

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

May 13, 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 13th day of May, 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 Directors Rush and Garden, 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.; Debbie Gibson of McCall, Gibson & Company, PLLC; 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 April 8, 2009, meeting. Following discussion, Director Burnett moved to approve the minutes of the April 8, 2009, meeting as submitted. The motion was seconded by Director Parker and passed by unanimous vote.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED  
DECEMBER 31, 2008

Ms. Gibson distributed and reviewed a draft of the audit report for the fiscal year ended December 31, 2008. Following discussion, Director Burnett moved to approve the audit report for the fiscal year ended December 31, 2008. Director Wepler seconded the motion, which carried unanimously.

## REVIEW WATER CONSERVATION CREDIT REPORT

Ms. Gibson reviewed with the Board the water conservation credit report for the period October, 2002 to May 15, 2008, and indicated that there were no adverse findings.

## RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question from the public whether flooding in the Northwest and West Harris County is caused by subsidence, Director Sallee stated that he does not have statistics regarding flooding and subsidence.

## 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 newsletter will be mailed tomorrow.

Ms. Payne also reported that the on-line reporting will begin June 1, 2009.

Ms. Payne requested that the Board consider participation in the Alliance for Water Efficiency. Director Burnett recommended that the Finance Committee discuss the Authority's participation at its next meeting.

Ms. Payne also reported that custom maps have been ordered for the new conservation trailer.

Ms. Payne reported that a water conservation seminar has been scheduled for July 1 and 2, 2009. She requested that the Board consider co-sponsoring the event. Ms. Payne then 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.

## APPROVE EQUIPMENT LEASE AGREEMENT

Mr. Boone reviewed with the Board the Equipment Lease Agreement for the two Mobile Teaching Lab Trailers (the "Agreement"). Following discussion, Director Wepler moved that the Board approve the Agreement, subject to final review by Director Sallee. Director Cannon seconded the motion, which carried unanimously.

## APPROVE MOBILE TEACHING LAB TRAILER TRANSPORT AGREEMENT

Mr. Boone reviewed with the Board the Mobile Teaching Lab Trailer Transport Agreement for the two Mobile Teaching Lab Trailers (the "Agreement"). Following discussion, Director Weppler moved that the Board approve the Agreement, subject to final review by Director Sallee. 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 reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2009 through March is approximately 107.4% of that for last year at this date. Mr. Ahrens reported that approximately 9.60 million gallons per day of surface water was purchased from the City of Houston (the "City") during April.

Mr. Ahrens reported that the Program Management staff continues to help facilitate the review and approval of the North Fort Bend Water Authority ("NFBWA") Contract 0 plans.

Mr. Ahrens reported that the Harris-Galveston Subsidence District is working on scheduling a meeting to discuss the permitting for the 2009/2010 permit period.

Mr. Ahrens then reported that the Program Manager met with the City of Houston (the "City") on April 22, 2009, to discuss the City's participation in the Authority's Second Source Pipeline. He stated that the Program Manager met with the City's staff on May 12, 2009, to discuss the sale of a portion of the City's Jersey Village Well Field to the Authority.

Mr. Ahrens also reported that a conference call was held on May 5, 2009, with the Coastal Water Authority ("CWA"), the City, the four Authorities and the CWA's consultants to discuss the status of the Luce Bayou project.

Mr. Ahrens reported that the 2009 TWCA mid-year conference will be held June 17-19, 2009 in Galveston. Following discussion, Director Beckendorff moved to authorize any interested board members to attend. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens reviewed a letter from Paul Berry, a resident of Bear Creek Village, dated May 9, 2009, regarding the flooding in the Northeast corner of Bear Creek Village.

Mr. Ahrens then reviewed an email from Ben Agee, the operator for Harris County Municipal Utility District No. 163 ("MUD 163"), regarding fluoride for MUD

163's water. Mr. Ahrens stated that he sent the Authority's Water Analysis Report to Mr. Agee and that he informed Mr. Agee that the Authority does not have facilities to add fluoride to the surface water and does not have plans to add such facilities in the future.

Mr. Ahrens reported that DEC is working with SWWC to develop Hurricane Preparedness Procedures.

Mr. Ahrens then reported that DEC is working with the Finance Committee and the Authority's financial advisors regarding the sizing, timing, and funding of the next bond issue.

Mr. Ahrens also reported that DEC recommends that the Authority participate with the North Fort Bend Water Authority ("NFBWA") in its pump station for the 2.0 MGD previously approved plus an additional 11.3 MGD to serve the remaining districts in the Mission Bend area. Following discussion, Director Postle moved that the Board authorize execution of a letter by Director Sallee, which authorizes negotiation with the NFBWA. Director Beckendorff seconded the motion, which carried unanimously.

Mr. Ahrens reported that he approved work authorization No. 16 for Cobb Fendley & Associates, Inc. in the amount of \$1,450.00 for surveying services as revisions to survey drawing 22B-4. Mr. Ahrens then stated that Directors Beckendorff, Cannon, Postle and Wepler of the Design Committee recommended approval of work authorization no. 2 for DEC in the amount of \$85,960.00 for the Authority's GIS website development. Following discussion, Director Wepler moved to approve work authorization no. 2 to DEC. Director Beckendorff seconded the motion, which carried by a vote of six for the motion with Director Sallee abstaining. Mr. Ahrens pointed out the engineer's report should reflect that Director Sallee was not part of the Design Committee's recommendation regarding work authorization no. 2.

#### 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 STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contracts 14A, 14B, 12B, 17A, 11, 23, 20, 21 and Pump Station No. 1.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

The Board took no action on this matter.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, is expected to submit 75% plans for review by the fourth week in May, 2009 or the first week in June, 2009, Sander Engineering, the engineer for Contract 22B, is expected to submit 75% plans for review by the fourth week in May, 2009 or the first week in June, 2009, Jones & Carter, Inc. ("J&C"), the engineer for Contract 22A-2, is expected to submit 75% plans for review by the fourth week in May, 2009 or the first week in June, 2009, and Costello, Inc., the engineer for Contract 22C, is expected to submit 75% plans for review by the fourth week in May, 2009 or the first week in June, 2009.

DISCUSS CAPITAL IMPROVEMENTS PLAN

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

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 4 in the amount of \$146,213.19 for Contract 21, Pay Estimate No. 11 in the amount of \$37,125.00 on Contract 17A, Pay Estimate No. 7 in the amount of \$21,305.70 for Contract 23, Pay Estimate No. 7 in the amount of \$482,270.63 for Contract 11; and Pay Estimate No. 6 in the amount of \$803,991.11 for Contract 20. Upon a motion made by Director Weppler and seconded by Director Cannon, the Board voted unanimously to approve the above mentioned pay estimates.

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

Mr. Ahrens reported that 3,300,000 gallons of Type B credits have been sold to Sheldon Independent School District at a cost of \$1.75 per 1,000 gallons.

ENGAGE LAW FIRM FOR BANKRUPTCY WORK

The Board then considered engaging a law firm for bankruptcy work, if necessary. Following discussion, Director Parker moved that the Board engage Weycer, Kaplan, Pulaski & Zuber, P.C. 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 disbursements in the bookkeeper's report submitted for the Authority's review. Following discussion, Director Wepler moved to approve the bookkeeper's report, the above-mentioned checks, except the checks to J&C and Costello, Inc., and the disbursements reflected in the bookkeeper's report. Director Burnett seconded the motion, which carried by a vote of five for the motion, with Directors Postle and Sallee abstaining. Following discussion, Director Burnett moved to approve the check payable to Costello, Inc. Director Parker seconded the motion, which carried by a vote of five for the motion, with Directors Postle and Beckendorff abstaining. Following discussion, Director Beckendorff moved to approve the check payable to J&C. Director Cannon seconded the motion, which carried by a vote of six for the motion with Director Wepler 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.

## 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 Bar Clay SWC, Ltd., G. O. Weiss, Inc., S-G Owners Association, Inc., Cypress Fairbanks Independent School District, Lone Star College System, Metropolitan Baptist Church, Lowry Development Corporation, and Mischer Investments, L.P. and granting an encroachment to Addicks Utility District. Following discussion, Director Postle moved to authorize acceptance of the water line easements from Bar Clay SWC, Ltd., G. O. Weiss, Inc., S-G Owners Association, Inc., Cypress Fairbanks Independent School District, Lone Star College System, Metropolitan Baptist Church, Lowry Development Corporation, and Mischer Investments, L.P. and granting an encroachment to Addicks Utility District. Director Cannon seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that he submitted revised population and flow projections for the next update of the 2011 Regional Water Plan and attended a meeting/public hearing on May 6, 2009. He stated that the revised projections were approved.

DISCUSS PURCHASE OF ELECTRICITY

Director Sallee reported that the Authority's current electricity costs are \$0.04 per kilowatt.

UPDATE REGARDING 2009 LEGISLATIVE SESSION AND SUPPLEMENTAL ENGAGEMENT LETTER WITH ABHR

Mr. Boone updated the Board on the 2009 legislative session.

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

Mr. Boone 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 Parker and seconded by Director Cannon, the Board voted unanimously to authorize preparation of the annual report.

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 concurred to convene in executive session to discuss the purchase and value of water line easements/right-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 7:27 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:41 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)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
list of persons present at the April 8, 2009, meeting .....	1
engineer's report .....	3
bookkeeper's report .....	6
operator's report.....	6