

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

June 11, 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 11th day of June, 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 Directors Garden and Cannon, 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"); Kim Shelnett 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 minutes of the April 29 and May 14, 2008, meetings. Following discussion, Director Beckendorff moved to approve the minutes of the April 29 and May 14, 2008, meetings as submitted. The motion was seconded by Director Burnett 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 six municipal utility districts have requested 15,000 copies of the water conservation brochures.

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

Ms. Payne also reported that she is working with the teachers workshop.

Mr. Ahrens reported that a townhall meeting will be held for residents affected by Contract 17A construction on July 23, 2008, at Harris County Municipal Utility District No. 102's water plant.

## APPROVE AMENDMENT TO CONTRACT WITH PAYNE COMMUNICATIONS

The Board discussed an amendment to the contract with Barbara Payne for public communications. Following review and discussion, Director Burnett moved to approve the amendment to the contract with Barbara Payne for public communications. Director Parker seconded the motion, which carried unanimously.

## 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. 3 in the amount of \$4,000.00 for Contract 20 and work authorization no. 4 in the amount of \$3,000.00 for Contract 23 from SPS Stephenson Properties, Inc.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through April is approximately 106% of that for last year at this date. Mr. Ahrens reported that approximately 6.65 million gallons per day of surface water was purchased from the City of Houston during May.

Mr. Ahrens reported that DEC, on behalf of the Authority, is scheduling a presentation/seminar on chloramination by the TCEQ staff. He stated that the seminar would be held within the boundaries of the Authority. Mr. Ahrens also reported that DEC is working on scheduling a special meeting with the TCEQ staff to discuss chloramination criteria which would be held in Austin.

Mr. Ahrens reported that the Authority Program Management staff is coordinating with Harris County regarding the routing of a segment of Contract 22 within the Cypress North Houston right-of-way.

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

Mr. Ahrens reported that DEC has completed the revised draft report on the Evaluation of City of Houston Water Plant D-158.

#### 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 reported that on June 10, 2008, the Fort Bend Subsidence District ("FBSD") Committee met to discuss the Authority wells within Fort Bend County being granted a variance to be included in the Authority's Harris-Galveston Subsidence District Groundwater Reduction Plan. He stated that the FBSD Board is expected to approve the variance on June 25, 2008.

#### DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) is installing a 16-inch water line between Lochkatrine and Keith Harrow; Contract 15A (Cravens Partners) is installing a 20-inch water line along Barker Cypress and North Haven; Contract 14A (Huff & Mitchell) is working on meter station piping and electrical for Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) has completed the City of Houston programming for the tank flow control valves and remote monitoring and control is nearing completion and should go on-line when the remote monitoring and control is functioning properly; Contract 13B, C, and D (Metro City Construction) is awaiting districts to be ready to receive surface water; Contract 14B (Texas Sterling) is currently installing the 24-inch line along the CenterPoint easement; Contract 7A (Texas Sterling) is installing a 36-inch water main 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 a 16-inch water line along West Little York to Harris County Municipal Utility District No. 370.

## APPROVE REIMBURSEMENT TO DISTRICT FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 257 be reimbursed the amount of \$227,187.50 for costs associated with surface water conversion costs. Following discussion, Director Parker moved to approve the reimbursement amount recommended by Mr. Ahrens subject to Harris County Municipal Utility District No. 257's execution of a receipt/release provided by the Authority. Director Wepler seconded the motion, which carried unanimously.

## DISCUSS WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Garcia reported that negotiations are continuing with the City of Houston regarding Luce Bayou. He stated that the Coastal Water Authority is expected to receive Texas Water Development Board funding from the Water Infrastructure Fund for a portion of the preliminary project costs.

Mr. Ahrens stated that the Authority would need to request, pursuant to the Water Supply Contract with the City, an additional 10,000,000 gallons of raw water and requested authorization to notify the City. He also stated that the Authority would need to notify the City 60 days prior to converting the pump station to an emergency interconnect. Following discussion, Director Wepler moved to authorize: (i) Director Sallee to send a letter to the City requesting an increase in the amount of raw water, (ii) wire the payment to the City within 60 days, and (iii) notify the City 60 days prior to the pump station converting to an emergency interconnect. Director Rush seconded the motion, which carried unanimously.

## DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that LJA Engineering & Surveying, Inc., the engineer for Contract 23, will receive bids on July 8, 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 in mid-July, 2008; Van De Wiele Engineering Corp., the engineer for Contract 21, has submitted bid-ready plans to DEC and is expected to advertise for bids in mid-July, 2008.

Mr. Ahrens discussed Addendum No. 3 (Contract 17A) to the contract with Jones & Carter, Inc., which decreases the fees from \$335,874.00 to \$300,907.80. Following review and discussion, Director Parker moved to approve Addendum No. 3 to the contract with Jones & Carter, Inc. Director Burnett seconded the motion, which carried by a vote of six for the motion, with Director Wepler abstaining.

The Board discussed negotiating with Sander Engineering Corporation as the engineers for Contract 22B. Following discussion, Director Beckendorff moved to authorize negotiation with Sander Engineering Corporation as the engineer for Contract

22B. Director Rush seconded the motion, which carried by a vote of six for the motion, with Director Postle 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. 4 in the amount of \$389,514.24 for Contract 7A, Pay Estimate No. 4 in the amount of \$658,024.59 for Contract 14B, Pay Estimate No. 4 in the amount of \$288,865.98 for Contract 18, Pay Estimate No. 22 in the amount of \$193,655.11 for pump station no. 1 Contract, Pay Estimate No. 1 in the amount of \$114,096.78 for Contract 12B, Pay Estimate No. 9 in the amount of \$156,163.85 for Contract 13B, C, and D, and Pay Estimate No. 1 in the amount of \$180,816.75 for Contract 15A. Upon a motion made by Director Wepler and seconded by Director Beckendorff, the Board voted unanimously to approve the above mentioned pay estimates.

#### REVIEW BIDS AND AWARD CONTRACT

Mr. Ahrens reported bids were received for Contract 11. He stated that the low bid in the amount of \$7,371,285.25 was submitted by Pace Services, L.P. However, he explained that Pace Services, L.P. does not have sufficient large diameter water line construction experience, as noted by the design engineer, Binkley & Barfield, Inc. ("B&B"), in its June 9, 2008 letter attached to the engineer's report. Mr. Ahrens noted that B&B recommends that the Board accept the bid in the amount of \$7,402,336.00 submitted by Texas Sterling Construction Company. Mr. Ahrens concurred with this recommendation. Based on the engineers' recommendation, the Board determined in their judgment that Texas Sterling Construction Company would be the most advantageous to the District and would result in the best and most economical completion of the District's facilities. Director Wepler moved that the contract in the amount of \$7,402,336.00 be awarded to Texas Sterling Construction Company, subject to approval of the payment and performance bonds by the District's attorney. Director Beckendorff seconded the motion, which carried unanimously.

#### 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. Ms. Shelnett also reviewed check no. 4278 in the amount of \$93,303.61 payable to the City, check no. 4279 in the amount of \$9,416,194 payable to Binkley & Barfield, Inc., and check no. 4280 in the amount of \$4,027.29 payable to Precision Printing. Following discussion, Director Parker moved to approve the bookkeeper's report and

the checks presented for payment. Director Beckendorff seconded the motion, which carried by a vote of five for the motion, with Directors Postle and Sallee 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 water line easements from Bar Clay SWC, Ltd., Wood Fern Community Association, Inc., Breof BNK Texas, L.P., Storguard Industries, L.L.C., Fritz W. Dopslauf, Paul S. Wahlberg, Jeffrey Paul Wahlberg, and Edwin H. Frank, Jr. and G.O. Weiss, Inc., and approving an encroachment agreement granted by Kinder Morgan Texas Pipeline, L.L.C. Following discussion, Director Postle moved to authorize acceptance of the water line easements from Bar Clay SWC, Ltd., Wood Fern Community Association, Inc., Breof BNK Texas, L.P., Storguard Industries, L.L.C., Fritz W. Dopslauf, Paul S. Wahlberg, Jeffrey Paul Wahlberg, and Edwin H. Frank, Jr. and G.O. Weiss, Inc., and approving an encroachment agreement granted by Kinder Morgan Texas Pipeline, L.L.C. Director Wepler seconded the motion, which carried unanimously.

#### DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that a meeting of the Region H Water Planning Group was held on May 28, 2008.

#### DISCUSS PURCHASE OF ELECTRICITY

Director Sallee requested that the Board authorize him to approve and execute a three-month contract for electricity for the Authority with Sempra Energy Solutions, L.L.C. Following discussion, Director Beckendorff moved to authorize Director Sallee to approve and execute a contract for electricity for the Authority with Sempra Energy Solutions, L.L.C. Director Parker seconded the motion, which carried unanimously.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT AND APPROVE ANNUAL REPORT IN ACCORDANCE WITH CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Mr. Garcia reminded the Board that the District is required to file an annual report in accordance with the Continuing Disclosure of Information Agreement. Upon a motion made by Director Rush and seconded by Director Parker, the Board voted unanimously to authorize preparation of the annual report, approve the annual report, and authorize filing of same.

Mr. Garcia reported that MBIA and AMBAC have been downgraded and therefore a material event notice would be filed.

ARBITRAGE REBATE/YIELD RESTRICTION ANALYSIS

Mr. Garcia reviewed a proposal from OmniCap Group, L.L.C., for an Arbitrage Rebate/Yield Restriction Analysis of the Authority's Series 2003 Bonds. Upon a motion made by Director Beckendorff and seconded by Director Rush, the Board voted unanimously to accept the proposal from OmniCap Group, L.L.C.

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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