

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

July 12, 2006

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on July 12, 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 Director Cannon, 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; Terrell Palmer of First Southwest Company; Jan Bartholomew and Ryan O'Hara of RBC Capital Markets; Jana Cogburn of Fulbright & Jaworski L.L.P.; 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 June 12 and 14, 2006, meetings. Director Parker requested that the minutes be revised to reflect that the June 12, 2006, town hall meeting did not have a quorum of the Board. Following discussion, Director Parker moved that the minutes of the June 12, 2006, meeting be approved as revised and the minutes of the June 14, 2006, meeting be approved as submitted. This motion was seconded by Director Garden and passed by unanimous vote.

**DISCUSS SCHEDULE FOR SERIES 2006 BONDS AND USES OF FUNDS**

Mr. O'Hara discussed a tentative schedule for the sale of the Authority's Series 2006 Bonds and the attached schedule of Sources and Uses of Funds.

## **APPROVE PRELIMINARY OFFICIAL STATEMENT FOR SERIES 2006**

Mr. O'Hara reviewed with the Board the Preliminary Official Statement. Following discussion, Director Parker moved that the Board approve the Preliminary Official Statement, subject to final review. Director Gardner seconded the motion, which passed by unanimous vote.

## **SELECT UNDERWRITERS FOR SERIES 2006 BONDS**

Mr. O'Hara discussed with the Board the appointment of underwriters for the Series 2006 bonds. He recommended that Morgan Keegan, UBS Financial Services, Goldman Sachs & Co., The GMS Group, LLC, and CitiGroup, be the underwriters. Director Parker moved that the Board appoint the above discussed underwriters for the Series 2006 bonds. Director Garden seconded the motion, which 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, budget comparison, and submitted the bills for the Authority's review. She then presented check no. 2993 in the amount of \$3,633.74 payable to the Copperfield Community Association for water loss and check no. 2994 in the amount of \$106,096.00 payable to Harris County Municipal Utility District No. 188 for reimbursement for disinfection modifications. Following discussion, Director Beckendorff moved that the Board approve the bookkeeper's report and the checks presented for payment. Directors Burnett seconded the motion, which carried by a vote of six for the motion with Directors Postle and Weppler abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

## **DISCUSS WEBSITE**

Ms. Payne reported that the Authority received approximately 93,000 hits for the month.

Ms. Payne then reported that the town hall power point presentation has been downloaded approximately 180 times.

Ms. Payne reported that Carter & Burgess is a \$5,000 sponsor for the water conservation booklet program.

Ms. Payne then reported that the waterworks newsletter would be sent out in September.

Director Sallee stated that he has been asked to speak at the North Houston Association and the American Water Works Association and requested that the Board authorize Ms. Payne and Mr. Ahrens to work with him on the presentation. The Board concurred to authorize Ms. Payne and Mr. Ahrens to work with Director Sallee on the presentation.

### **APPROVE PUBLIC COMMUNICATIONS AGREEMENT**

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

### **APPROVE WEBSITE AGREEMENT**

The Board discussed the agreement with Texas Network for the website. Following review and discussion, Director Burnett moved that the Board approve the agreement with Texas Network. Director Rush 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 114% of that at this time last year.

Mr. Ahrens reported that there have been ongoing communication with the Texas Commission on Environmental Quality regarding approval letters for construction plans.

Mr. Ahrens stated that he had nothing new to report regarding the Harris-Galveston Subsidence District ("HGSD").

Mr. Ahrens stated that the Public Drinking Water Conference is scheduled for August 15-16, 2006, in Austin, the Water Reuse Symposium is scheduled for September 10-13, 2006 in Hollywood, California and the Texas Water Law Conference is scheduled for September 28-29, 2006, in Austin, Texas. Following discussion, Director Rush

moved that the Board authorize any interested Board members to attend the conferences. Director Parker seconded the motion, which carried unanimously.

Mr. Ahrens then reported that the draft water reuse study has been submitted to the design committee.

Mr. Ahrens reported that the development of the GIS database is in progress.

Mr. Ahrens stated that information for construction brochures for Contracts 7B, 8 and 9 has been prepared.

Mr. Ahrens reported DEC has prepared a schedule for comparing committed bond funds to available funds for coverage.

Mr. Ahrens reviewed a letter from TC&B with an update on the status of Harris County Municipal Utility District No. 163's conversion to surface water. He then reviewed a letter from Van De Wiele Engineering, Inc. on behalf of Chelford City Municipal Utility District inquiring about the possible rebates for use of reclaimed water. Mr. Ahrens also reviewed with the Board a letter from Severn Trent Services related to control issues for receiving water at Harris County Municipal Utility District No. 188.

#### **REVIEW BIDS AND AWARD CONTRACT**

Mr. Ahrens reported that the Authority received 10 bids for the construction of the Copperfield surface water lines Contract 7B. 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 \$4,072,253.00. After discussion, Director Rush made a motion that was seconded by Director Weppler and the Board voted unanimously to award the contract in the amount of \$4,072,253.00 to Huff & Mitchell, Inc. for construction of Copperfield surface water lines Contract 7B 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.

#### **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 and making the modifications to the control panels at the plant sites as the contractors install the panels.

## **DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY**

Mr. Garcia stated that no requests were received.

## **DISCUSS PURCHASE OF HGSD CONVERSION CREDITS**

Mr. Ahrens reported that no kits have been purchased.

## **DISCUSS STATUS OF WATER LINE PROJECT TO COPPERFIELD AREA DISTRICTS**

Mr. Ahrens reported that Contracts 1, 2, and 4 are complete and delivering water or able to deliver water when the districts are able to receive the water. He then requested that the Board accept the projects. Following discussion, Director Weppler moved that the Board accept the projects. Director Garden seconded the motion, which carried unanimously.

Mr. Ahrens reported that E.P. Brady is working on the completion of Contracts 3 and 6. He stated that Triple B Services, L.L.P. (Contract 10) and Bearden Contracting (Contract 8) should receive pipe on Thursday. Mr. Ahrens reported that Contract 7A is on hold pending acquisition of certain easements and Contract 12A was advertised on June 30, 2006, and bids will be received on July 25, 2006. He stated that C.E. Barker (Contract 9) will be ready to begin construction next week and T&C Construction, Ltd. (pump station) is working on obtaining building permits. Mr. Ahrens reported that the engineers for Contracts 13A, 13B, 13D and 14A are progressing on schedule and should have completed plans in approximately four months.

## **APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS**

Mr. Ahrens reported that Harris County Municipal Utility District No. 188 has requested reimbursement in the amount of \$106,096.00 for one water plant. Following discussion, Director Weppler moved that the Board approve the reimbursement. Director Garden seconded the motion, which carried unanimously.

## **DISCUSS WATER SUPPLY CONTRACT WITH CITY OF HOUSTON**

Mr. Ahrens reported that there was a meeting with the City of Houston on June 28, 2006, to discuss possible acquisition of certain existing City water facilities by the Authority.

## **DISCUSS APPROVING ENGINEERING SERVICES CONTRACTS**

The Board took no action on this matter.

### **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.

### **DISCUSS PROVISION OF ELECTRICITY FOR AUTHORITY PUMP STATION FACILITIES, INCLUDING APPROVAL OF FACILITIES EXTENSION AGREEMENT**

Mr. Ahrens reported that the cost for providing electricity to the pump station would be \$48,821.00 and that the contractor would pay for the costs. Following discussion, Director Wepler moved that the Board approve the contract subject to final review. Director Rush seconded the motion, which carried unanimously.

### **ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS**

The Board discussed acquisition of a water line easement from Harris County Municipal Utility District No. 264 ("No. 264") and an encroachment agreement from Seminole Pipeline Company. Mr. Garcia noted that No. 264 is represented by ABHR. Following discussion, Director Postle moved that the Board authorize acceptance of the easement and approve the encroachment agreement. Director Rush seconded the motion, which carried unanimously.

### **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 ANY DELINQUENT RATE PAYER(S)**

The Board took no action on this matter.



**DISCUSS REGION H WATER PLANNING GROUP**

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

**ATTORNEY'S REPORT**

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

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

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Secretary, Board of Directors

(SEAL)

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