

CORRECTED MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

August 13, 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 13th day of August, 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 Weppler	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 Rick Van Dyke of SWWC Services, Inc. ("SWWC"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications; and Alex Garcia 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 revised minutes of the July 9, 2008, meeting. Following discussion, Director Beckendorff moved to approve the revised minutes of the July 9, 2008, meeting. The motion was seconded by Director Parker and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

There were no 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 reported that a meeting will be held with Cypress Fairbanks Independent School District regarding the use of the conservation trailer for the school year.

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

Ms. Payne also reported that 10,000 copies of the water conservation brochures have been requested.

## 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 a townhall meeting will be held for residents affected by Contract 11 on August 20, 2008, at 6:00 p.m. at Harris County Municipal Utility District No. 102's water plant.

Mr. Ahrens reported that the townhall meeting was held on July 23, 2008, for Contract 17A construction at Harris County Municipal Utility District No. 102's water plant.

Mr. Ahrens then reported that a second townhall presentation for Contract 17 would be held on August 14, 2008, at Harris County Municipal Utility District No. 136's meeting place.

Mr. Ahrens reported that DEC approved work authorization no. 11 in the amount of \$1,525.00 for Contract 22 and work authorization no. 2 in the amount of \$2,500.00 from Property Acquisition Services, Inc.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through June is approximately 118% of that for last year at this date. Mr. Ahrens reported that approximately 8.55 million gallons per day of surface water was purchased from the City of Houston during July.

Mr. Ahrens reported that the Texas Commission on Environmental Quality's chloramine criteria and requirements have been revised. He stated that, as a result, the Authority would be reconsidering the reimbursement criteria for the future.

Mr. Ahrens reported that DEC is working on second source alternatives investigation. He stated that Program and Construction Management staff members of the Authority are working with the City of Houston (the "City") to resolve issues on delivery of water to pump station no. 1.

Mr. Ahrens reported that the Authority's Program Management staff members are working on the water supply source to the Precinct 1 municipal utility districts.

Mr. Ahrens reported that the Bayou Preservation Association will host a symposium from October 20-21, 2008, in Houston. Following discussion, Director Garden moved to authorize any interested board members to attend this symposium. Director Burnett seconded the motion, which carried unanimously.

#### CONVERSION CREDITS

Mr. Ahrens reported that Brittany Lake Homeowners Association has requested to purchase 1,200,000 gallons of Type A credits. He stated that he quoted the price of \$1.50 per 1,000 gallons or \$1,800.00. Following discussion, Director Wepler moved to approve the sale of the credits to Brittany Lake Homeowners Association and to authorize Mr. Ahrens to inform the Harris-Galveston Subsidence District that the credits are being transferred. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens reported that the Galveston Country Club has requested to purchase 5,000,000 gallons of Type B credits. Following discussion, Director Burnett moved to approve the sale of the credits to the Galveston Country Club at \$1.50 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.

The Board concurred to authorize the Finance Committee to discuss the price for future sales of Type A and Type B credits.

#### DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

#### APPROVE TRUNKLINE FINANCING AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433

Mr. Garcia reviewed with the Board the Trunkline Financing Agreement with Harris County Municipal Utility District No. 433. Following discussion, Director Cannon moved to approve the Agreement. Director Burnett seconded the motion, which carried unanimously.

APPROVE TRUNKLINE FINANCING AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418

Mr. Garcia reviewed with the Board the Trunkline Financing Agreement with Harris County Municipal Utility District No. 418. Following discussion, Director Wepler moved to approve the Agreement. Director Cannon seconded the motion, which carried by a vote of seven for the motion, with Director Beckendorff abstaining.

APPROVE TRUNKLINE FINANCING AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500

Mr. Garcia reviewed with the Board the Trunkline Financing Agreement with Harris County Municipal Utility District No. 500. Following discussion, Director Beckendorff moved to approve the Agreement, subject to any final review by Director Sallee. Director Burnett seconded the motion, which carried by a vote of seven for the motion, with Director Wepler abstaining.

APPROVE WATER SUPPLY AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433

Mr. Garcia reviewed with the Board a Water Supply Agreement with Harris County Municipal Utility District No. 433 (the "Agreement"). Following discussion, Director Wepler moved to approve the Agreement. Director Cannon seconded the motion, which carried unanimously.

APPROVE WATER SUPPLY AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418

Mr. Garcia reviewed with the Board a Water Supply Agreement with Harris County Municipal Utility District No. 418 (the "Agreement"). Following discussion, Director Wepler moved to approve the Agreement. Director Cannon seconded the motion, which carried unanimously.

APPROVE WATER SUPPLY AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 500

Mr. Garcia reviewed with the Board a Water Supply Agreement with Harris County Municipal Utility District No. 500 (the "Agreement"). Following discussion, Director Wepler moved to approve the Agreement. Director Cannon seconded the motion, which carried unanimously.

## DISCUSS HARRIS-GALVESTON SUBSIDENCE DISTRICT AND AUTHORITY GROUNDWATER REDUCTION PLAN

Mr. Ahrens reported that on August 13, 2008, the Harris-Galveston Subsidence District approved that the Authority's wells located in Fort Bend County should be included in the Authority's Harris-Galveston Subsidence District Groundwater Reduction Plan.

## DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) is installing augured 16-inch water line along Jura Drive in the residential portion of the contract; Contract 15A (Cravens Partners) has completed the water main installation with the exception of the connection to Contract 9 and water plants; Contract 14A (Huff & Mitchell) is working on plant work for Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) continues to operate with ongoing discussions with the City regarding adequate water supply; Contract 13B, C, and D (Metro City Construction) is awaiting Harris County Municipal Utility District No. 250 to be ready to receive surface water and Langham Creek Utility District water plant no. 3 started receiving water on July 17, 2008; Contract 14B (Texas Sterling) has completed the installation of the 24-inch and 36-inch water main and is working on the Remington Municipal Utility District plants and restoration; Contract 7A (Texas Sterling) is piped out and beginning hydrostatic testing and disinfection; Contract 18 (D.L. Elliott) is piped out and working on plant work for Harris County Municipal Utility Districts No. 370 and 341; Contract 11 (Texas Sterling) is working on submittals and materials, and Contract 17A (T&C Construction) has begun primary liner installation and has received pipe for the portions of the contract along the Authority's easement.

## APPROVE REIMBURSEMENT TO DISTRICT FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 163 ("MUD 163") be reimbursed the amount of \$226,676.58 for costs associated with surface water conversion costs. In response to a question from Director Weppler regarding MUD 163 being behind on conversion to surface water, Mr. Ahrens stated that MUD 163 was very late in completing its water plant work. Mr. Ahrens stated that he thought that MUD 163 was approximately 3 years behind. Director Sallee commented that the Authority had lost around 2 years worth of early conversion credits and Mr. Ahrens stated that additional costs for line flushing had also been incurred. The Board concurred that the Design Committee should discuss this matter further.

Mr. Ahrens reported that Harris County Municipal Utility Districts Nos. 102 and 250 submitted requests for reimbursement for costs associated with surface water conversion. He stated that the requests are being reviewed.

## DISCUSS WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

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

## DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Brown & Gay Engineers, Inc., the engineer for Contract 20, will receive bids on September 9, 2008; Van De Wiele Engineering Corp., the engineer for Contract 21, will receive bids on August 26, 2008.

Mr. Ahrens discussed Addendum No. 1 (Contract 23) to the contract with LJA Engineering and Surveying, Inc., which decreases the fees from \$162,798.00 to \$140,992.00. Following review and discussion, Director Weppler moved to approve Addendum No. 1 to the contract with LJA Engineering and Surveying, Inc. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens requested that the Board approve the contract with Lockwood, Andrews & Newnam, Inc. for Contract 22A-1 in the amount of \$453,400.00. Following discussion, Director Beckendorff moved to approve the contract with Lockwood, Andrews & Newnam, Inc. for Contract 22A-1 in the amount of \$453,400.00. Director Weppler seconded the motion, which carried unanimously.

Mr. Ahrens requested that the Board approve the contract with Jones & Carter, Inc. for Contract 22A-2 in the amount of \$380,775.90. Following discussion, Director Beckendorff moved to approve the contract with Jones & Carter, Inc. for Contract 22A-2 in the amount of \$380,775.90. Director Parker seconded the motion, which carried by a vote of seven for the motion with Director Weppler abstaining.

Mr. Ahrens requested that the Board approve the contract with Sander Engineering Corporation for Contract 22B in the amount of \$171,108.10. Following discussion, Director Cannon moved to approve the contract with Sander Engineering Corporation for Contract 22B in the amount of \$171,108.10. Director Weppler 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 Costello, Inc. for Contract 22C in the amount of \$557,020.00. Following discussion, Director Weppler moved to approve the contract with Costello, Inc. for Contract 22C in the amount of \$557,020.00. Director Cannon seconded the motion, which carried by a vote of six for the motion with Directors Postle and Beckendorff abstaining.

## 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. 6 in the amount of \$433,425.99 for Contract 7A, Pay Estimate No. 6 in the amount of \$400,500.00 for Contract 14B, Pay Estimate No. 6 in the amount of \$123,318.45 for Contract 18, Pay Estimate No. 24 in the amount of \$53,932.02 and Change Order No. 6 in the amount of \$44,770.55 for the pump station no. 1 Contract, Pay Estimate No. 3 in the amount of \$332,857.89 for Contract 12B, Pay Estimate No. 11 in the amount of \$50,947.44 for Contract 13B, C, and D, Pay Estimate No. 3 in the amount of \$58,467.00 for Contract 15A, and Pay Estimate No. 2 in the amount of \$184,079.48 on Contract 17A. Upon a motion made by Director Weppler and seconded by Director Parker, the Board voted unanimously to approve the above mentioned pay estimates and change order.

## 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. 4378 in the amount of \$1,167.93 payable to Director Burnett, check no. 4379 in the amount of \$167.77 payable to Director Weppler, and check no. 4381 in the amount of \$1,407.38 payable to Director Cannon. She then reviewed check no. 4382 in the amount of \$6,400 payable to Fox & Bubela, check no. 4383 in the amount of \$18,212.50 payable to Vinson & Elkins, and check no. 4384 in the amount of \$3,200 payable to Fox & Bubela as recommended by Director Postle. Following discussion, Director Garden moved to approve the bookkeeper's report, the above-mentioned checks, and the disbursements reflected in the bookkeeper's report. Director Beckendorff seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining. A copy of the bookkeeper's report is attached.

## ADOPT AMENDED RESOLUTION AUTHORIZING BOOKKEEPER TO SIGN CERTAIN DISBURSEMENTS

The Authority considered adopting an amended Resolution Authorizing Bookkeeper to Sign Certain Disbursements. After review and discussion, Director Beckendorff moved to adopt the Amended Resolution Authorizing Bookkeeper to Sign Certain Disbursements. The motion was seconded by Director Parker and carried by unanimous vote.

## RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS

Mr. Garcia presented a Resolution Establishing the Authorized Depository Institutions for Board consideration establishing Compass Bank as an authorized depository institution of the District. After review and discussion, Director Garden moved to adopt the Resolution and direct that it be filed appropriately and retained in the District's official records. Director Burnett seconded the motion, which passed unanimously.

## 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.

Director Wepler requested that the repairs be added to the GIS database and the dollar amount of costs not included in the base fee be included on the report.

## 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 discussed acquisition of a water line easement from Addicks Utility District and granting an encroachment to Aldine Management District. Following discussion, Director Postle moved to authorize acceptance of the water line easement from Addicks Utility District and granting an encroachment to Aldine Management District. Director Wepler seconded the motion, which carried unanimously.

## DISCUSS REGION H WATER PLANNING GROUP

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

## DISCUSS PURCHASE OF ELECTRICITY

The Board took no action regarding this matter.

## APPROVE AMENDMENT TO OFFICE LEASE AGREEMENT

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

ATTORNEY'S REPORT

Mr. Garcia stated that he had nothing new 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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