

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

July 11, 2007

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on July 11, 2007, 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 Rush, 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 and Glenda Cross of Dannenbaum Engineering Corporation ("DEC"); Troy Anthony of Lockwood, Andrews & Newman, Inc.; 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 June 13, 2007, meeting. Mr. Ahrens requested that the minutes be revised to reflect that the Board approved a rate increase to the DEC contract. Following discussion, Director Beckendorff moved that the minutes of the June 13, 2007, meeting be approved as revised. The motion was seconded by Director Parker and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question from a resident of the townhomes adjacent to 15300 Falmouth within Harris County Municipal Utility District No. 102 regarding the schedule for completion of the construction, Mr. Anthony stated that the construction should be completed in about a month if the weather permits.

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. 3652 in the amount of \$55,587.76 payable to Klotz & Associates, Inc. for engineering fees, check no. 3653 in the amount of \$306.25 payable to Gary Grote for legal fees associated with the Exxon easement and check no. 3655 in the amount of \$5,400.00 payable to American Shelter, Inc. for an easement. Following discussion, Director Garden moved that the Board approve the bookkeeper's report and the checks presented for payment. Director Cannon 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 PUMPAGE FEE EXCEPTION REPORT

Ms. Garcia requested that the Board authorize second notices to be sent to the three entities that have not paid the pumpage fees for 2006. Upon a motion made by Director Garden and seconded by Director Cannon, the Board voted unanimously to authorize second notices to be sent to the three entities.

DISCUSS WEBSITE

Ms. Payne reported that the mobile trailer has additional sponsorship this year. She stated that a workshop for the teachers at the Katy Independent School District has been scheduled. Ms. Payne requested that the Board approve the purchase of canvas bags for the science teachers. Following discussion, Director Cannon moved that the Board approve the purchase of the canvass bags at a cost not to exceed \$1,000. Director Beckendorff seconded the motion, which carried unanimously.

Ms. Payne then reported that online data entry for reporting pumpage electronically should begin in August.

The Board then discussed scheduling a townhall meeting for November.

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 for 2007 through May is approximately 83.1% of that for last year at this date.

Mr. Ahrens then reported that the Authority received correspondence from Terra Associates on behalf of Harris County Municipal Utility District No. 257 stating that the contractor for conversion to chloramines is mobilizing.

Mr. Ahrens then reported that correspondence was received from Huitt-Zollars, Inc. requesting that the Authority provide a partial advancement of funds to install its chloramine disinfection system at Harris County Municipal Utility District No. 250 ("MUD 250"). After discussion, the Board concurred to allow partial reimbursement to MUD 250 for eligible costs on the following terms: (1) MUD 250 may request reimbursement after it has paid the contractor, and (2) except for the final reimbursement, the minimum reimbursement amount to be submitted by MUD 250 shall be \$25,000.

Mr. Ahrens reported that the Harris-Galveston Subsidence District is currently working on the over conversion credits for 2006.

Mr. Ahrens reported that alternative alignments that could potentially be shared with the North Harris County Regional Water Authority and the North Fort Bend Water Authority are being studied.

Mr. Ahrens reported that DEC is conducting an investigation of the purchase of certain City surplus water facilities.

Mr. Ahrens reported that work is continuing to expand the GIS system by adding certain construction related information.

Mr. Ahrens then reported that DEC is continuing coordination with the districts that would be receiving water by 2010.

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

Ms. Garcia reported that no kits were purchased.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 7B (Huff & Mitchell) has completed the installation of the 36-inch pipe, Contract 8 (Bearden Contracting), Contract 9 (C.E. Barker, Ltd.), Contract 10 (Triple B Services, L.L.P.) and Contract 12A (D.L. Elliott Enterprises) are substantially complete, Contract 14A (Huff & Mitchell) is installing the 24-inch water main along the Kinder Morgan easement at West Road, Contract 13A (Reliance Construction) has surface water to Harris County Municipal Utility District No. 149, and pump station no. 1 (T&C Construction) is working on the installation of the disinfection foundation. He then recommended approval of Pay Estimate No. 5 in the amount of \$39,003.95 for Contract 13A, Pay Estimate No. 9 in the amount of \$468,898.17 for Contract 7B, Pay Estimate No. 4 in the amount of \$361,371.78 for Contract 14A, Pay Estimate No. 12 in the amount of \$1,755,245.58 for pump station no. 1, and Pay Estimate No. 11 in the amount of \$9,644.21 for Contract 10. Upon a motion made by Director Parker and seconded by Director Burnett, the Board voted to approve the above mentioned pay estimates which passed by a vote of 7 for the motion with Director Postle abstaining.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 162 ("MUD 162") be reimbursed the additional amount of \$34,383.45 and Harris County Municipal Utility District No. 208 be reimbursed the additional amount of \$35,552.46 for engineering fees. Ms. Cross recommended that Spencer Road Public Utility District be reimbursed the additional amount of \$5,573.94 for engineering fees. Following discussion, Director Wepler moved that the Board approve the reimbursement amounts recommended by Mr. Ahrens and Ms. Cross subject to execution of a receipt. Director Beckendorff seconded the motion, which carried unanimously.

DISCUSS WATER SUPPLY CONTRACT WITH CITY OF HOUSTON

Mr. Ahrens reported that the City Advisory Committee meeting has been scheduled for July 13, 2007.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Klotz & Associates, Inc., the engineer for Contract 7A, submitted 90% plans for review on June 21, 2007, Brown & Gay, the engineer for Contract 14B, submitted 90% plans for review on June 14, 2007, Edminster, Hinshaw, Russ and Associates, the engineer for Contract 15A, submitted 75% plans on June 20, 2007, Klotz & Associates, Inc., the engineer for Contract 18, is expected to submit 75% plans for review on July 13, 2007, Sander Engineering, the engineer for Contract 12B, submitted 30% plans for review on July 2, 2007, Jones & Carter, Inc., the engineer for Contract 17A, submitted 30% plans for review on July 10, 2007, and Binkley & Barfield,

Inc., the engineer for Contract 11, expects to submit 30% plans for review on July 26, 2007.

Mr. Ahrens discussed the amendment to the contract with Weisser Engineering in the amount of \$100,000. He then recommended that the Board re-approve the revised DEC rate schedule from April 12, 2006. Following review and discussion, Director Beckendorff moved that the Board approve the amendment to the contract with Weisser Engineering and re-approve the revised DEC rate schedule. Director Parker seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

Mr. Ahrens requested that the Board approve the contract with Brown & Gay Engineers, Inc. for Contract 20 in the amount of \$479,755.25 and authorize negotiations with Kuo & Associates, Inc. and the Western Group Consultants. Following discussion, Director Garden moved that the Board authorize negotiations with Kuo & Associates, Inc. and the Western Group Consultants and approve the contract with Brown & Gay Engineers, Inc. for Contract 20. Director Wepler seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens then reported that the CIP is being updated to reflect the latest water demand projections.

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.

The Board requested that Mr. Van Dyke contact the City of Houston regarding re-calibration of its meter.

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 granting encroachments to Sunbelt Fresh Water Supply District and Harris County Municipal Utility District No. 276. Following discussion, Director Wepler moved that the Board grant the encroachments to Sunbelt Fresh Water Supply District and Harris County Municipal Utility District No. 276, subject to execution of consents to encroachment. Director Cannon seconded the motion, which carried unanimously.

DISCUSS PIPELINE RIGHT-OF-WAY MAINTENANCE AND PIPELINE ADJUSTMENTS OR OPERATIONS

Mr. Garcia reviewed with the Board the maintenance agreement with Hawkins Lease Services for the Exxon easement. Following discussion, Director Beckendorff moved that the Board authorize execution of the maintenance agreement by Director Sallee and authorize the DEC to issue work orders up to \$25,000 with approval by Director Weppler. Director Garden seconded the motion, which carried unanimously.

APPROVE AGREEMENT WITH HARRIS COUNTY REGARDING GROUNDWATER REDUCTION PLAN SERVICES

Mr. Garcia reviewed with the Board the Interlocal Agreement with Harris County. He explained that Harris County has water wells located within the Authority's Groundwater Reduction Plan and that pursuant to the Interlocal Agreement Harris County will be granted a credit for certain pumpage fees in exchange for conveyance of necessary easements. Following discussion, Director Garden moved that the Board approve the Interlocal Agreement, subject to final review and approval by Director Sallee. Director Parker seconded the motion, which carried unanimously

ADOPT RESOLUTION AUTHORIZING CONDEMNATION

The Board took no action on this matter.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report.

ADOPT RESOLUTION ESTABLISHING CONVERSION REIMBURSEMENT STANDARDS

The Authority considered adopting a Resolution Establishing Conversion Reimbursement Standards. After review and discussion, Director Parker moved that the Authority adopt the Resolution Establishing Conversion Reimbursement Standards. The motion was seconded by Director Garden and carried unanimously. The Resolution, thus adopted, is attached to and shall be considered as part of these minutes.

DISCUSS PURCHASE OF ELECTRICITY

Director Parker reported that the Finance Committee interviewed three electricity consultants and stated that the Finance Committee recommended that the Board appoint American Enerpower as the Authority's broker for electricity. Following discussion, Director Parker moved that the Board authorize execution of the letter of authorization from American Enerpower. Director Burnett seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

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

DISCUSS NEXT BOND SALE

Mr. Garcia reported that the Authority's next bond sale should occur October 10, 2007.

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

Secretary, Board of Directors

(SEAL)

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