

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

January 11, 2006

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on January 11, 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
Johnny Nelson	Director

and all of the above were present except Director Nelson, thus constituting a quorum.

Also present at the meeting were: Erin Garcia of Myrtle Cruz, Inc.; Rick Van Dyke of ECO Resources, Inc.; Wayne Ahrens of Dannenbaum Engineering Corporation; Troy Anthony of Lockwood, Andrews & Newnam, Inc.; Dan Mushen of the Harris County Public Infrastructure Department; 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 December 14, 2005 meeting. Following discussion, Director Garden moved that the minutes of the December 14, 2005 meeting be approved as submitted. This motion was seconded by Director Rush and passed by unanimous vote.

**RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC**

The Authority received comments from the public.

## **RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS**

There were no customer appeals regarding payment, service, or other matters.

## **ENGAGE AUDITOR TO PREPARE AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2005**

Ms. Gibson reviewed with the Board a proposal from McCall, Gibson & Company, PLLC. She pointed out that the estimated cost to perform the Authority's audit would be \$15,000-\$17,000. Following discussion, Director Cannon moved that the Board engage McCall, Gibson & Company, PLLC as the Authority's auditor. Director Burnett seconded the motion, which carried unanimously.

## **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. 2693 in the amount of \$12,636.00 payable to Golf Services Group, Inc. ("Golf") and United Fire and Casualty ("United Fire") for Pay Estimate No. 9, check no. 2694 in the amount of \$49,140.00 payable to Golf and United Fire for Pay Estimate No. 17, check no. 2704 in the amount of \$210.42 payable to George Rush for director fees and check no. 2705 in the amount of \$6,139.75 payable to the Harris-Galveston Subsidence District water conservation program. Following discussion, Director Parker moved that the Board approve the bookkeeper's report and the checks presented for payment and that the checks payable to Golf and United Fire be held pending determination by the Design Committee of the proper party to pay. Director Cannon seconded the motion, which carried by a vote of six for the motion with Directors Postle and Wepler abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

## **DISCUSS WEBSITE**

Ms. Payne reported that the Authority received approximately 79,000 hits for the month. She stated that a water conservation page has been added to the Authority's website.

Ms. Payne reported that she is working on a training program for the operators regarding the trailer outfitted with the water conservation exhibits.

Director Sallee reported that the next town hall meeting would be scheduled for early spring.

Ms. Payne reported that the information regarding the 2006 director appointment process has been distributed.



## **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 119% of that at this time last year.

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

Mr. Ahrens reviewed a letter from Harris County Municipal Utility District No. 208 regarding damages to the sewer line by EP Brady, Ltd. for Contract 4.

Mr. Ahrens stated that the Texas Water Conservation Association annual convention is scheduled for March 1-3, 2006, in The Woodlands.

Mr. Ahrens presented a proposal to the contract with DEC to add GIS Database Development to the general services agreement in the amount of \$42,800.00 that has been reviewed and approved by the Design Committee. Following discussion, Director Weppler moved that the Board approve the proposal from DEC. Director Parker seconded the motion, which carried unanimously.

## **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 the computers have been installed at ECO and that the control panels are being installed at the plant sites.

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

Mr. Boone stated that no requests were received.

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

Mr. Ahrens reported that no conversion credits were purchased.

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

Mr. Ahrens reported that Contracts 1, 2, and Horsepen are substantially complete. He also stated that all lines have been installed, tested and chlorinated in Contract 4 and that water is available to Harris County Municipal Utility District Nos. 155, 162, and 208.

Mr. Ahrens reported that engineering for Contracts 7B, 8, 9, and 10 is progressing on schedule, that 90% plans have been received for Contracts 8, 9 and 10. He reported that Contract 7B bid ready plans are scheduled for February 20, 2006. He stated that Contract 7A is on hold pending acquisition of certain easements and Contract 12A has submitted 30% plans for review.

Mr. Ahrens reported that Contracts 3 and 6 are significantly behind schedule. Mr. Musher stated that Harris County has been dissatisfied with GSG's work and progress in its streets.

Mr. Ahrens then recommended partial acceptance of Contract 2 and reviewed the Certificate of Partial Substantial Completion ("Certificate"). Following discussion, Director Cannon moved that the Board approve partial acceptance of Contract 2. Director Wepler seconded the motion, which carried unanimously.

#### **DISCUSS STATUS OF WATER LINE PROJECT TO HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT**

Mr. Ahrens updated the Board on the status of the water line project to Horsepen Bayou Municipal Utility District. He stated that he had no pay estimates from Texas Sterling Construction for the Board's approval.

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

Mr. Boone reported that a meeting has been held with the City regarding purchase of additional capacity from the City.

#### **DISCUSS APPROVING ENGINEERING SERVICES CONTRACTS**

Mr. Ahrens reviewed with the Board change orders from Pate Engineers, Inc. for Phase II environmental assessments in the amount of \$5,280.00 and Lockwood, Andrews & Newnam, Inc. for Phase II environmental assessments in the amount of \$7,480.00. Following discussion, Director Garden moved that the Board approve the change orders from Pate Engineers, Inc. for Phase II environmental assessments in the amount of \$5,280.00 and Lockwood, Andrews & Newnam, Inc. for Phase II environmental assessments in the amount of \$7,480.00. Director Parker seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

Mr. Ahrens discussed proposed engineering contracts with Van De Wiele Engineering, Inc. for Contract No. 13A, Huitt-Zollars, Inc. for Contracts 13B and 13D, and Lockwood, Andrews & Newnam, Inc. for Contract 14A. Following review and discussion, Director Cannon moved that the Board authorize proceeding with negotiations with Van De Wiele Engineering, Inc. for Contract No. 13A, Huitt-Zollars, Inc. for Contracts 13B and 13D, and Lockwood, Andrews & Newnam, Inc. for Contract

14A. Director Weppler seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

### **OPERATOR'S REPORT**

Mr. Van Dyke reported that water is being delivered to Harris County Municipal Utility District Nos. 179 and 188.

### **UPDATE ON STATUS OF GRP PARTICIPATION AGREEMENTS**

The Board received no update on this matter.

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

The Board discussed acquisition of water line easements from Harris County Municipal Utility District No. 257, Progressive Baptist Church of Houston and Velda Barnhardt Wyche, Michael Thomas Wyche, Robert Alton Wyche, and Virginia Veld Wyche. Following discussion, Director Cannon moved that the Board authorize acceptance of the easements. Director Postle seconded the motion, which carried unanimously.

### **ADOPT RESOLUTION AUTHORIZING CONDEMNATION**

The Board took no action on this matter.

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

Mr. Boone reported that the design and finance committees have been meeting.

### **RECEIVE UPDATE ON OPERATOR ADVISORY COUNCIL MEETINGS**

Mr. Boone reported that the operator advisory council would be meeting in the near future.

### **REVIEW INSURANCE PROPOSALS**

The Board reviewed the insurance proposals from the Texas Municipal League Intergovernmental Risk Pool ("TML") for property and boiler and machinery insurance. Director Weppler suggested that consideration be given to increasing the deductible to \$10,000 if premiums could be reduced significantly. Following discussion, Director Parker moved that the Board accept the proposals from TML for property and boiler and machinery coverage, subject to the Finance Committee reviewing such deductible issue, making a determination on same, and approving the proposals. Director Cannon seconded the motion, which carried unanimously.

**DISCUSS MAY, 2006, DIRECTORS' APPOINTMENT PROCESS, INCLUDING APPROVAL OF RESOLUTION ADOPTING RULES FOR 2006 APPOINTMENT PROCESS FOR DIRECTORS**

Mr. Garcia explained that pursuant to the Authority's statute, by February 15, 2006, districts/municipalities must submit their nominees for precincts 1, 2, 4, 5 and 9; by March 15, 2006, the Authority must send ballots to each of the districts/municipalities in the five precincts that have contested races; and before April 30, 2006, a resolution must be submitted from each district/municipality voting for a candidate. Mr. Garcia then discussed the terms of the Resolution Adopting Rules for 2006 Appointment Process for Directors (the "Resolution"). Following discussion, Director Garden moved that the Board adopt the Resolution as presented. Director Rush seconded the motion, which carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

**DISCUSS REGION H WATER PLANNING GROUP**

Mr. Ahrens stated that he had nothing new to report regarding Region H.

**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 AUTHORITY'S ATTORNEY REGARDING CONDEMNATION LITIGATION AND CONTEMPLATED LITIGATION INVOLVING AUTHORITY WATER LINE CONSTRUCTION CONTRACTS**

The Board concurred to convene in executive session to discuss the purchase and value of water line easements/right-of-way, and Authority pump station site, pursuant to Section 551.072 of the Texas Government Code because deliberation in an open meeting would have a detrimental effect on the Authority's position in negotiating the purchase of same and, pursuant to Section 551.071 of the Texas Government Code, to consult with the Authority's attorney regarding related condemnation litigation and contemplated litigation involving Authority water line construction contracts. The Board entered executive session at 7:25 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 Wepler moved that the Board authorize ABHR to issue letters to GSG informing GSG of the Authority's intent to declare GSG in default and terminate the

Contracts with GSG if GSG fails to correct its deficiencies under the Contracts; that the Design Committee be authorized to approve default and termination, if GSG fails to correct same if determined appropriate by the Design Committee; and, in such event, the Design Committee be authorized to take all actions necessary to obtain the completion of Contracts 3 and 6. Director Cannon 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)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	2
engineer's report .....	4
Resolution Adopting Rules for 2006 Appointment Process for Directors.....	7