

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

April 13, 2011

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 April, 2011, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the members of the Board:

Bruce Parker	President
George L. Rush, Jr.	Vice President
Douglas (Cam) Postle	Secretary
Stacey L. Burnett	Assistant Vice President
Eric Hansen	Assistant Secretary
Mark Janneck	Director
Larry Weppler	Director
Karla Cannon	Director
John Nelson	Director

and all of the above were present, except Directors Cannon and 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; and Alex Garcia, Katie Dorfman, 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 March 9, 2011, meeting. Following discussion, Director Hansen moved to approve the minutes of the March 9, 2011, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

QUESTIONS AND FEEDBACK FROM THE PUBLIC

There was no discussion on this matter.

CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

WEBSITE AND CONFERENCE

Ms. Payne reported that the "Rising Cost of Water" has been distributed and that there are additional copies available.

Ms. Payne then reported that the conservation trailer is booked every day through June.

Ms. Payne stated that the Water is Life trailer needs a generator and she is looking into the costs.

The Board then considered authorizing Director Postle's attendance at the International Right of Way Association ("IRWA") conference in Houston, Texas. Following discussion, Director Nelson moved to authorize Director Postle's attendance at the IRWA conference. Director Hansen seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

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 2011 through February is approximately 105% of that for last year at this date. Mr. Ahrens reported that approximately 18.16 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during March.

Mr. Ahrens reported that the Program Manager will submit hydraulic modeling and disinfectant residual mapping of the Authority's 2010 surface water system to the Texas Commission on Environmental Quality ("TCEQ"). He stated that the data will be submitted to the TCEQ by May 13, 2011, in accordance with the Stage 2 Disinfectants and Disinfection Byproducts Rule (DBP2).

Mr. Ahrens then reported that the Program Manager completed the Authority's Annual Storm Water Quality Management Report and permit renewal application. He then requested that the Board authorize submittal of the permit renewal application. Director Wepler moved to authorize submittal of the permit renewal application. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens reported that the Program Manager attended the April 13, 2011, Coastal Water Authority ("CWA") meeting. He stated that the next CWA meeting is scheduled for May 11, 2011.

Mr. Ahrens reported that Texas Water Day at the Capitol will be held April 27, 2011, in Austin, Texas and the TWCA 2011 Mid-Year Conference will be held June 15-17, 2011, in Galveston, Texas. Following discussion, Director Hansen moved to authorize any interested board members to attend the conferences. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens then reported that Harris County Municipal Utility District No. 257 has notified the Authority that it intends to advance funds to the Authority pursuant to the Authority's December 2010 Resolution Authorizing Capital Advance and Reimbursement Procedure.

Mr. Ahrens also reported that the Authority's GIS is being updated to include the well data that was recently acquired by the Authority as part of the Harris Galveston Subsidence District's ("HGSD") annual meter reading report.

Mr. Ahrens reported that the route surveying along Segment B of the Second Source alignment should be completed by the second week of May, 2011.

Mr. Ahrens then reported that the Program Management staff is in the process of determining the easement parcels to be acquired for the Second Source Pipeline project.

Mr. Ahrens also reported that the Program Management staff is continuing to coordinate and work with the HGSD regarding the transfer of responsibilities from the HGSD to the Authority as part of the aggregated permit.

Mr. Ahrens then reported that the Program Managers of the Authority, the North Fort Bend Water Authority ("NFBWA"), the North Harris County Regional Water Authority and the Central Harris County Regional Water Authority are working on an outline of the additional work that needs to be done on the Espey Treatability Study.

Mr. Ahrens reported that letters were mailed in April, 2011 to numerous well owners that are part of the Authority's groundwater reduction plan ("GRP"). He stated that well owners are required to test the accuracy of their water meters and submit a certificate of the test results to the Authority and the HGSD within 30 days of the date of the letter.

Mr. Ahrens then reported that the HGSD conducted a stakeholder meeting to discuss the status of the re-evaluation of the HGSD 1999 Plan.

Mr. Ahrens also reported that the sale of 50,000 gallons of Type A credits to Alameda United Methodist Church in the amount of \$187.50 has been finalized.

Mr. Ahrens reported that Bear Creek RV, LP is requesting to drill a well on its property located within Rolling Creek Utility District. He stated that Bear Creek RV, LP

may be eligible to join the Authority's GRP if its well is subject to HGSD groundwater reduction requirements. Following discussion, Director Postle moved to grant Bear Creek RV, LP's request for inclusion in the Authority's GRP on the condition that the HGSD determine that its well is subject to HGSD groundwater reduction requirements. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens then reported that General Growth Properties owns a well with pumpage that exceeded the permit allocation for the permit period ending November 30, 2010. He stated that the HGSD has determined that the well should have been in the Authority's GRP for the permit period beginning December 1, 2009. Following discussion, Director Hansen moved to authorize an invoice to be sent to General Growth Properties for the pumpage fees. Director Nelson seconded the motion, which carried unanimously.

Mr. Ahrens then reported that letters were sent to the five well owners in the Fort Bend Subsidence District ("FBSD") that are part of the Authority's GRP regarding the Authority's reimbursement of FBSD permit fees. He stated that Katy Independent School District ("Katy ISD") has requested reimbursement in the amount of \$200.00 for the permit period of January 1, 2010 to December 31, 2010, and \$287.00 for the permit period January 1, 2011, to December 31, 2011. Mr. Ahrens recommended that Katy ISD be reimbursed \$200.00 for the permit period of January 1, 2010 to December 31, 2010, and reimbursement for the permit period January 1, 2011, to December 31, 2011, be held until the end of the permit year. He then recommended that the City of Katy be reimbursed \$6,000 for the permit period of January 1, 2010 to December 31, 2010 and reimbursement of \$6,000 for the permit period January 1, 2011, to December 31, 2011, be held until the end of the permit year. Following discussion, Director Weppler moved to approve reimbursement to Katy ISD and the City of Katy. Director Postle seconded the motion, which carried by a vote of six for the motion with Director Nelson abstaining.

REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that Harris County Municipal Utility District No. 208 ("MUD 208") submitted a request for additional reimbursement for engineering fees in excess of the limits provided in the Authority's Rate Order. Following discussion, Director Hansen moved to deny MUD 208's request. Director Nelson seconded the motion, which carried unanimously.

Mr. Ahrens then reported that Harris County Municipal Utility District No. 163 ("MUD 163") submitted a request for reimbursement in the amount of \$1,198.00 for lost water due to malfunction of Authority equipment. Following discussion, Director Postle moved to approve the reimbursement request as full and final payment, subject to execution of a receipt and release by MUD 163. Director Hansen seconded the motion, which carried by a vote of six for the motion with Director Weppler abstaining.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING

Mr. Ahrens reported that the Authority has received a letter from the TWDB that the TWDB did not receive approval to issue Water Infrastructure Funds ("WIF") bonds for the Authority's Second Source Line project.

AUTHORIZE SUBMITTAL OF 2011 DRINKING WATER NEEDS SURVEY TO THE TWDB

Mr. Ahrens requested that the Board authorize submittal of the 2011 Drinking Water Needs Survey to the TWDB. Following discussion, Director Weppler moved to authorize submittal of the 2011 Drinking Water Needs Survey to the TWDB, subject to final review by the District's attorney and Director Parker. Director Hansen seconded the motion, which carried unanimously.

STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contract 19A and the hot box repairs, the ground storage tanks' and Pump Station No. 1 Security/CCTV contracts.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 15 in the amount of \$346,498.50 for the ground storage tanks' project and Pay Estimate No. 9 in the amount of \$92,906.66 for the hot box repairs. Upon a motion made by Director Weppler and seconded by Director Nelson, the Board voted unanimously to approve the above mentioned pay estimates.

WATER SUPPLY CONTRACT WITH THE CITY

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

ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

Mr. Ahrens reported that the start of construction for the early delivery projects for Contracts 22A-1, 22A2 and 22B have been delayed from November 2010 to November 2011.

The Board considered approving a Professional Services Agreement with Costello, Inc. (the "Agreement") for construction phase services and additional design services for Contract 22C. Following discussion, Director Weppler moved to approve the Agreement. Director Nelson seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

The Board considered approving a Right-of-Way Services Agreement with Property Acquisition Services, Inc. Following discussion, and upon a motion made by Director Postle and seconded by Director Hansen, the Board voted unanimously to approve the Right-of-Way Services Agreement.

Mr. Ahrens discussed Addendum No. 1 to the contract with Sander Engineering Corporation and Addendum No. 1 to the contract with Klotz Associates, Inc. Director Wepler moved to approve Addendum No. 1 to the contract with Sander Engineering Corporation and Addendum No. 1 to the contract with Klotz Associates, Inc. Director Hansen seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Mr. Ahrens requested approval of work authorization no. 1 for Lockwood, Andrews & Newnam, Inc. in the amount of \$9,045.00 for topographic surveying of the site improvements along the Contract 22A1 water transmission main alignment. Following discussion, Director Hansen moved to approve work authorization no. 1 for Lockwood, Andrews & Newnam, Inc. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens then requested approval of work authorization no. 5 for Jones & Carter, Inc. in the amount of \$6,350.00 for site reconnaissance along the Contract 22A2 water transmission main alignment. Following discussion, Director Hansen moved to approve work authorization no. 5 for Jones & Carter, Inc. Director Postle seconded the motion, which carried by a vote of six for the motion with Director Wepler abstaining.

Mr. Ahrens also requested approval of work authorization no. 2 for Sander Engineering Corporation in the amount of \$18,047.74 for topographic surveying of the site improvements along the Contract 22B water transmission main alignment. Following discussion, Director Nelson moved to approve work authorization no. 2 for Sander Engineering Corporation. Director Hansen seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Mr. Ahrens requested approval of work authorization no. 1 for Costello, Inc. in the amount of \$9,108.00 for topographic surveying of the site improvements along the Contract 22C water transmission main alignment. Following discussion, Director Hansen moved to approve work authorization no. 1 for Costello, Inc. Director Nelson seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

CAPITAL IMPROVEMENT PLAN ("CIP")

Mr. Ahrens reported that the first draft of the 2020 CIP was presented to the Design Committee on December 7, 2010.

APPROVE CHANGE ORDER TO WEBSITE DEVELOPMENT AND MANAGEMENT AGREEMENT

The Board then considered approving Change Order No. 1 to the Website Development and Management Agreement. Following discussion, and upon a motion made by Director Postle and seconded by Director Janneck, the Board voted unanimously to approve Change Order No. 1.

BOOKKEEPER'S REPORT

Ms. Garcia 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. She stated that she has voided check no. 6022. Ms. Garcia then reviewed the following checks: (1) check no. 6052 in the amount of \$663.51 payable to Eric Hansen; (2) check no. 6053 in the amount of \$480.67 payable to Karla Cannon; (3) check no. 6054 in the amount of \$1,198.00 payable to MUD 163; (4) check no. 6055 in the amount of \$200.00 payable to Katy ISD; and (5) check no. 6056 in the amount of \$6,000.00 payable to the City of Katy. Director Burnett moved to approve the bookkeeper's report, the above-mentioned checks, the disbursements reflected in the bookkeeper's report, and the monthly investment report. Director Hansen seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining. A copy of the bookkeeper's report is attached.

CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS, INCLUDING IMPOSITION OF CIVIL PENALTIES

The Board took no action on this matter.

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.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Van Dyke requested that the Board approve the annual report on the implementation of the Water Conservation Plan. After discussion, Director Weppler moved to approve the annual report on the implementation of the Water Conservation Plan. Director Postle seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board considered adopting an Amended Resolution Authorizing Acquisition of Real Property Interests for the Bybee tract. Following discussion,

Director Postle moved to adopt the Resolution. Director Hansen seconded the motion, which carried unanimously.

STATUS OF GROUNDWATER REDUCTION PLAN ("GRP")

The Board took no action on this matter.

REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board took no action on this matter.

REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the San Jacinto River Authority will submit a grant application for financial assistance to the TWDB on behalf of the Region H Water Planning Group on April 8, 2011. He stated that a public meeting regarding the application will be held on May 4, 2011, in Conroe.

CONVENE EXECUTIVE SESSION TO DISCUSS THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board concurred to convene in executive session to discuss the purchase or value of real property and consultation with attorney regarding any pending or contemplated litigation. The Board entered executive session at 7:06 p.m.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:50 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.

(SEAL)

Secretary, Board of Directors

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