

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

September 12, 2007

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on September 12, 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 Wepler	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: Terrell Palmer of First Southwest Company; Jan Bartholomew of RBC Capital Markets; Mike Harrington of American Enerpower; 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 August 8, 2007, meeting. Following discussion, Director Garden moved that the minutes of the August 8, 2007, meeting be approved as submitted. The motion was seconded by Director Parker and passed by unanimous vote.

Director Wepler requested that future minutes reflect approval of the pay estimates separate from approval of the bookkeeper's report.

**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**

The Board reviewed the bookkeeper's report, the investment report, a budget comparison, and the bills in the bookkeeper's report submitted for the Authority's review. The Board also considered approval of check no. 3769 in the amount of \$36,015 payable to Brown & Gay Engineers, Inc. and check no. 3770 in the amount of \$110,555.63 payable to Jones & Carter, Inc. Director Postle recommended approval of checks in the amount of \$1,575 payable to Gary Grote for legal fees, \$5,000 payable to S-G Owners Association, Inc. for easements, \$8,500 payable to Don Swoyer for an easement and \$6,000 payable to Sean William Thomason for an easement. Following discussion, Director Beckendorff 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 Directors Postle and Wepler abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

Mr. Ahrens reported that DEC has requested additional backup information from Hawkins.

## **ANNUAL REVIEW OF DISTRICT'S INVESTMENT POLICY AND AUTHORIZED BROKER/DEALERS**

The Board reviewed the District's Investment Policy and authorized list of broker/dealers to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time. Upon a motion made by Director Parker and seconded by Director Wepler, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy. A copy of the Resolution is attached to these minutes.

The Board then considered adopting a resolution that approves a list of qualified broker/dealers with whom the District may engage in investment transactions. Upon a motion made by Director Parker and seconded by Director Wepler, the Board voted unanimously to adopt the Resolution Adopting List of Qualified Broker/Dealers with Whom the West Harris County Regional Water Authority May Engage in Investment Transactions. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

## **DISCUSS WEBSITE**

Ms. Payne reported that the website received approximately 84,000 hits for the month.

Ms. Payne reported that the water conservation workshop for the Cypress-Fairbanks Independent School District has been scheduled for tomorrow. She then requested that the Board approve the expenditure of \$436.00 for canvass bags for the workshop. Following discussion, Director Cannon moved that the Board authorize the expenditure. Director Garden seconded the motion, which carried unanimously.

Ms. Payne then reported that she would be meeting with Mr. Ahrens and Ms. Jarmon regarding online data entry for reporting pumpage electronically.

Mr. Garcia reported that a townhall meeting is being scheduled for November.

Ms. Payne reported that she received a thank you letter from Katy Independent School District for the supply of water conservation books.

### **DISCUSS SCHEDULE FOR SERIES 2007 BONDS AND USES OF FUNDS**

Mr. Palmer discussed a tentative schedule for the sale of the Authority's Series 2007 Bonds and the attached schedule and Sources and Uses of Funds.

### **APPROVE PRELIMINARY OFFICIAL STATEMENT FOR SERIES 2007**

Ms. Bartholomew reviewed with the Board the Preliminary Official Statement. Following discussion, Director Garden moved that the Board approve the Preliminary Official Statement, subject to final review. Director Burnett seconded the motion, which passed by unanimous vote.

### **SELECT UNDERWRITERS FOR SERIES 2007 BONDS**

Ms. Bartholomew discussed with the Board the appointment of underwriters for the Series 2007 bonds. She recommended that Morgan Keegan & Co., Inc., UBS Investment Bank, Goldman Sachs & Co., The GMS Group, LLC, Southwest Securities, and CitiGroup, be the underwriters. Director Parker moved that the Board appoint the above discussed underwriters for the Series 2007 bonds. Director Garden seconded the motion, which passed by unanimous vote.

### **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 July is approximately 82.5% of that for last year at this date. Mr. Ahrens reported that approximately 3.58 million gallons per day of surface water was purchased from the City of Houston.

Mr. Ahrens reported that the Texas Water Conservation Association meeting is scheduled for October 11-12, 2007, in San Antonio, Texas. Following discussion, Director Cannon moved that the Board authorize any interested Board member to attend the conference. Director Parker seconded the motion, which carried unanimously.

Mr. Ahrens reported that DEC, on behalf of the Authority, has been working on over conversion credits for the 2008 permit year from the Harris Galveston Subsidence District. He stated that in August, 2007, letters were sent to the districts that are currently receiving surface water and those districts that will be receiving surface water in the 2007 permit year requesting that the districts provide demand projections for surface water usage.

Mr. Ahrens reported that DEC will attend a meeting with the districts desiring to receive early delivery of surface water during the week of September 24, 2007.

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

Mr. Ahrens reported that DEC is continuing coordination with the property owners along the former Exxon easement.

Mr. Ahrens reviewed correspondence from Sander Engineering Corporation, on behalf of Remmington Municipal Utility District No. 1, requesting a variance of the Authority's rate order regarding reimbursement for a chloramine system on any new water plant constructed within three years before the time surface water is available from the Authority. The Board deferred action on this matter.

Mr. Ahrens reviewed correspondence from AEI Engineering, Inc., on behalf of Harris County Municipal Utility District No. 102, regarding drainage issues at water plant no. 2.

#### **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 120 kits were purchased.

## **DISCUSS STATUS OF WATER LINE PROJECTS**

Mr. Ahrens stated that Contract 7B (Huff & Mitchell) has surface water available at both of the Harris County Municipal Utility District No. 102's water plants, Contract 8 (Bearden Contracting), Contract 9 (C.E. Barker, Ltd.), Contract 10 (Triple B Services, L.L.P.), Contract 12A (D.L. Elliott Enterprises), and Contract 13A (Reliance Construction) are substantially complete and surface water is available to all respective districts, Contract 14A (Huff & Mitchell) is installing the 24-inch water main along the CenterPoint easement, the pump station no. 1 (T&C Construction) structural steel for all building is in progress with delivery and installation of roofing and wall panels anticipated mid-September, Contract 13B, C, and D completed Section D along Hudson Oaks. He then recommended approval of Pay Estimate No. 7 in the amount of \$91,747.32 for Contract 13A, Pay Estimate No. 11 in the amount of \$81,232.20 for Contract 7B, Pay Estimate No. 6 in the amount of \$570,479.63 for Contract 14A, Pay Estimate No. 14 in the amount of \$644,796.00 for pump station no. 1, Pay Estimate No. 12 in the amount of \$9,905.17 for Contract 10, and Pay Estimate No. 2 in the amount of \$370,668.99 for Contract 13B, C, and D. Upon a motion made by Director Weppler and seconded by Director Postle, the Board voted to approve the above mentioned pay estimates which passed unanimously.

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

Mr. Ahrens recommended that Harris County Municipal Utility District No. 173 ("MUD 173") be reimbursed the amount of \$293,568.97 for surface water conversion costs. Following discussion, Director Beckendorff moved that the Board approve the reimbursement amount recommended by Mr. Ahrens subject to execution of a receipt provided by the Authority. Director Parker seconded the motion, which carried by a vote of 7 for the motion with Director Weppler abstaining.

## **REVIEW BIDS AND AWARD CONTRACT**

Mr. Ahrens reported that the Authority received eight bids for the construction of the Copperfield surface water lines Contract 14B. He stated that the design engineer (Brown & Gay Engineers, Inc.) had reviewed the bids and recommended award of the construction contract to the low bidder, Texas Sterling Construction Co., in the amount of \$5,148,624.00 and DEC concurred with the recommendation. After discussion, Director Weppler made a motion that was seconded by Director Beckendorff and the Board voted unanimously to award the contract in the amount of \$5,148,624.00 to Texas Sterling Construction Co. for construction of Copperfield surface water lines Contract 14B 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 WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON**

Mr. Ahrens reported that the City Advisory Committee will meet on September 21, 2007.

## **DISCUSS ENGINEERING SERVICES CONTRACTS**

Mr. Ahrens reported that Klotz & Associates, Inc., the engineer for Contract 7A, is expected to submit plans to Harris County for signatures on September 12, 2007, Edminster, Hinshaw, Russ and Associates, the engineer for Contract 15A, submitted 90% plans on September 6, 2007, Klotz & Associates, Inc., the engineer for Contract 18, submitted 90% plans for review on August 31, 2007, Sander Engineering, the engineer for Contract 12B, submitted 50% plans for review on August 15, 2007, Jones & Carter, Inc., the engineer for Contract 17A, submitted 50% plans for review on August 14, 2007, and Binkley & Barfield, Inc., the engineer for Contract 11, submitted 50% plans for review on September 6, 2007.

Mr. Ahrens reported that the Notice to Proceed for Contract 21, Van De Wiele Engineering, Inc., was issued July 20, 2007, Contract 20, Brown & Gay Engineers, Inc., was issued July 11, 2007, and Contract 23, LJA Engineering & Surveying, Inc., was issued August 8, 2007.

Mr. Ahrens discussed the amendment to the contract with V&A Consulting for Contract 12B in the amount of \$9,045.00. Following review and discussion, Director Parker moved that the Board approve the amendment to the contract with V&A Consulting for Contract 12B in the amount of \$9,045.00. Director Garden seconded the motion, which carried unanimously.

Mr. Ahrens discussed the amendment to the contract with PBS&J from \$100,000 to \$200,000. Following discussion, Director Beckendorff moved that the Board approve the amendment to the contract with PBS&J. 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.

Mr. Van Dyke reported that the City of Houston has re-calibrated 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 acquisition of water line easements from S-G Owners Association, Inc., Don Swoyer, and RAC Investments and approval of the letter of no objection from Kinder Morgan. Following discussion, Director Garden moved that the Board accept conveyance of the water line easements from S-G Owners Association, Inc., Don Swoyer, and RAC Investments and approve the letter of no objection from Kinder Morgan. Director Burnett 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 to report regarding the Region H Water Planning Group.

## **DISCUSS PURCHASE OF ELECTRICITY**

Mr. Harrington reviewed with the Board the current market and electrical rates. The Board deferred action on this matter.

## **ADOPT RESOLUTION ADOPTING WASTEWATER TREATMENT PLANT EFFLUENT REUSE POLICY**

Next, the Board discussed adopting the Resolution Adopting Wastewater Treatment Plant Effluent Reuse Policy, which reflects a \$0.50 per 1,000 gallons credit for each 1,000 gallons of metered effluent reused from a district's plant and that the credit would remain in effect for a 5-year period. Director Beckendorff moved that the Board adopt the Resolution. Director Wepler seconded the motion, which carried by a vote of seven for the motion, with Director Parker voting against the motion. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

## **APPROVE AMENDMENT TO OFFICE LEASE AGREEMENT**

Mr. Garcia discussed an amendment to the construction office lease. Following discussion, Director Parker moved that the Board approve the amendment to the lease. Director Garden seconded the motion, which carried unanimously.

**APPROVE INTERLOCAL AGREEMENT**

Mr. Garcia stated that the HGSD has forwarded an Interlocal Agreement, which includes the purchase of conservation kits. Following discussion, Director Garden moved that the Board approve the Interlocal Agreement and the purchase of 5,000 kits. Director Parker seconded the motion, which carried unanimously.

**ATTORNEY'S REPORT**

Mr. Garcia stated that he had nothing new 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, TRACTS AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION INVOLVING CONDEMNATION 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 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 7:45 p.m., the Board then reconvened in open session. The Board took no action in open session.

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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