

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

January 9, 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 9th day of January, 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
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 Rick Van Dyke of ECO Resources, Inc. ("ECO"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Debbie Gibson of McCall, Gibson & Company, PLLC; and Jim Boone 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 MEETINGS

The Board reviewed the minutes of the November 19 and December 12, 2007, meetings. Mr. Ahrens requested that the December 12th minutes be revised to reflect he recommended that the Board authorize acceptance of Contract 12A. Ms. Sotirake stated that she has revised the December 12th minutes to reflect the address for the pump station as "Harms" as recommended by Director Garden. Following discussion, Director Garden moved to approve the minutes of the December 12, 2007, meeting as revised and the November 19, 2007, minutes as submitted. The motion was seconded by Director Parker and passed by unanimous vote.

ENGAGE AUDITOR TO PREPARE AUDIT FOR FISCAL YEAR ENDED
DECEMBER 31, 2007

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 \$25,000-\$27,000. Following discussion, Director Burnett moved to

engage McCall, Gibson & Company, PLLC as the Authority's auditor. Director Garden seconded the motion, which carried unanimously.

PAY ESTIMATES

Mr. Ahrens recommended approval of Pay Estimate No. 18 in the amount of \$1,037,478.78 for pump station no. 1, Pay Estimate No. 10 in the amount of \$404,228.46 for Contract 14A and Pay Estimate No. 6 in the amount of \$127,204.37 for Contract 13B, C, and D. Upon a motion made by Director Wepler and seconded by Director Parker, the Board voted unanimously to approve the above mentioned pay estimates.

REVIEW BIDS AND AWARD CONTRACT

Mr. Ahrens reported that the Authority received bids for the construction of Contract 18. He stated that DEC had reviewed the bids and recommended award of the construction contract to the low bidder, D. L. Elliott Enterprises, Inc., in the amount of \$2,189,677.25. After discussion, Director Beckendorff made a motion that was seconded by Director Cannon and the Board voted unanimously to award the contract in the amount of \$2,189,677.25 to D. L. Elliott Enterprises, Inc., for construction of Contract 18 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.

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. 3992 in the amount of \$30,885.00 payable to Brown & Gay Engineers, Inc. and check no. 3993 in the amount of \$27,135.00 payable to the Harris County Treasurer. Following discussion, Director Parker moved to 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. A copy of the bookkeeper's report is attached.

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 reported that the newsletter has been sent out. She stated that the conservation trailer has returned from the Cypress Fairbanks Independent School District.

Ms. Payne stated that she has been working with Ms. Jarmon and Mr. Ahrens regarding the online reporting of the pumpage. Ms. Payne then discussed the Alliance for Water Efficiency. She stated that the Authority could become a sponsor and in doing so be a member of the Board. The Board deferred action on this matter pending discussion at the Finance Committee meeting.

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 Fulbright & Jaworski, L.L.P. forwarded a letter on behalf of Harris County Municipal Utility District Nos. 433 and 435 ("MUD Nos. 433 and 435") stating that MUD Nos. 433 and 435 want to participate in early delivery of surface water.

Mr. Ahrens then reported that a town hall meeting will be held on January 23, 2008, with the property owners along the Contract 7A water transmission main alignment.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2007 through November is approximately 87.8% of that for last year at this date. Mr. Ahrens reported that approximately 4.06 million gallons per day of surface water was purchased from the City of Houston during December.

Mr. Ahrens reported that the 2008 TWCA/TRWA Water Law Seminar will be held January 31, 2008, through February 1, 2008, in Austin, Texas.

Mr. Ahrens reported that by January 15, 2008, he expects certain districts and developers to inform the Authority if they are interested in participating in the Authority's early delivery of surface water program.

Mr. Ahrens reported that on December 12, 2007, the Coastal Water Authority ("CWA") approved a Memorandum of Understanding between CWA and the City of Houston (the "City").

Mr. Ahrens reported that John K. Sherrington, P.E. forwarded a letter on behalf of Harris County Municipal Utility District No. 284 ("MUD 284") stating that MUD 284 will discontinue its emergency interconnect with Clay Road Municipal Utility District.

Mr. Ahrens reviewed a fee proposal from Hawkins Lease Services, Inc. in the amount of \$35,617.40 per mowing of the former Exxon easement. He pointed out that Hawkins would mow twice a year and, for additional hourly cost, inspect the easement once per month for the remaining 10 months out of the year. Following discussion, Director Beckendorff moved to authorize DEC to issue a work order to Hawkins for these mowings and inspections. Director Burnett seconded the motion, which carried unanimously.

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 stated that 167 water conservation kits were purchased.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 7B (Huff & Mitchell) had surface water available to the Harris County Municipal Utility District No. 102 water plant no. 2, which started up in mid-December and water plant no. 1, which started up on January 9, 2008, Contract 8 (Bearden Contracting) is awaiting start-up of Harris County Municipal Utility District No. 257, Contract 9 (C.E. Barker, Ltd.) is awaiting start-up of Harris County Municipal Utility District No. 144, Contract 13A (Reliance Construction) is awaiting start-up of Harris County Municipal Utility District No. 149, Contract 14A (Huff & Mitchell) is working along West Road to complete the remainder of the 36-inch water main installation, pump station no. 1 (T&C Construction) has been connected to the Jersey Village tank no. 2, power has been completed to each of the on-site facilities, building finishes are being installed and the contractor is anticipating on-site water line testing and disinfection in early February, 2008 with distribution in March, 2008, and Contract 13B, C, and D is working on the installation of piping and electrical for the related water plants.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens stated that there were no requests for reimbursement.

DISCUSS WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Ahrens reported that the City Advisory Committee will meet on February 15, 2008.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Edminster, Hinshaw, Russ and Associates, the engineer for Contract 15A, is expected to submit bid-ready plans by January 18, 2008, Sander Engineering, the engineer for Contract 12B, expects to submit 100% plans for review on January 22, 2008, Jones & Carter, Inc., the engineer for Contract 17A, is expected to submit 90% plans for review on January 15, 2008, Binkley & Barfield, Inc., the engineer for Contract 11, is expected to submit 90% plans for review on January 15, 2008, Brown & Gay Engineers, Inc., the engineer for Contract 20, submitted 50% plans for review by January 9, 2008, Van De Wiele Engineering Corp., the engineer for Contract 21, is expected to submit 75% plans for review by February, 2008, and LJA Engineering and Surveying, Inc., the engineer for Contract 23, is expected to submit 75% plans for review by February 11, 2008.

Mr. Boone discussed the amendment to the contract with Fulbright & Jaworski, L.L.P. which reflects the 2008 billing rates. Following review and discussion, Director Postle moved to approve the amendment to the contract with Fulbright & Jaworski, L.L.P. Director Parker seconded the motion, which carried unanimously.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens reported that there was one project remaining in the 2010 Capital Improvements Plan, which is Contract 19.

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.

UPDATE ON STATUS OF GROUNDWATER REDUCTION PLAN

Mr. Ahrens stated that he attended a meeting at the Fort Bend Subsidence District ("FBSD") on December 19, 2007, and that the FBSD approved a Resolution for Agreement between the Harris-Galveston Subsidence District and the FBSD. He stated that wells that are part of the Authority but located in Fort Bend County are expected to be included in the Harris-Galveston Subsidence District regulatory requirements instead of the FBSD requirements.

LANDOWNER BILL OF RIGHTS COMMUNICATION REGARDING PROPERTY ACQUISITION

Mr. Boone reviewed with the Board the Landowner Bill of Rights Communication Regarding Property Acquisition, a copy of which is attached. He pointed out that effective February 1, 2008, a landowner affected by potential condemnation must be provided with a written statement of their rights and options.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed acquisition of water line easements from Harris County and Harris County Municipal Utility District No. 238. Following discussion, Director Gardner moved to authorize acceptance of the water line easements from Harris County and Harris County Municipal Utility District No. 238. Director Cannon seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the next meeting of the Region H Water Planning Group will be held February 6, 2008.

DISCUSS PURCHASE OF ELECTRICITY

The Board deferred action on this matter.

DISCUSS MAY, 2008, DIRECTORS' APPOINTMENT PROCESS, INCLUDING APPROVAL OF RESOLUTION ADOPTING RULES FOR 2008 APPOINTMENT PROCESS FOR DIRECTORS

Mr. Boone explained that pursuant to the Authority's statute, by February 15, 2008, districts/municipalities must submit their nominees for precincts 3, 6, 7, and 8, by March 15, 2008, the Authority must send ballots to each of the districts/municipalities in the four precincts that have contested races; and before April 30, 2008, a resolution must be submitted from each district/municipality voting for a candidate. Mr. Boone then discussed the terms of the Resolution Adopting Rules for 2008 Appointment Process for Directors (the "Resolution"). Following discussion, Director Parker moved to adopt the Resolution as presented. Director Weppler seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

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

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

Secretary, Board of Directors

(SEAL)

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