

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

October 8, 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 8th day of October, 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 Garden, 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 September 10, 2008, meeting. Following discussion, Director Parker moved to approve the revised minutes of the September 10, 2008, meeting. The motion was seconded by Director Burnett and passed by unanimous vote.

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 recommended that the Authority's website be updated. She stated that the cost to update the website would be \$5,000 which could be paid in two installments. Following discussion, Director Parker moved to authorize updating the website at a cost of \$5,000. Director Beckendorff seconded the motion, which carried unanimously.

Ms. Payne stated that she has been looking into the purchase of another trailer.

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

Ms. Payne stated she is working on the construction brochure for Contract 23.

## 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. 4 for KUO & Associates in the amount of \$9,000.00 for metes and bounds descriptions associated with Contract 22A1.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through August is approximately 122% of that for last year at this date. Mr. Ahrens reported that approximately 8.58 million gallons per day of surface water was purchased from the City of Houston during September.

Mr. Ahrens reported that the Authority received correspondence from the Texas Commission on Environmental Quality ("TCEQ") on various items. He stated that DEC has responded to the TCEQ's alleged violations and has submitted to the TCEQ an updated Monitoring Plan to include pump station no. 1. A copy of the response letter is attached.

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

Mr. Ahrens reported that the Bayou Preservation Association will host a symposium from October 20-21, 2008, in San Antonio.

Mr. Ahrens reported that on October 7, 2008, the Authority's Program and Construction Management staff members and operators met with the City of Houston to discuss problems from Hurricane Ike and to resolve issues on delivery of water to pump station no. 1.

Mr. Ahrens reported that a SCADA Radio Path Study was prepared by Prime Controls and reviewed by the Design Committee. He stated that based on the study, it is recommended to proceed with a DSL system.

Mr. Ahrens reported that the Authority Program Management staff members are working on the surface water supply evaluation for the Precinct 1 municipal utility districts.

Director Postle requested that Contract 24 be added to the status report.

Mr. Ahrens reported that DEC and Director Weppler worked with SWWC to be sure the pump station tank was full prior to Hurricane Ike. He also reported that Mr. Anthony worked with the contractors to ensure that construction sites were secure.

#### 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 STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) has completed the 16-inch water line installation and is restoring pavement and working on plant work at the Jackrabbit Districts; Contract 15A (Cravens Partners) has assembled the plant meter/flow control station; 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 plant work; Contract 7A (Texas Sterling) is piped out and finished 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 laying out the easements and water main centerline; Contract 17A (D.L. Elliott) has begun installation of a 36-inch water main from Windsong to Barker Cypress; Contract 23 (D.L. Elliott) is currently on site; Contract 20 (Cravens Partners) will receive the notice to proceed next week; and Contract 21 (D.L. Elliott) will receive the notice to proceed next week.

## APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 102 be reimbursed the amount of \$547,875.00. Following discussion, Director Parker moved to approve the reimbursement costs. Director Wepler seconded the motion, which carried unanimously.

Mr. Ahrens reviewed Harris County Municipal Utility District No. 163's ("MUD 163") reimbursement request and the recommended reimbursement amount, as attached to his report. Mr. Ahrens stated that the Design Committee recommended that MUD 163 be reimbursed the amount of \$212,742.01, which includes a deduction for ineligible items in the amount of \$54,127.98 and a deduction for the Authority's monetary loss in the amount of \$13,934.57. He explained that DEC's analysis attached to his report reflected a \$13,934.57 monetary loss by the Authority due to MUD 163's delay in converting its water plant to a chloramines disinfection system. Director Wepler made a statement, with which the Board concurred, that the Authority is very serious about pursuing remedies against a district that delays converting its water plant. Mr. Ahrens stated that the Authority also lost early conversion credits because of the delay. Mr. Garcia reviewed with the Board the provisions in the Rate Order regarding the Authority's remedies. Following review and discussion, Director Beckendorff moved to approve a reimbursement payment to MUD 163 in the amount of \$212,742.01, subject to MUD 163 signing the Authority's receipt and release. Director Parker seconded the motion, which carried by a vote of five for the motion with Directors Parker, Burnett and Wepler voting against the motion. Director Beckendorff then stated that he would like to withdraw his motion, re-make the motion, and have it voted on again. Director Beckendorff then moved to approve a reimbursement payment to MUD 163 in the amount of \$212,742.01, subject to MUD 163 signing the Authority's receipt and release. Director Postle seconded the motion which carried by a vote of five for the motion with Directors Parker, Burnett, and Wepler voting against the motion.

## 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 discussed Addendum No. 2 (Contract 20) to the contract with Brown & Gay Engineers, Inc., which increases the fees from \$290,900.00 to \$325,002.00. Following review and discussion, Director Beckendorff moved to approve Addendum No. 2 to the contract with Brown & Gay Engineers, Inc. Director Cannon seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

Mr. Ahrens discussed Addendum No. 1 (Contract 21) to the contract with Van De Wiele Engineering, Inc., which decreases the fees from \$206,945.00 to \$147,912.89. Following review and discussion, Director Weppler moved to approve Addendum No. 1 to the contract with Van De Wiele Engineering, Inc. Director Rush seconded the motion, which 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. 8 in the amount of \$11,587.50 for Contract 7A, Pay Estimate No. 8 in the amount of \$197,550.00 for Contract 18, Pay Estimate No. 7 in the amount of \$30,335.85 for Contract 14B, Pay Estimate No. 5 in the amount of \$646,824.15 for Contract 12B, Pay Estimate No. 5 in the amount of \$79,116.30 for Contract 15A, and Pay Estimate No. 4 in the amount of \$270,315.04 on Contract 17A. Upon a motion made by Director Beckendorff and seconded by Director Rush, 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 351 water conservation kits were purchased.

#### 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. 4485 in the amount of \$547,875.00 payable to Harris County Municipal Utility District No. 102 and check no. 4486 in the amount of \$212,742.01 payable to Harris County Municipal Utility District No. 163. Following discussion, Director Burnett moved to approve the bookkeeper's report, the above-mentioned checks, and the disbursements reflected in the bookkeeper's report. Director Parker seconded the motion, which carried by a vote of six for the motion, with Directors Weppler and Postle abstaining. A copy of the bookkeeper's report is attached.

#### 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 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 Prima Terra, LLC. Following discussion, Director Postle moved to authorize acceptance of the water line easement from Prima Terra, LLC. Director Beckendorff 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 NOTICE REGARDING AUTHORITY FEE INCREASE

The Board discussed taking action at its December meeting to increase the Authority's rates by \$0.10 effective January 1, 2009, and distribution of a notice regarding same. Following discussion, Director Wepler moved to approve distribution of such notice. Director Rush 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.

---

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
list of persons present at the October 8, 2008, meeting.....	1
engineer's report .....	2
response letter to TCEQ.....	2
bookkeeper's report .....	5
operator's report.....	5