

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

December 13, 2006

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on December 13, 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 except Directors Rush and Weppler, thus constituting a quorum.

Also present at the meeting were: Erin Garcia of Myrtle Cruz, Inc.; Rick Van Dyke of ECO Resources, Inc. ("ECO"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); and 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 November 16, 2006, meeting. Following discussion, Director Beckendorff moved that the minutes of the November 16, 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. Garcia 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. 3265 in the amount of \$200.00 payable to Charter Title, check no. 3266 in the amount of \$418.10 payable to Precision Printing, check no. 3267 in the amount of \$4,746.46 payable to Vinson & Elkins L.L.P., check no. 3268 in the amount of \$31,081.82 payable to the City of Houston, check no. 3269 in the amount of \$21,215.00 payable to Weisser Engineering, and check no. 3270 in the amount of \$75,000.00 payable to Regan and Marilyn Folmar. Following discussion, Director Parker moved that the Board approve the bookkeeper's report and the checks presented for payment. Director Garden seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

APPROVE AMENDMENT TO LEGAL SERVICES CONTRACT

Mr. Garcia requested that the Board approve an amendment to the ABHR legal services contract which includes fees for legislative related issues. Following discussion, Director Beckendorff moved that the Board approve the amendment to legal services contract. Director Parker seconded the motion, which carried unanimously.

DISCUSS BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2007

Ms. Garcia presented a draft of the budget for fiscal year ending December 31, 2007, and reviewed it with the Board. Director Beckendorff requested that the legislative legal expenses be increased from \$50,000 to \$55,000. Following discussion, Director Beckendorff moved that the Board approve the budget for fiscal year ending December 31, 2007, with the noted revision. Director Parker seconded the motion, which carried unanimously.

DISCUSS WEBSITE

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 there have been approximately 220 requests for the powerpoint townhall presentation.

ADOPT AMENDED RATE ORDER

The Board began discussion at 6:30 p.m. to consider amending the Rate Order to increase the Authority fees, increase the eligible amount for chloramine reimbursement, and make other revisions. Following discussion, Director Cannon moved that the Board adopt the Amended Rate Order. Director Sallee seconded the motion, which

carried unanimously. The Rate Order, thus adopted, is attached to and shall be considered a part of these minutes.

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 100% of that at this time last year.

Mr. Ahrens reported that DEC has discussed plan review for the districts with the Texas Commission on Environmental Quality ("TCEQ").

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

Mr. Ahrens reviewed correspondence from Pate Engineers with an update of Harris County Municipal Utility District No. 130's conversion to surface water. He then reviewed correspondence from Century Energy, Inc. with an update of Harris County Municipal Utility District No. 172's conversion to surface water.

Mr. Ahrens reported that DEC is preparing a route analysis and probable construction cost estimates for possible extension of the North Harris County Regional Water Authority's Beltway 8 water line.

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

Mr. Ahrens reported that DEC is evaluating an extension to the Authority's pump station site building as part of the T&C contract. He stated that the backfill for the tank has been completed.

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

The Board took no action on this matter.

DISCUSS PURCHASE OF HGSD CONVERSION CREDITS

Mr. Ahrens reported that 354 credits have been purchased.

DISCUSS STATUS OF WATER LINE PROJECT TO COPPERFIELD AREA DISTRICTS

Mr. Ahrens reported that Contracts 3 and 6 are substantially complete. He stated that Contract 7B (Huff & Mitchell) is on hold until after the new year and is waiting for delivery of 36-inch pipe, 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 90% complete with the plant work and distribution piping and will submit 90% complete plans by December 15, 2006, and Contract 12A (D.L. Elliott Enterprises) is on schedule with the installation of 12-inch and 16-inch pipe. Mr. Ahrens reported that the contract for Contract 13A was advertised for bids on November 17, 2006. He stated that Contracts 13B, C and D 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 \$15,966.19 submitted by E.P. Brady for Contract 3. After discussion, Director Cannon moved that the Board approve Change Order No. 1 in the amount of \$15,966.19. The motion was seconded by Director Parker and carried by unanimous vote.

REVIEW BIDS AND AWARD CONTRACT

Mr. Ahrens reported that the Authority received bids for the construction of the Copperfield surface water lines Contract 14A. He stated that DEC had reviewed the bids and recommended award of the construction contract to the low bidder, Huff & Mitchell, Inc., in the amount of \$5,202,471.00. After discussion, Director Garden made a motion that was seconded by Director Cannon and the Board voted unanimously to award the contract in the amount of \$5,202,471.00 to Huff & Mitchell, Inc. for construction of Copperfield surface water lines Contract 14A because, in the Board of Directors' judgment, the contract will be the most advantageous to the Authority and result in the most economical completion of the Authority's facilities, subject to review and approval of the contractor's payment and performance bonds by the Authority's attorney.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that Spencer Road Public Utility District submitted a request for reimbursement and the request is being reviewed.

DISCUSS WATER SUPPLY CONTRACT WITH CITY OF HOUSTON

Mr. Ahrens reported that the quarterly City of Houston Advisory Committee meeting was held on November 29, 2006.

DISCUSS APPROVING ENGINEERING SERVICES CONTRACTS

Mr. Ahrens then requested that the Board approve an amendment to the SPS Stephenson Properties, Inc. contract for acquisition services, which increases the contract from \$60.00 per hour to \$65.00 per hour. Following discussion, Director Parker moved that the Board approve the amendment. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens reported that 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 were issued the notice to proceed.

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.

AUTHORIZE APPROPRIATE ACTION REGARDING APPROVAL AND FILING OF VULNERABILITY ASSESSMENT

Director Beckendorff moved that the Board authorize Director Sallee to review and approve a vulnerability assessment and to authorize its filing. Director Garden seconded the motion, which carried unanimously.

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 The Trull Foundation. Following discussion, Director Garden moved that the Board authorize acceptance of the easement. Director Beckendorff seconded the motion, which carried unanimously.

Director Postle thanked all of those who helped finalize the purchase of the easement and other property rights from Exxon/Mobil. Director Sallee also thanked Director Postle for his help.

ADOPT RESOLUTIONS AUTHORIZING CONDEMNATION

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 REGION H WATER PLANNING GROUP

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

AUTHORIZE EXECUTION OF AGREEMENTS FOR PIPELINE RIGHT-OF-WAY MAINTENANCE AND PIPELINE ADJUSTMENTS OR OPERATIONS

Mr. Garcia stated that the Exxon/Mobil easement and/or pipeline would need to be maintained and that the Authority has been working on obtaining a proposal from a contractor that works for Exxon/Mobil. Following discussion, Director Cannon moved that the Board authorize Director Sallee to approve and execute an agreement for maintenance, operation, and/or adjustments for the Exxon/Mobil easement and/or pipeline. Director Parker seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING CAPITAL ADVANCE AND REIMBURSEMENT PROCEDURE

Mr. Garcia reviewed with the Board the Resolution Authorizing Capital Advance and Reimbursement Procedure ("Resolution"). Mr. Garcia explained that the notices would be sent to the districts/municipalities and the districts/municipalities would have until March 30, 2007, to declare if they desire to participate in financing the capital costs set forth in the Resolution. He further explained that the districts/municipalities would have until February 1, 2008, to provide the funds. He stated that the share of capital costs for each district/municipality would be based on the 2005 water usage

information provided in the district/municipality reporting forms. Following discussion, Director Garden moved that the Board approve the Resolution. Director Burnett seconded the motion, which carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

ATTORNEY'S REPORT

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

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

Secretary, Board of Directors

(SEAL)

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