

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

November 12, 2008

The Board of Directors (the "Board") of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on the 12th day of November, 2008, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the members of the Board:

Dan Sallee	President
George L. Rush, Jr.	Vice President
Douglas (Cam) Postle	Secretary
Stacey L. Burnett	Assistant Vice President
Bruce Parker	Assistant Secretary
Art Garden	Director
Larry Wepler	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present except Directors Sallee and Rush, thus constituting a quorum.

Also present at the meeting were Rick Van Dyke of SWWC Services, Inc. ("SWWC"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc.; Mark McGrath of Null-Lairson, P.C. ("Null-Lairson"); Debbie Gibson of McCall, Gibson & Company, PLLC; Barbara Payne of Payne Communications; and Jim Boone and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR"). Also present at the meeting were those persons included on the attached list.

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the October 1, 8, and 22, 2008, meetings. Following discussion, Director Beckendorff moved to approve the minutes of the October 8, 2008 meeting as revised and the minutes of the October 1 and 22, 2008, meetings as submitted. The motion was seconded by Director Garden and passed by unanimous vote.

ENGAGE AUDITOR TO PREPARE AUTHORITY FINANCIAL STATEMENTS

Mr. McGrath reviewed with the Board a proposal from Null-Lairson, P.C. He pointed out that the estimated cost to prepare the Authority's financial statements would not exceed \$19,000. Following discussion, Director Garden moved to engage

Null-Lairson, P.C. to prepare the Authority's financial statements. Director Parker seconded the motion, which carried unanimously.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2008

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 \$26,000-\$28,000. Following discussion, Director Garden moved to engage McCall, Gibson & Company, PLLC as the Authority's auditor. Director Parker seconded the motion, which carried unanimously.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

The Board did not receive any questions from the public.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

DISCUSS WEBSITE

Ms. Payne stated that she has been looking into the purchase of another trailer. She reported that the North Harris County Regional Water Authority ("NHCRWA") has a budget surplus to use for the purchase of the trailer. She requested that the Authority consider paying 50% of the costs of the trailer at an estimated cost of \$15,000. Mr. Boone stated that an agreement could be prepared between the Authority and the NHCRWA to reflect the amount each would fund. The Board concurred to proceed with looking into the purchase of the trailer.

Ms. Payne reported that the townhall meeting has been scheduled for November 25, 2008, at 6:30 p.m. at the Fry Road Municipal Utility District building.

Ms. Payne updated the Board on the status of the online reporting implementation.

ENGINEER'S REPORT

Mr. Ahrens presented an engineer's report, a copy of which is attached, and reviewed it with the Board.

Mr. Ahrens reported that DEC approved work authorization no. 12 for Cobb Fendley & Associates, Inc. in the amount of \$600.00 for surveying services associated with Contract 22, work authorization no. 13 for Cobb Fendley & Associates, Inc. in the

amount of \$875.00 for surveying services associated with Contract 22, and work authorization no. 3 for Property Acquisition Services, Inc. in the amount of \$10,000 for Contract 22.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through September is approximately 123% of that for last year at this date. Mr. Ahrens reported that approximately 8.95 million gallons per day of surface water was purchased from the City of Houston during October.

Mr. Ahrens reported that the Authority Program Management staff members are working on the Surface Water Supply Evaluation to the Mission Bend municipal utility districts. He stated that the study would address financial aspects of the Mission Bend Water Supply options as well as the financial aspects of all future Authority projects.

Mr. Ahrens reported that DEC has continued working on a draft of the Second Source Water Study.

Mr. Ahrens reported that the North Houston Association will host a luncheon on January 20, 2009.

Mr. Ahrens reported that the Authority's Program and Construction Management staff members and operators met several times with the City of Houston (the "City") to resolve issues on delivery of water to pump station no. 1. He stated that the City is currently delivering the volume of water that the Authority is authorized to receive.

Mr. Ahrens reviewed a letter from Brown & Gay Engineers, Inc. ("Brown & Gay") on behalf of the North Fort Bend Water Authority, a copy of which is attached, regarding the design of a water line that will extend through the Mission Bend area.

Mr. Ahrens reported that the TRWA/TWCA Water Law Seminar will be held from June 22-23, 2009, in Austin. Following discussion, Director Garden moved to authorize any interested board members to attend this meeting. Director Cannon seconded the motion, which carried unanimously.

DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

APPROVE WATER SUPPLY AGREEMENT

Mr. Boone reviewed with the Board a Water Supply Agreement with Barker Cypress Municipal Utility District (the "Agreement"). Following discussion, Director Parker moved to approve the Agreement. Director Wepler seconded the motion, which carried unanimously.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) has completed the 16-inch water line installation and is working on plant work at the Jackrabbit Districts; Contract 15A (Cravens Partners) has completed hydrostatic testing, pavement replacement, disinfection is in progress, and anticipate surface water delivery to Harris County Municipal Utility District No. 127 and Langham Creek Utility District No. 2 within three weeks; Contract 14A (Huff & Mitchell) is waiting on plant work at Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) continues to work through control issues as well as punch list items; Contract 13B, C, and D (Metro City Construction) is supplying surface water to Harris County Municipal Utility District No. 250; Contract 14B (Texas Sterling) is waiting on the Remington Municipal Utility District plant work; Contract 7A (Texas Sterling) is currently finalizing restoration and disinfection; Contract 18 (D.L. Elliott) anticipates surface water delivery to Harris County Municipal Utility Districts No. 370 and 341 within one week; Contract 11 (Texas Sterling) has selectively cleared the easements from Keith Harrow to the connection to Contract 12B; Contract 17A (D.L. Elliott) has completed installation of a 36-inch water main from Windsong to Greenhouse and from the Contract 11 connection toward Windsong along the Authority easement; Contract 23 (D.L. Elliott) is installing a 20-inch water line along Clay Road; Contract 20 (Cravens Partners) is installing a 16-inch water line along Barker Cypress and a second crew is installing a 16-inch water line along St. Williams Lane; and Contract 21 (D.L. Elliott) has not started construction.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 144 be reimbursed the amount of \$217,693.28. Following discussion, Director Weppler moved to approve the reimbursement costs. Director Beckendorff seconded the motion, which carried unanimously.

Mr. Ahrens recommended that Harris County Municipal Utility District No. 264 ("MUD 264") be reimbursed in the amount of \$346,727.52. Following discussion, Director Parker moved to approve the reimbursement costs to MUD 264 in the amount of \$346,727.52. Director Beckendorff seconded the motion, which carried by a vote of six for the motion with Director Weppler abstaining.

DISCUSS WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Boone reported that negotiations are continuing with the City of Houston regarding Luce Bayou.

DISCUSS ENGINEERING SERVICES CONTRACTS

The Board took no action on this matter.

ADOPT RESOLUTION AUTHORIZING SALE OF GROUNDWATER CREDITS

The Authority considered adopting a Resolution Authorizing Sale of Groundwater Credits. After review and discussion, Director Parker moved that the Authority adopt the Resolution Authorizing Sale of Groundwater Credits. The motion was seconded by Director Beckendorff and carried unanimously.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he had nothing new to report regarding the Capital Improvements Plan.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 9 in the amount of \$169,098.80 for Contract 7A, Pay Estimate No. 9 in the amount of \$108,396.90 for Contract 18, Pay Estimate No. 8 in the amount of \$493,059.60 for Contract 14B, Pay Estimate No. 6 in the amount of \$261,435.08 for Contract 12B, Pay Estimate No. 6 in the amount of \$143,688.60 for Contract 15A, Pay Estimate No. 5 in the amount of \$369,529.07 on Contract 17A, Pay Estimate No. 12 in the amount of \$76,891.67 for Contract 13B, C, and D, Pay Estimate No. 15 in the amount of \$232,920.00 for Contract 14A, and Pay Estimate No. 1 in the amount of \$92,283.71 for Contract 23. Upon a motion made by Director Beckendorff and seconded by Director Weppler, the Board voted unanimously to approve the above mentioned pay estimates.

DISCUSS PURCHASE OF HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") CONVERSION CREDITS

Mr. Ahrens stated that 269 water conservation kits were purchased.

Mr. Ahrens reported that the San Melia has requested to purchase 400,000 gallons of Type B credits. Following discussion, Director Garden moved to approve the sale of the credits to the San Melia at \$1.75 per 1,000 gallons and to authorize Mr. Ahrens to inform the Harris-Galveston Subsidence District that the credits are being transferred. Director Parker seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report, the investment report, a budget comparison, and the disbursements in the bookkeeper's report submitted for the Authority's review. Ms. Garcia also reviewed check no. 4541 in the amount of

\$17,763.87 payable to SWWC and check no. 4542 in the amount of \$838.10 payable to Vinson & Elkins. Following discussion, Director Parker moved to approve the bookkeeper's report, the above-mentioned checks, and the disbursements reflected in the bookkeeper's report. Director Wepler seconded the motion, which carried by a vote of six for the motion, with Director Postle abstaining. A copy of the bookkeeper's report is attached.

Director Postle asked if the bookkeeper is investing in the manner the Board has requested. Director Burnett stated that the Finance Committee would look into this matter.

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.

ADOPT RESOLUTIONS AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board considered adopting Resolutions Authorizing Condemnation for Contracts 22 and 24. Following discussion, Director Garden moved to adopt the Resolutions. Director Cannon seconded the motion, which carried unanimously.

UPDATE ON STATUS OF GROUNDWATER REDUCTION PLAN

Mr. Ahrens stated that he had nothing to report regarding the groundwater reduction plan.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board took no action on this matter.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that the Region H Water Planning Group held a meeting on November 5, 2008.

DISCUSS PURCHASE OF ELECTRICITY

The Board took no action regarding this matter.

ATTORNEY'S REPORT

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

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.072, TEXAS GOVERNMENT CODE, TO DISCUSS PURCHASE AND VALUE OF TRACTS FOR WATER LINE EASEMENTS/RIGHTS-OF-WAY, AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION INVOLVING CONDEMNATION FOR SUCH EASEMENTS

The Board concurred to convene in executive session to discuss the purchase and value of tracts for water line easements/rights-of-way and consultation with their attorney regarding any pending or contemplated litigation involving condemnation for such tracts pursuant to sections 551.071 and 551.072 of the Texas Government Code. The Board entered executive session at 6:55 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:11 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.

Secretary, Board of Directors

(SEAL)

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