

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

October 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 October, 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
Vacant	Director
Larry Weppler	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"); Barbara Payne of Payne Communications; Erin Garcia of Myrtle Cruz, Inc.; 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 September 9 and 23, 2009, meetings. Following discussion, Director Beckendorff moved to approve the minutes of the September 9 and 23, 2009, meetings as submitted. The motion was seconded by Director Weppler and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question from Don Barry regarding exceptions for pumpage fees, Director Sallee stated that water well owners that are subject to Harris Galveston Subsidence District ("HGSD") groundwater reduction requirements are subject to the Authority's pumpage fees. Mr. Boone suggested that Mr. Barry contact the HGSD regarding this matter.

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

There was no action on this matter.

## DISCUSS WEBSITE

Ms. Payne reported that a townhall meeting has been scheduled for October 29, 2009, at 6:00 p.m. at the Fry Road Municipal Utility District building. Mr. Ahrens reported that he is helping with the preparation of the PowerPoint presentation.

Ms. Payne then reported that Journey to Gunk Junction is ready for distribution to 7<sup>th</sup> grade students.

Ms. Payne also reported on the Outreach program related to water conservation that was held on October 1, 2009, and the Texas rivers program.

## ENGINEER'S REPORT

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

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2009 through August is approximately 116.4% of that for last year at this date. Mr. Ahrens reported that approximately 13.27 million gallons per day of surface water was purchased from the City of Houston (the "City") during September.

Mr. Ahrens reported that the Authority responded to a letter from the Texas Commission on Environmental Quality, dated September 14, 2009, regarding alleged violations at pump station no. 1. He stated that on October, 6, 2009, DEC arranged a technical meeting between the TCEQ and Natgun to provide technical information to the TCEQ on water storage tanks.

Mr. Ahrens reported that the Harris County Toll Road Authority ("HCTRA") is completing design of Segment E of the Grand Parkway which crosses the Authority's easement south of Clay Road. He stated that DEC received a letter from the HCTRA, dated September 29, 2009, requesting a sketch for the relocation of the easement within the proposed Grand Parkway right-of-way.

Mr. Ahrens reported that the Authority Program Manager attended the HGSD's meeting on October 14, 2009, and that the HGSD approved the Authority's aggregated permit for the wells in the Authority's groundwater reduction plan. He stated that a meeting has been scheduled for October 27, 2009, with the HGSD to discuss the roles of the Authority and the HGSD regarding the aggregated permit.

Mr. Ahrens then reported that the Program Management staffs from the Authority and the North Fort Bend Water Authority ("NFBWA") met with the City of

Houston (the "City") Public Works staff on October 12, 2009, to discuss the additional water required by the Authority and the NFBWA from the City's Bellaire Braes Pump Station.

Mr. Ahrens stated that the Authority Program Management participated in the Coastal Water Authority's ("CWA") monthly conference call and attended the CWA meeting on October 14, 2009, regarding Luce Bayou.

Mr. Ahrens reported that the Authority received a letter from Severn Trent Services on behalf of Jackrabbit Public Utility District requesting reimbursement for loss of water at water plant no. 3.

Mr. Ahrens then reported that DEC is working with ABHR to develop procedures for managing the aggregated permit for the 2009-2010 permit period.

Mr. Ahrens then stated that DEC is working on updating the Authority Monitoring Plan and the evaluation of a portion of the City's Jersey Village Well Field and Collection Line.

Mr. Ahrens reported that 4,910,000 gallons of Type A credits have been sold to Campbell Concrete & Materials, LP in the amount of \$11,047.50.

#### APPROVE WATER SUPPLY AGREEMENT

The Board took no action on this matter.

#### DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contracts 14A, 14B, 17A, 11, 23, 20, and 21.

#### PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 12 in the amount of \$213,449.33 for Contract 11, Pay Estimate No. 9 in the amount of \$304,330.60 for Contract 20, Pay Estimate No. 9 in the amount of \$48,442.86 for Contract 21, and Pay Estimate No. 11 in the amount of \$39,869.53 for Contract 23. Upon a motion made by Director Wepler and seconded by Director Parker, the Board voted unanimously to approve the above mentioned pay estimates.

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

Mr. Ahrens reported that Harris County Municipal Utility District No. 257 ("MUD 257") submitted a letter, dated September 24, 2009, requesting additional reimbursement for chloramines conversion modifications to MUD 257's water plant.

He stated that a response letter has been drafted to MUD 257. The Board concurred to authorize Mr. Ahrens to send the response.

#### WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Ahrens reported that he had nothing new to report on the Water Supply Contract.

#### DISCUSS ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, is waiting for two easements along the CenterPoint corridor to be recorded before beginning the signature process, Sander Engineering, the engineer for Contract 22B, has received agency signatures, Jones & Carter, Inc, the engineer for Contract 22A-2, has received agency signatures, and Costello, Inc., the engineer for Contract 22C, submitted plans to the Texas Commission on Environmental Quality ("TCEQ") for review and is awaiting TCEQ approval.

Mr. Ahrens recommended approval of work authorization no. 5 for Property Acquisition Services, Inc. in the amount of \$7,500.00 for right-of-way acquisition services for Contract Nos. 25 and 27. Upon a motion made by Director Postle and seconded by Director Beckendorff, the Board voted unanimously to approve work authorization no. 5.

Mr. Ahrens then recommended approval of work authorization No. 18 for Cobb, Fendley & Associates, Inc., in the amount of \$23,850.00 for surveying services for Contract No. 25, work authorization no. 19 for Cobb, Fendley & Associates, Inc., in the amount of \$26,500.00 for surveying services for Contract No. 26, and work authorization no. 20 for Cobb, Fendley & Associates, Inc., in the amount of \$10,600.00 for surveying services for Contract No. 27. Following discussion, Director Beckendorff moved to approve work authorization nos. 18, 19, and 20. Director Wepler seconded the motion, which carried by a vote of six voting for the motion with Director Postle abstaining.

#### 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. 5107 in the amount of \$961.80 payable to One Call Systems, check no. 5108 in the amount of \$549.40 payable to Barbara Payne, check no. 5109 in the amount of \$918.21 payable to Gurrola Reprographics, and check no. 5110 in the amount of \$5,243.47 payable to Brown & Gay Engineer, Inc. Mr. Ahrens then requested that the Board approve a revised invoice to SWWC contingent upon receipt of backup information. Ms. Garcia then reviewed check no. 5111 in the amount of \$273.24 payable to SWWC. Director Wepler moved to approve the bookkeeper's report, the above-mentioned checks, the disbursements

reflected in the bookkeeper's report, except the check to Jones & Carter, Inc., and the monthly investment report. Director Cannon seconded the motion, which carried by a vote of five for the motion with Directors Postle and Sallee abstaining. Director Beckendorff then moved to approve the check payable to Jones & Carter, Inc. Director Parker seconded the motion, which carried by a vote of six for the motion with Director Weppler abstaining. A copy of the bookkeeper's report is attached.

#### ANNUAL REVIEW OF AUTHORITY'S LIST OF QUALIFIED BROKER/DEALERS

The Board reviewed the Authority's List of Qualified Broker/Dealers to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time.

#### DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he had nothing new to report on the 2020 Capital Improvements Plan.

#### 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 reviewed with the Board a vibration analysis of the Authority's pumps performed by Javelina Mechanical Services, Inc.

#### 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 approving a letter of no-objection from Joy Resources, Inc. for Contracts 22B and 22C. Director Beckendorff moved to approve the letter of no-objection from Joy Resources, Inc. Director Cannon seconded the motion, which carried unanimously.

The Board then discussed acquisition of a water line easement from Remington Municipal Utility District No. 1 and granting encroachments to West Harris County Municipal Utility District No. 14 and East Aldine Management District, contingent upon execution of the encroachment agreements. Director Postle moved to authorize approving the water line easement and granting encroachments to West Harris County Municipal Utility District No. 14 and East Aldine Management District, contingent

upon execution of the encroachment agreements. Director Beckendorff seconded the motion, which carried unanimously.

#### APPROVE LEGAL CONFLICTS WAIVERS

Mr. Boone reviewed with the Board a legal conflicts waiver regarding representation by ABHR of the Authority and Renn Road Municipal Utility District regarding a water line and meter easement, and a legal conflicts waiver regarding representation by ABHR of the Authority and East Aldine Management District regarding a consent to encroachment. Following review and discussion, Director Cannon moved to authorize execution of the legal conflicts waivers. Director Burnett seconded the motion, which passed unanimously.

#### DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report on the Region H Water Planning Group.

#### APPROVE FIRST AMENDMENT TO FINANCIAL GUARANTY AGREEMENT

Mr. Boone reviewed with the Board the First Amendment to Financial Guaranty Agreement between the Authority, MBIA Insurance Corporation and National Public Finance Guarantee Corporation (the "Amendment"). Following review and discussion, Director Wepler moved to approve the Amendment. Director Parker seconded the motion, which carried unanimously.

#### CORRESPONDENCE REGARDING AGGREGATION OF WATER WELL PERMITS

The Board reviewed a September 27, 2009, letter from Howard Cohen requesting to comment on the Authority's rules regarding aggregation of the permits.

#### DISCUSS DIRECTOR APPOINTMENT PROCESS TO FILL VACANCY OF DIRECTOR ART GARDEN'S POSITION (PRECINCT 3)

Mr. Boone reported that one nomination has been received to fill the vacancy on the Board. He reminded the Board that by November 3, 2009, districts/municipalities must submit their nominees for Precinct 3; if more than one candidate is nominated, then by December 15, 2009, a resolution must be submitted from each district/municipality voting for a candidate; and the Board will declare the results of such votes by December, 23, 2009.

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

The Board did not convene in executive 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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