

**MINUTES OF SPECIAL MEETING
OF
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**

November 16, 2006

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in special session, open to the public, on November 16, 2006, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the duly appointed members of the Authority to wit:

Dan Sallee	President
George L. Rush, Jr.	Vice President
Douglas (Cam) Postle	Secretary
Stacey L. Burnett	Assistant Vice President
Art Garden	Assistant Secretary
Larry Weppler	Director
Bruce Parker	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present.

Also present at the meeting were: Mary Jarmon of Myrtle Cruz, Inc.; Rick Van Dyke of ECO Resources, Inc. ("ECO"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); and Jim Boone, Alex Garcia and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR"). Also present at the meeting are those persons included on the attached list.

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the October 11, 2006, meeting. Following discussion, Director Burnett moved that the minutes of the October 11, 2006, meeting be approved as submitted. The motion was seconded by Director Parker and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

The Board received no questions from the public.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

BOOKKEEPER'S REPORT

Ms. Jarmon then presented the bookkeeper's report, the investment report, a budget comparison, and submitted the bills for the Authority's review. She then presented check no. 3209 in the amount of \$974.75 payable to Villages of Cypress Lakes which replaces check no. 3158, check no. 3210 in the amount of \$211,527.00 payable to T&C Construction for Pay Estimate No. 4 for the pump station, check no. 3211 in the amount of \$26,734.00 payable to the City of Houston for increase in reserve, check no. 3212 in the amount of \$6,317.00 payable to Gurrola Reprographics, Inc. for printing brochures and check no. 3213 in the amount of \$182.60 payable to One Call Systems, Inc. for line location. Following discussion, Director Parker moved that the Board approve the bookkeeper's report and the checks presented for payment. Director Burnett seconded the motion, which carried by a vote of seven for the motion with Directors Postle and Wepler abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

APPROVE AMENDED BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2006

Ms. Jarmon reviewed an amended budget for the fiscal year ending December 31, 2006, with the Board of Directors. She pointed out that the budget has been amended to decrease the debt service fund transfer. After discussion, Director Rush moved that the Board approve the amended budget for the fiscal year ending December 31, 2006. Director Cannon seconded the motion, which passed unanimously.

APPROVE AMENDMENT TO BOOKKEEPER'S CONTRACT

Ms. Jarmon requested that the Board consider approving a revised bookkeeper's contract (the "Contract"). Following discussion, Director Garden moved that the Board approve the Contract as presented. Director Rush seconded the motion, which carried unanimously.

DISCUSS AUTHORITY RATES

The Board discussed taking action at its December meeting to increase the Authority's rates by \$0.10 effective January 1, 2007. The Board deferred action on this matter, until its December meeting.

DISCUSS WEBSITE

Ms. Payne reported that the water conservation trailer has been traveling through the Spring Independent School District this week.

Ms. Payne reported that the water conservation brochures are available for use. She stated that the waterworks newsletter is in the process of being distributed.

Ms. Payne reported that the townhall meeting has been scheduled for November 29, 2006, at 6:30 p.m. at the Fry Road Municipal Utility District building located at 20111 Saums Road, Katy, Texas.

APPROVE SUPPLEMENT TO PUBLIC COMMUNICATIONS AGREEMENT

The Board discussed a supplement to the agreement with Barbara Payne for public communications. Following review and discussion, Director Rush moved that the Board approve the supplement to the agreement with Barbara Payne. Director Burnett seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Ahrens presented an engineer's report, a copy of which is attached, and reviewed it with the Board.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage is approximately 102% of that at this time last year.

Mr. Ahrens reported that the Authority received the certification for the 40/30 waiver on November 15, 2006 from the Texas Commission on Environmental Quality ("TCEQ").

Mr. Ahrens reported that DEC attended the Harris-Galveston Subsidence District ("HGSD") meeting held on November 8, 2006, at which all of the permits for the wells within the Authority's groundwater reduction plan were approved for the period starting December 1, 2006. He also reported that the HGSD adopted a new permit application fee.

Mr. Ahrens reported that the Texas Water Law Institute Seminar is scheduled for December 6-8, 2006, in Austin, Texas and the TRWA/TWCA Water Law Seminar is scheduled for January 18-19, 2007, in Austin, Texas.

Mr. Ahrens reported that the development of the Phase I GIS database has been completed and that the design committee approved Lockwood, Andrews & Newnam, Inc.'s proposal in the amount of \$47,520.00 to add additional information to the GIS system route analysis for possible alignment of the extension of the North Harris County Regional Water Authority's Beltway 8 water line.

Mr. Ahrens reviewed correspondence from Pate Engineers with an update of Harris County Municipal Utility District No. 130's conversion to surface water.

Mr. Ahrens reported that he met with the North Harris County Regional Water Authority and the North Fort Bend Water Authority to share information and discuss

possible joint projects and route analysis for possible alignment of the extension of the North Harris County Regional Water Authority's Beltway 8 line.

Mr. Ahrens reported that DEC is updating the water system computer modules with updated population/flow data.

Mr. Ahrens then reported that DEC has received the water pumpage/usage questionnaires from the districts anticipated to be converted by 2010.

Mr. Ahrens stated that he attended a meeting with the Coastal Water Authority regarding the Luce Bayou project.

Mr. Ahrens reported that the pump station no. 1 contractor has completed approximately 90% site drainage utilities, the tank subgrade excavation, and is restoring the subgrade with select fill.

DISCUSS STATUS OF CONSTRUCTION CONTRACT FOR CENTRAL CONTROL SYSTEM

Mr. Ahrens updated the Board on the status of the construction of the central control and monitoring system. He stated that Prime Controls has been working on resolving issues with the SCADA system.

DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

APPROVE WATER SUPPLY AGREEMENT

Mr. Garcia reviewed with the Board a Water Supply Agreement with Harris County Municipal Utility District No. 130 (the "Agreement"). Following discussion, Director Garden moved that the Board approve the Agreement. Director Cannon seconded the motion, which carried unanimously.

DISCUSS PURCHASE OF HGSD CONVERSION CREDITS

Mr. Ahrens reported that 519 credits have been received.

DISCUSS STATUS OF WATER LINE PROJECT TO COPPERFIELD AREA DISTRICTS

Mr. Ahrens reported that Contract 3 has been completed except for the delivery of water to Harris County Municipal Utility District No. 163. Mr. Ahrens reported that Contract 6 has been completed except for delivery of water to Harris County Municipal Utility District No. 186. He stated that Contract 7B (Huff & Mitchell) is installing 24-inch pipe along Langham Creek and is awaiting delivery of 36-inch pipe and will start installation next week, Contract 8 (Bearden Contracting) is installing 24-inch line along West Little York, Contract 9 (C.E. Barker, Ltd.) is installing 24-inch pipe, Contract 10 (Triple B Services, L.L.P.) is complete with the installation of 24-inch, 30-inch, and 36-inch pipe and Contract 12A (D.L. Elliott Enterprises) is on schedule with the installation of 1,575 feet of 12-inch and 16-inch pipe. Mr. Ahrens reported that the notice to proceed for Contract 7A was issued October 20, 2006. He also reported that the contracts for Contracts 13A will be advertised for bids on November 17, 2006 and 14A was advertised for bids on November 11, 2006. He stated that Contracts 13B, C and D have received preliminary review comments from Harris County, and Contract 14A plans have been completed.

Mr. Ahrens recommended approval of Change Order No. 1 in the amount of \$130,019.61 submitted by T&C Construction for the pump station, which decreases the amount of the contract. After discussion, Director Rush moved that the Board approve Change Order No. 1 in the amount of \$130,019.61. The motion was seconded by Director Cannon and carried by unanimous vote.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that no requests for reimbursement have been received.

DISCUSS WATER SUPPLY CONTRACT WITH CITY OF HOUSTON

Mr. Ahrens reported that he is continuing to work on several possible surplus City of Houston facilities.

DISCUSS APPROVING ENGINEERING SERVICES CONTRACTS

Mr. Ahrens then requested that the Board approve an amendment to the Weisser Engineering contract for surveying which increases the contract from \$300,000 to \$350,000 and an amendment to the DEC contract for the GIS database development from \$42,800.00 to \$90,320.00 for Phase II, the Terracon Agreement previously discussed at the Board's October 11, 2006, meeting and the Integra Realty contract. Following discussion, Director Beckendorff moved that the Board approve such amendments, the Integra Realty contract and the Terracon Agreement. Director Parker seconded the motion, which carried by a vote of eight for the motion, with Director Postle abstaining.

Mr. Ahrens recommended that the Board approve the contracts with Brown & Gay Engineers, Inc. as the engineer for Contract 14B, Klotz Associates, Inc. as the engineer for Contract 18, and Edminster, Hinshaw, Russ and Associates, Inc. as the engineer for Contract 15A. Following discussion, Director Beckendorff moved that the Board approve the contracts with Brown & Gay Engineers, Inc. for Contract 14B, Klotz Associates, Inc. as the engineer for Contract 18, and Edminster, Hinshaw, Russ and Associates, Inc. as the engineer for Contract 15A. Director Rush seconded the motion, which carried by a vote of eight for the motion with Director Postle abstaining.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he had nothing new to report regarding the capital improvements plan.

OPERATOR'S REPORT

Mr. Van Dyke presented copies of the operator's report and reviewed it with the Board, a copy of which is attached.

UPDATE ON STATUS OF GROUNDWATER REDUCTION PLAN

Mr. Ahrens stated that he had nothing new to report regarding the groundwater reduction plan.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed acquisition of a water line easement from American General Realty Corp. and the encroachment agreement with Gulf South. Following discussion, Director Postle moved that the Board authorize acceptance of the easement and approve the encroachment agreement with Gulf South. Director Rush seconded the motion, which carried unanimously.

The Board then discussed approving the right-of-entry agreement with CenterPoint. Following discussion, Director Cannon moved that the Board approve the right-of-entry agreement with CenterPoint, subject to Director Postle's review. Director Rush seconded the motion, which carried unanimously.

ADOPT RESOLUTIONS AUTHORIZING CONDEMNATION

The Board took no action on this matter.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board took no action on this matter.

RECEIVE UPDATE REGARDING REAL ESTATE, DESIGN, FINANCE, AND COMMUNICATIONS COMMITTEES

The Board received no update regarding the real estate, design, finance, and communications committees.

DISCUSS ANY DELINQUENT RATE PAYER(S)

The Board took no action on this matter.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report regarding the Region H Water Planning Group.

RECEIVE REPORT REGARDING SEMI-ANNUAL TEST OF CONSULTANT CONTRACTS

The Board reviewed the report regarding the semi-annual test of consultant contracts for the period ending March 31, 2006.

APPROVE LEGAL CONFLICTS WAIVER REGARDING THE NORTH FORT BEND WATER AUTHORITY

The Board considered a conflicts waiver regarding representation by Allen Boone Humphries Robinson LLP of the North Fort Bend Water Authority and discussed this matter with Messrs. Boone and Garcia. After discussion, Director Rush moved that the Board authorize execution of the conflicts waiver. Director Burnett seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Boone stated that he had nothing additional to report.

CONVENE EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.072, GOVERNMENT CODE TO DISCUSS PURCHASE AND VALUE OF WATER LINE EASEMENTS/RIGHT-OF-WAY, AND AUTHORITY PUMP STATION AND CONSULTATION WITH ATTORNEY REGARDING CONDEMNATION LITIGATION FOR SUCH TRACTS AND EASEMENTS

The Board concurred to convene in executive session to discuss the purchase and value of water line easements/right-of-way and pump station and to conduct a consultation with their attorney regarding related condemnation litigation pursuant to Sections 551.071 and 551.072 of the Texas Government Code. The Board entered executive session at 7:30 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 8:05 p.m., the Board then reconvened in open session. Following discussion, Director Gardner moved that the Board re-authorize execution of the Purchase and Sale Agreement with Exxon Mobil Corporation and authorize the payment and closing and all other actions needed to complete the transaction provided for in said Agreement. Director Wepler seconded the motion, which carried unanimously

There being no further matters to come before the Authority, the meeting was adjourned.

Secretary, Board of Directors

(SEAL)

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