

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

January 14, 2009

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 January, 2009, 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 Wepler	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 SWWC Services, Inc. ("SWWC"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications; 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 November 25, 2008, meeting. Following discussion, Director Parker moved to approve the minutes of the November 25, 2008 meeting as submitted. The motion was seconded by Director Garden and passed by unanimous vote.

Ms. Sotirake stated that the minutes of the December 10, 2008, meeting have been revised to reflect that the TRWA/TWCA Water Law Seminar would be held in January, 2009. Following discussion, Director Garden moved to approve the December 10, 2008, minutes as revised. Director Parker seconded the motion, which carried unanimously.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

Mr. Brooks with Harris County Municipal Utility District No. 172 ("MUD 172") stated that there seems to be an odor/taste issue with the water. He also stated that one

of the districts on MUD 172's interconnect is complaining of an ammonia issue. Mr. Ahrens stated that he is unaware of any problems. Mr. Van Dyke stated that he would contact MUD 172's operator regarding this matter. Director Postle requested that Mr. Van Dyke update the Design Committee at its next meeting regarding this matter.

#### RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

#### DISCUSS WEBSITE AND CONSERVATION TRAILER

Ms. Payne reported that the new conservation trailer is being outfitted and the North Harris County Regional Water Authority ("NHCRWA") has paid for the costs. Mr. Boone stated that an agreement is being prepared between the Authority and the NHCRWA to reflect the amount each would fund for the new trailer.

Ms. Payne reported that the old conservation trailer has received a "face lift."

Ms. Payne reported that the Texas Water Development Board would be conducting a seminar February 10-12, 2009, regarding water conservation plans. She requested that the Board consider co-sponsoring the event with the NFBWA. Ms. Payne stated that she does not yet have the final costs for the event, but requested that the Board approve a cost not to exceed \$1,500.00. Following discussion, Director Parker moved to authorize contributing a cost not to exceed \$1,500.00. Director Burnett 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. 7 for Prime Controls, LP, in the amount of \$2,550.00 for providing and installing the communications conversion between the master station and Harris County Municipal Utility District No. 130 from dial-up to cellular.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through November is approximately 119% of that for last year at this date. Mr. Ahrens reported that approximately 8.80 million gallons per day of surface water was purchased from the City of Houston during December.

Mr. Ahrens reported that the Authority Program Management staff members are working on the Surface Water Supply Evaluation to the Mission Bend municipal utility

districts. He stated that the study would address financial aspects of the Mission Bend Water Supply options as well as the financial aspects of future Authority projects.

Mr. Ahrens reported that DEC has completed the final draft of the Second Source Water Study.

Mr. Ahrens reported that the North Houston Association will host a luncheon on January 20, 2009.

Mr. Ahrens reported that Texas Water 2009 will be held from April 14-17, 2009, in Galveston and the 65<sup>th</sup> Annual Convention of the Texas Water Conservation Association will be held from February 25-27, 2009, in Austin. Following discussion, Director Garden moved that any interested Board members be authorized to attend the conferences. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens reported that it is time to either renew the contract with Hawkins Lease Service, Inc. or request proposals for the maintenance of the approximate 40-mile easement. Following discussion, Director Beckendorff moved to approve either renewing the contract with Hawkins Lease Service, Inc. or requesting an extension of the current contract. Director Postle seconded the motion, which carried unanimously.

#### DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

#### APPROVE WATER SUPPLY AGREEMENT

Mr. Ahrens reported that the City of Houston (the "City") is expected to take action on the First Supplement to the Water Supply Contract on January 28, 2009.

#### DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) has completed the water line installation and is waiting on districts and water service from Contract 11; Contract 15A (Cravens Partners) is ready for surface water delivery to Harris County Municipal Utility District No. 127 and Langham Creek Utility District No. 2 within one to two weeks; Contract 14A (Huff & Mitchell) is waiting on plant work at Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) is finalizing the control system and training; Contract 13B, C, and D (Metro City Construction) is supplying surface water to Harris County Municipal Utility District No. 250 and that contract close-out is pending claim resolution with Harris County Municipal Utility District No. 185; Contract 14B (Texas Sterling) is waiting on the Remington Municipal Utility District plant work; Contract 7A (Texas Sterling) is waiting on cathodic protection system test out period; Contract 18 (D.L. Elliott)

anticipates close-out in February, 2009; Contract 11 (Texas Sterling) has completed installation of the 36-inch steel water main from Keith Harrow to State Highway 6; Contract 17A (D.L. Elliott) has completed installation of a 36-inch water main from the east end to Bear Creek and is working on testing procedures at the east end so that water service will be available to Contract 11; Contract 23 (D.L. Elliott) is installing a 20-inch water line along Clay Road; Contract 20 (Cravens Partners) has completed installation of a 24-inch water line along Barker Cypress; and Contract 21 (D.L. Elliott) is installing a 16-inch water line along Cairnway.

#### APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 144 be reimbursed an additional amount of \$14,004.00 for a total amount of \$231,697.28. Following discussion, Director Weppler moved to approve the reimbursement costs. Director Cannon seconded the motion, which carried unanimously.

#### POTENTIAL JOINT PROJECTS WITH THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY AND THE NORTH FORT BEND WATER AUTHORITY INCLUDING APPROVAL OF COST SHARING AGREEMENT

Mr. Ahrens reminded the Board that the Authority held a meeting on January 8, 2009, to discuss the options for providing surface water to the Mission Bend area. He stated that DEC recommends that the Board authorize Director Sallee and the Authority's attorneys to initiate discussions with the North Fort Bend Water Authority ("NFBWA") for capacity in the NFBWA's pump station and waterlines to serve Renn Road Municipal Utility District, Bissonnet Municipal Utility District, and Beechnut Municipal Utility District and discussions about future additional capacity in the pump station to serve the remaining districts in the Mission Bend area. Mr. Ahrens also reviewed a draft letter to the NFBWA attached to his report. Director Weppler pointed out that the Authority could potentially enter into a temporary lease with the NFBWA regarding lease of capacity in the City's transmission and treatment facilities. Following discussion, Director Weppler moved to authorize Director Sallee to send the letter to the NFBWA and to authorize Director Sallee and the Authority's attorneys to begin discussions. Director Beckendorff seconded the motion, which carried unanimously.

#### DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens requested that the Board authorize the notice to proceed for the design for Contract 22A-1, 22A-2, 22B and 22C. Following discussion, Director Burnett moved to authorize the notice to proceed for the design for Contract 22A-1, 22A-2, 22B and 22C. Director Cannon seconded the motion, which carried by a vote of five for the motion with Directors Weppler, Postle and Beckendorff abstaining.

## DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens reported that the final draft of the Second Source Water Study has been completed. He stated that copies have been sent to the NHCRWA and the NFBWA.

## PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 11 in the amount of \$228,606.97 for Contract 7A, Pay Estimate No. 10 in the amount of \$286,728.82 for Contract 14B, Pay Estimate No. 8 in the amount of \$133,562.85 for Contract 12B, Pay Estimate No. 8 in the amount of \$112,582.10 for Contract 15A, Pay Estimate No. 7 in the amount of \$223,086.77 on Contract 17A, Pay Estimate No. 26 in the amount of \$169,101.52 for pump station no. 1, Pay Estimate No. 3 in the amount of \$107,421.08 for Contract 23, Pay Estimate No. 3 in the amount of \$713,005.65 for Contract 11; and Pay Estimate No. 2 in the amount of \$231,106.50 for Contract 20. Upon a motion made by Director Beckendorff and seconded by Director Wepler, the Board voted unanimously to approve the above mentioned pay estimates.

Director Wepler requested that DEC prepare a breakdown of funds spent versus budgeted for the projects.

## DISCUSS PURCHASE OF HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD") CONVERSION CREDITS

Mr. Ahrens reported that 400,000 gallons of Type B credits are in the process of being sold to Bella Vista at Green Tree at a cost of \$1.75 per 1,000 gallons.

## 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. 4647 in the amount of \$1,492.02 payable to Edminster, Hinshaw, Russ and Associates, Inc., check no. 4648 in the amount of \$744.20 payable to OneCall Systems, Inc., check no. 4649 in the amount of \$2,433.75 payable to Gurrola Reprographics, Inc., check no. 4650 in the amount of \$312.15 payable to Karla Cannon, and check no. 4651 in the amount of \$231,697.28 payable to Harris County Municipal Utility District No. 144. Ms. Garcia stated that she would void the previous check to Harris County Municipal Utility District No. 144. 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 Garden 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 AMENDMENT TO BOOKKEEPER'S CONTRACT

Ms. Garcia requested that the Board consider approving a revised bookkeeper's contract (the "Contract"). Following discussion, Director Parker moved to approve the Contract as presented. Director Cannon seconded the motion, which carried unanimously.

### 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.

Mr. Van Dyke reported that the Authority would be issued a \$90.00 credit.

### ADOPT RESOLUTIONS AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board took no action on this matter.

### 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 Remington Municipal Utility District No. 1, Harris County Municipal Utility District No. 433, Breof BNK Texas, LP and Elevation 112, LLC. Following discussion, Director Postle moved to authorize acceptance of the water line easements from Remington Municipal Utility District No. 1, Harris County Municipal Utility District No. 433, Breof BNK Texas, LP, and Elevation 112, LLC. Director Garden 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.

### ACCEPT INSURANCE PROPOSAL

Mr. Boone reviewed with the Board the insurance proposal from Anco-McDonald Waterworks Insurance Services, L.L.C. ("Anco") for the conservation trailer.

He stated that the proposal includes general liability, umbrella liability, property insurance, and auto liability. Following discussion, Director Parker moved to accept the proposal from Anco. Director Cannon seconded the motion, which carried unanimously.

UPDATE REGARDING 2009 LEGISLATIVE SESSION

Mr. Boone updated the Board on the procedure for the monthly update regarding the 2009 legislative session.

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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