

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

July 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 July, 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, 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 Jim Boone 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 revised April 29 and June 11, 2008, meetings. Following discussion, Director Garden moved to approve the minutes of the revised April 29 and June 11, 2008, meetings. The motion was seconded by Director Rush 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.

ORGANIZE THE BOARD OF DIRECTORS AND ELECT OFFICERS

After discussion, Director Rush moved that Director Parker serve as "Assistant Secretary," that Director Garden serve as "Director," and that the other directors retain their current positions. Director Cannon seconded the motion, which carried unanimously.

DISTRICT REGISTRATION FORM

The Board next considered authorizing preparation and filing of a District Registration Form for Board members of Water Districts and Authorities in Texas, revised to reflect the change in positions. After discussion, Director Cannon moved to authorize the preparation and filing of the District Registration Form. The motion was seconded by Director Rush and carried by unanimous vote.

RECEIVE REPORTS REGARDING SEMI-ANNUAL TEST OF CONSULTANT CONTRACTS

The Board reviewed the report regarding the semi-annual test of consultant contracts for the period October 1, 2007, to March 31, 2008, and determined that there were no adverse findings.

DISCUSS WEBSITE

Ms. Payne reported that Jacobs, Carter & Burgess has renewed its membership for the Journey to Panosophigus.

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

Ms. Payne also reported that the website received approximately 87,000 hits for the month.

Ms. Payne reported that the announcement for the townhall meeting to be held on July 23, 2008, for Contract 17A construction at Harris County Municipal Utility District No. 102's water plant has been sent.

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 DEC approved work authorization no. 43 in the amount of \$1,500.00 for Contract 14B and work authorization no. 10 in the amount of \$2,250.00 for Contract 22 from Cobb Fendley & Associates, Inc.

Mr. Ahrens then requested that the Board approve a work authorization for DEC to evaluate alternatives and projections with the North Fort Bend Water Authority ("NFBWA") for serving the Mission Bend area. Following discussion, Director Burnett moved to approve the work authorization. Director Weppler seconded the motion, which carried by a vote of seven for the motion with Directors Postle and Salle abstaining.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through May is approximately 110% of that for last year at this date. Mr. Ahrens reported that approximately 6.30 million gallons per day of surface water was purchased from the City of Houston during June.

Mr. Ahrens reported that the Texas Commission on Environmental Quality Water Supply Division will present a workshop on chloramine disinfection on July 10, 2008 from 9:00 a.m. to 5:00 p.m. at Fry Road Municipal Utility District's facility.

Mr. Ahrens reported that DEC is working on second source alternatives investigation. He stated that on July 7, 2008, program management staff members of the Authority and the NFBWA met with the City of Houston (the "City") staff to discuss the City's possible participation in the Authority second source project.

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 Annual WaterReuse Symposium will be held from September 7-10, 2008, in Dallas. Following discussion, Director Cannon moved to authorize any interested board members to attend these conferences. 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 HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") CONVERSION CREDITS

Mr. Ahrens reported that on June 25, 2008, the Fort Bend Subsidence District ("FBSD") granted a variance that authorizes the Authority's wells located in Fort Bend County to 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) has received 24-inch pipe for installation and has completed installation of 16-inch and 20-inch water lines in the easement areas; 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) has been in operation since June 24, 2008, with remote monitoring in place and the City supplying a limited water supply; Contract 13B, C, and D (Metro City Construction) is awaiting districts to be ready to receive surface water; Contract 14B (Texas Sterling) has completed the installation of the 24-inch and 36-inch water main and is currently installing the 12-inch water line to Remington Municipal Utility District; Contract 7A (Texas Sterling) is currently making the connection to Contract 7B; Contract 18 (D.L. Elliott) is working on plant work for Harris County Municipal Utility Districts No. 370, 341, and Contract 11 (Texas Sterling) was issued the notice to proceed on July 1, 2008.

APPROVE REIMBURSEMENT TO DISTRICT FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 149 be reimbursed the amount of \$327,500.00 for costs associated with surface water conversion costs. Following discussion, Director Beckendorff moved to approve the reimbursement amount recommended by Mr. Ahrens subject to Harris County Municipal Utility District No. 149's execution of a receipt/release provided by the Authority. Director Parker seconded the motion, which carried unanimously.

Mr. Ahrens recommended that Harris County Municipal Utility District No. 250 be reimbursed the amount of \$79,695 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. 250's execution of a receipt/release provided by the Authority. Director Beckendorff seconded the motion, which carried unanimously.

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 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 at the end of 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. 2 (Contract 11) to the contract with Binkley & Barfield, Inc., which increases the fees from \$377,467.00 to \$501,935.00. Following review and discussion, Director Beckendorff moved to approve Addendum No. 2 to the contract with Binkley & Barfield, Inc. Director Cannon seconded the motion, which carried by a vote of eight for the motion, with Director Postle abstaining.

Mr. Ahrens discussed requests for rate increases from Geotest Engineering, Inc. and Fugro for materials testing services. Following review and discussion, Director Beckendorff moved to approve the rate increase for all materials testing firms. Director Parker seconded the motion, which carried by a vote of eight for the motion, with Director Sallee abstaining.

Mr. Ahrens discussed the proposal from V&A Consultants in the amount of \$95,780.00. Following review and discussion, Director Postle moved to approve the proposal. Director Weppler seconded the motion, which carried unanimously.

The Board discussed two proposals from Kimmons Security Services, Inc. for a Vulnerability Assessment and Emergency Response Plan. He pointed out that the cost for 13 water plants would be \$13,000.00 and the cost for the pump station would be \$4,750.00. Following discussion, Director Postle moved to approve the proposals from Kimmons Security Services, Inc. Director Weppler 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. 5 in the amount of \$688,440.43 for Contract 7A, Pay Estimate No. 5 in the amount of \$710,759.21 for

Contract 14B, Pay Estimate No. 5 in the amount of \$256,230.68 for Contract 18, Pay Estimate No. 23 in the amount of \$36,095.94 and partial acceptance of the project for the pump station no. 1 Contract, Pay Estimate No. 2 in the amount of \$236,030.58 for Contract 12B, Pay Estimate No. 10 in the amount of \$84,485.47 for Contract 13B, C, and D, Pay Estimate No. 2 in the amount of \$659,027.25 for Contract 15A, and Pay Estimate No. 1 in the amount of \$67,500.00 on Contract 17A. Upon a motion made by Director Beckendorff and seconded by Director Postle, the Board voted unanimously to approve the above mentioned pay estimates and partial acceptance of the pump station no. 1 project.

REVIEW BIDS AND AWARD CONTRACT

Mr. Ahrens reported bids were received for Contract 23. He stated that LJA Engineering & Surveying, Inc. recommends that the Board accept the bid in the amount of \$1,420,186.50 submitted by D.L. Elliott Enterprises, Inc. Mr. Ahrens concurred with this recommendation. Based on the engineers' recommendation, the Board determined in their judgment that D.L. Elliott Enterprises, Inc. would be the most advantageous to the District and would result in the best and most economical completion of the District's facilities. Director Beckendorff moved that the contract in the amount of \$1,420,186.50 be awarded to D.L. Elliott Enterprises, Inc., subject to approval of the payment and performance bonds by the District's attorney. Director Rush 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. Garcia also reviewed check no. 4330 in the amount of \$335.55 payable to Director Cannon, check no. 4331 in the amount of \$327,500.00 payable to Harris County Municipal Utility District No. 149, and check no. 4332 in the amount of \$79,695.00 payable to Harris County Municipal Utility District No. 250. 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 six for the motion, with Directors Postle, Wepler, 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.

Director Rush requested a breakdown of the percentage of districts that have totally converted to surface water.

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 Compressor Engineering Corporation, Creekside Partners, Ltd. and Clay Group, Ltd. Following discussion, Director Postle moved to authorize acceptance of the water line easements from Compressor Engineering Corporation, Creekside Partners, Ltd. and Clay Group, Ltd. Director Rush 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 INTERLOCAL AGREEMENT

Ms. Sotirake stated that the HGSD has forwarded an Interlocal Agreement, which includes the purchase of conservation kits. Mr. Ahrens pointed out that the cost is \$34.50 per kit. Following discussion, Director Garden moved to approve the Interlocal Agreement and the purchase of 5,000 kits. Director Parker seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

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

CONVENE EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.072, GOVERNMENT CODE TO DISCUSS PURCHASE AND VALUE OF WATER LINE EASEMENTS/RIGHTS-OF-WAY TRACTS AND CONSULTATION WITH ATTORNEY REGARDING RELATED LITIGATION

The Board concurred to convene in executive session to discuss the purchase and value of water line easements/rights-of-way and to conduct a consultation with their attorney regarding related litigation pursuant to Sections 551.071 and 551.072 of the Texas Government Code. The Board entered executive session at 7:20 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:28 p.m., the Board then reconvened in open session. The Board took no action in open session.

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

Secretary, Board of Directors

(SEAL)

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