

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

May 14, 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 14th day of May, 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 Wepler	Director
Bruce Parker	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present except Director Wepler, 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"); Erin Garcia of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications; 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 MEETING

The Board reviewed the minutes of the April 9, 2008, meeting. Following discussion, Director Beckendorff moved to approve the minutes of the April 9, 2008, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

APPROVE SWORN STATEMENTS AND OATHS OF OFFICE

The Board considered approving Sworn Statements and Oaths of Office executed by Art Garden, Douglas Postle, George Rush, and Dan Sallee in conjunction with their appointments to the Board of Directors. Following discussion, Director Parker moved to approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the permanent records of the Authority and the Oaths be filed with the Secretary of State as required by law. Director Burnett seconded the motion, which carried unanimously.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board took no action on this matter.

AUTHORIZE EXECUTION AND FILING OF REGISTRATION FORM

The Board next considered approving a Registration Form for Board members of Water Districts and Authorities in Texas revised to reflect the appointments of the Board members and their respective terms. After review, Director Parker moved to authorize the execution and filing of the Registration Form. The motion was seconded by Director Garden and carried 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 old documents have been archived and only two years of documents will be available on the website.

Ms. Payne also reported that the conservation trailer was at Mayde Creek on April 19.

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

Mr. Ahrens reported that a townhall meeting will be held for residents affected by Contract 17A construction.

ENGINEER'S REPORT

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

Mr. Ahrens discussed work authorization no. 8 in the amount of \$37,840.00 for the early delivery project and work authorization no. 9 in the amount of \$675.00 for revisions to Parcel 24A-1 from Cobb Fendley & Associates, Inc. Following review and discussion, Director Beckendorff moved to approve work authorization no. 8 in the amount of \$37,840.00 for the early delivery project and work authorization no. 9 in the amount of \$675.00 for revisions to Parcel 24A-1. Director Rush seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

Mr. Ahrens discussed work authorization no. 2 from Kuo & Associates, Inc. in the amount of \$36,000.00 for the early delivery project and easement survey. Following review and discussion, Director Beckendorff moved to approve work authorization no. 2 from Kuo & Associates, Inc. in the amount of \$36,000.00. Director Parker seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

Mr. Ahrens discussed work authorization no. 1 in the amount of \$5,700.00 for Contract 20 and work authorization no. 2 in the amount of \$3,550.00 for Contract 23 from SPS Stephenson Properties, Inc. Following review and discussion, Director Parker moved to approve work authorization no. 1 in the amount of \$5,700.00 for Contract 20 and work authorization no. 2 in the amount of \$3,550.00 for Contract 23. Director Beckendorff seconded the motion, which carried unanimously.

Mr. Ahrens discussed work authorization no. 42 from Weisser Engineering Company in the amount of \$41,400.00 for plotting the width of the Exxon Corridor from Peek Road to Homestead Road. Following review and discussion, Director Beckendorff moved to approve work authorization no. 42 from Weisser Engineering Company in the amount of \$41,400.00. Director Cannon seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through February is approximately 100% of that for last year at this date. Mr. Ahrens reported that approximately 6.43 million gallons per day of surface water was purchased from the City of Houston during April.

Mr. Ahrens reported that correspondence was received from Engineering Consultants stating that it would be interested in providing engineering services to the Authority.

Mr. Ahrens reported that the Coastal Water Authority's ("CWA") intends to present the CWA/City of Houston contract for approval at its June meeting. He also reported that CWA intends to close the Texas Water Development Board WIF funding for the Luce Bayou project by the end of August, 2008.

Mr. Ahrens reported that DEC is working on second source alternatives for the 2020 and 2030 CIPs.

Mr. Ahrens reported that DEC is updating the draft report on the D-158 pump station.

Mr. Ahrens reported that the sale of 7,000,000 gallons Type A credits has been finalized for \$1.50 per 1,000 gallons.

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 HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") CONVERSION CREDITS

Mr. Ahrens stated that 830 water conservation kits were purchased.

Mr. Ahrens reported that on May 28, 2008, the HGSD will request approval from the Fort Bend Subsidence District that the Authority area within Fort Bend County be granted a variance to be included in the Authority's Groundwater Reduction Plan.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) has been issued the notice to proceed; Contract 15A (Cravens Partners) has been issued a notice to proceed; Contract 14A (Huff & Mitchell) is working on meter station piping for Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) has tested several operational components of the control system; Contract 13B, C, and D (Metro City Construction) is awaiting districts to be ready to receive water; Contract 14B (Texas Sterling) is currently installing the 24-inch line along the CenterPoint easement; Contract 7A (Texas Sterling) has begun construction in the residential portion of the Authority's easement; and Contract 18 (D.L. Elliott) is installing a 12-inch water line along Tanner Road to Harris County Municipal Utility District No. 341 and the 16-inch water line along West Little York to Harris County Municipal Utility District No. 320.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that several districts have requested partial reimbursement for costs associated with surface water conversion. Director Sallee stated that it is the Authority's policy not to give partial reimbursements unless the district is financially unable to fund the costs associated with conversion to surface water.

DISCUSS WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Director Sallee reported that negotiations are continuing with the City of Houston regarding Luce Bayou.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Binkley & Barfield, Inc., the engineer for Contract 11, will receive bids on June 3, 2008; Brown & Gay Engineers, Inc., the engineer for Contract 20, is in the process of securing agency signatures and is expected to have bid-ready plans the last week of May, 2008; Van De Wiele Engineering Corp., the engineer for Contract 21, has submitted bid-ready plans to DEC; and LJA Engineering and Surveying, Inc., the engineer for Contract 23, is in the process of receiving signatures and is expected to have bid-ready plans the last week of May, 2008.

Mr. Ahrens discussed Addendum No. 1 to the contract with Cobb Fendley & Associates, Inc., which increases the fees from \$100,000 to \$200,000. Following review and discussion, Director Beckendorff moved to approve Addendum No. 1 to the contract with Cobb Fendley & Associates, 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. 3 to the contract with Sander Engineering Corporation for Contract 12B, which decreases the fees from \$264,361.00 to \$216,843.11. Following review and discussion, Director Beckendorff moved to approve Addendum No. 3 to the contract with Sander Engineering Corporation. Director Parker seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

Mr. Ahrens discussed Addendum No. 1 to the contract with Edminster, Hinshaw, Russ, and Associates, Inc., for Contract 15A, which decreases the fees from \$218,000.00 to \$198,935.41. Following review and discussion, Director Parker moved to approve Addendum No. 1 to the contract with Edminster, Hinshaw, Russ, and Associates, Inc. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens discussed Addendum No. 5 to the contract with DEC, which increases the rates for the general services contract. Following review and discussion, Director Beckendorff moved to approve Addendum No. 5 to the contract with DEC. Director Rush seconded the motion, which carried unanimously.

The Board discussed negotiating with Lockwood, Andrews & Newnam, Inc. as the engineers for Contract 22A-1, and Jones and Carter, Inc., (with Edminster, Hinshaw, Russ, and Associates, Inc., as a subconsultant) as the engineers for Contract 22A-2. Following discussion, Director Beckendorff moved to authorize negotiations with Lockwood, Andrews & Newnam, Inc. as the engineers for Contract 22A-1, and Jones and Carter, Inc., as the engineers for Contract 22A-2. Director Cannon seconded the motion, which carried unanimously.

The Board discussed negotiating with Costello, Inc. (with Brown and Gay Engineers, Inc., as a subconsultant) as the engineers for Contract 22C. Following discussion, Director Rush moved to authorize negotiations with Costello, Inc., as the engineers for Contract 22C. Director Parker 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. 3 in the amount of \$384,967.62 for Contract 7A, Pay Estimate No. 13 and Final in the amount of \$93,981.45 and accept the project for Contract 9, Pay Estimate No. 3 in the amount of \$749,890.93 for Contract 14B, Pay Estimate No. 3 in the amount of \$273,581.78 for Contract 18, and Pay Estimate No. 21 in the amount of \$887,960.23 for pump station no. 1 Contract. Upon a motion made by Director Beckendorff and seconded by Director Rush, the Board voted unanimously to approve the above mentioned pay estimates and acceptance of projects.

Mr. Ahrens reported that DEC has approved Change Order No. 5 in the amount of \$14,910.00 for the pump station no. 1 Contract.

REVIEW BIDS AND AWARD CONTRACT

Mr. Ahrens reported the Authority received bids for the construction of Contract 17A. 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 \$3,932,150.00. After discussion, Director Beckendorff made a motion that was seconded by Director Rush and the Board voted unanimously to award the contract in the amount of \$3,932,150.00 to D.L. Elliott Enterprises, Inc., for construction of Contract 17A 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. Following discussion, Director Burnett moved to approve the bookkeeper's report and the checks presented for payment. Director Rush 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.

APPROVE AMENDED BUDGET

The Board considered approving an amended budget for the District's fiscal year ending December 31, 2008. After discussion, Director Burnett moved to approve the amended budget. Director Rush seconded the motion, which carried unanimously. A copy of the amended budget is attached.

ADOPT AMENDED INVESTMENT POLICY

The Board discussed an amended Investment Policy. After review, and upon a motion made by Director Garden, and seconded by Director Rush, the Board voted unanimously to adopt the Resolution Adopting the Amended Investment Policy.

DISCUSS PUMPAGE FEE EXCEPTION REPORT

Ms. Garcia reviewed with the Board 2007 pumpage fee exception reports and stated that invoices have been sent. Discussion ensued regarding accounts that owe less than \$1,500 and accounts that have a credit of less than \$1,500. Upon a motion made by Director Rush and seconded by Director Beckendorff, the Board voted unanimously to take no action on accounts that have a credit or payment of less than \$1,500 until the accumulated amount reaches \$1,500.

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.

In response to a question from Ms. Gina Nelson of Century Engineering, the engineers for Harris County Municipal Utility District No. 172, regarding water quality complaints, Mr. Ahrens reported that one or two districts have reported issues with lead/copper. He also stated that the Authority cannot clear the system by disinfecting with chlorine until the pump station has been completed.

AUTHORIZE OPERATOR TO PREPARE 2007 CONSUMER CONFIDENCE REPORT

Mr. Van Dyke stated that the Authority is not required to file a Consumer Confidence Report, but a Wholesale Provider Certificate would be filed instead.

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 water line easements from Barker-Cypress Municipal Utility District, Wood Fern Community Association, Inc., and Manuchehr Missghi, and approving an encroachment agreement granted by Transcontinental Gas Pipeline Corporation. Following discussion, Director Garden moved to authorize acceptance of the water line easements from Barker-Cypress Municipal Utility District, Wood Fern Community Association, Inc., and Manuchehr Missghi, and approving an encroachment agreement granted by Transcontinental Gas Pipeline Corporation. Director Cannon seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that the next meeting of the Region H Water Planning Group will be held on May 28, 2008, at 10:00 a.m.

DISCUSS PURCHASE OF ELECTRICITY

The Board took no action on this matter.

ADOPT RESOLUTION AUTHORIZING APPROVAL OF WORK ORDERS AND CHANGE ORDERS

The Authority considered adopting a Resolution Authorizing Approval of Work Orders and Change Orders ("Resolution"). Mr. Boone pointed out that the Resolution authorizes Wayne Ahrens of DEC to approve work orders and change orders that are less than or equal to \$15,000, as set forth in the Resolution. After discussion, Director Parker moved to adopt the Resolution Authorizing Approval of Work Orders and Change Orders. The motion was seconded by Director Postle and carried by unanimous vote.

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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