and for use by the Authority towards conversion requirements, and to coordinate with the bookkeeper to determine the impact on the Authority's budget of implementing a policy that would purchase all existing credits and continue to purchase additional credits at the current rate within the Authority's boundaries.

Discussion ensued regarding the possibility of the Cities joining the Authority's GRP in the future in response to a member of the public's inquiry.

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.

EFFLUENT REUSE

Director Gay reported that she attended the March 14, 2007, meeting of the Board of Directors of Cinco Municipal Utility District No. 1 to discuss the possibility of providing treated effluent from the Cinco South Wastewater Treatment Plant to the YMCA camp located within the Barker Reservoir to create a lake. She stated that the District has agreed to work with the Authority on the project. Following discussion, Director Gay moved that the Board authorize B&G to determine whether the Texas

Commission on Environmental Quality (the "TCEQ") will permit the proposed use of the effluent and whether the loss of storage in the Barker Reservoir will require a permit and/or mitigation by the Army Corps of Engineers. Director Fay 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 following the January 31, 2007, deadline for responses regarding participation in the Authority's Groundwater Reduction Plan ("GRP"), the potential participants include Plantation Municipal Utility District and The George Foundation.

Mr. Scholler stated that GRP participant demands have been finalized and that transmission line corridors and potential plant sites have been re-evaluated. He reviewed total present worth costs for years 2010 to 2055 for the infrastructure required to provide surface water to the Authority for eight alternatives. He reviewed exhibits of an overview of the water supply and preliminary facility planning which are attached to the engineer's report. Following review, he stated that the preliminary recommendation is for the Authority to choose the alternative ranked second lowest in cost and to proceed with contract negotiations with the City of Houston and the WHCRWA. He stated that this alternative provides a second connection point for surface water. He stated that a final report on the Alternative Analysis is expected to be completed within 60 days.

Mr. Allen next distributed to the Board for review an overview of the terms of the contract between the City of Houston and the WHCRWA for the purchase of surface water. He stated that the City of Houston indicated that it may be possible to purchase water through the City of Houston's existing contract with the WHCRWA. He stated that City of Houston representatives also indicated that the City of Houston could supply as much water as the Authority needs and currently has approximately 100,000,000 in excess capacity in their East Water Plant.

Following review and discussion, Director Hebert moved that the Board authorize ABHR to proceed with contract negotiations with the City of Houston and the WHCRWA for the purchase of surface water. Director Spell seconded the motion, which was approved by unanimous vote.

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

DISCUSS CREATION OF ONLINE PUMPAGE REPORTING SYSTEM

Ms. Payne next made a presentation on creation of an on-line pumpage reporting system. She stated that the system would enable well owners or their agents to directly report the end meter readings for their wells, and would automatically calculate the pumpage fees and any credits owed, and provide statements. She stated that if approved, the target date for implementation of the system is June 2007. She stated that the proposed system is based on a system developed for the North Harris County Regional Water Authority and would be developed to meet the North Fort Bend Water Authority's needs. She reviewed a proposed three-phase work schedule including determination of content and data interfacing, programming and coordination, and training and implementation. Following review and discussion, Director Gay moved that the Board authorize Ms. Payne to create an on-line pumpage reporting system in an amount not to exceed \$15,000. Director Fay seconded the motion, which was approved by unanimous vote, except for Director Hebert who was not present for the vote.

TCEQ CONFERENCE

The Board concurred that no action was necessary regarding the TCEQ Environmental Trade Fair and Conference.

PUBLIC COMMUNICATIONS

Ms. Payne next updated the Board on the Authority's public communications. She stated that she could not substantiate a report that Katy Independent School District is not participating in the Water Wise Program. No action was taken by the Board.

REPORTS FROM DIRECTORS AND CONSULTANTS

Mr. Garcia distributed reports on legislative bills and updated the Board regarding legislative matters. Copies of the reports are attached. No action was taken by the Board.

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

(SEAL)




Secretary, Board of Directors

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