

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

May 11, 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 11th day of May, 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 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; Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC; Barbara Payne of Payne Communications; and Jim Boone, Katie Sherborne, 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 13, 2011, meeting. Following discussion, Director Weppler moved to approve the minutes of the April 13, 2011, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question regarding an additional reimbursement request from Harris County Municipal Utility District No. 208 ("MUD 208"), for engineering fees, Mr. Ahrens reported that the Board denied MUD 208's request.

CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2010

Ms. Gibson distributed and reviewed a draft of the audit report for the fiscal year ended December 31, 2010. Following discussion, Director Hansen moved to approve the audit report for the fiscal year ended December 31, 2010, subject to final review. Director Nelson seconded the motion, which carried unanimously.

WEBSITE AND CONFERENCE

Ms. Payne reported that the cost to renew the Alliance for Water Efficiency annual membership would be \$500.00. Following discussion, Director Janneck moved to approve renewing the Alliance for Water Efficiency annual membership. Director Nelson seconded the motion, which carried by a vote of six for the motion with Directors Wepler and Postle voting against the motion.

Ms. Payne reported that the estimated cost of the generator for the Water is Life trailer would be \$7,000.00, of which the Authority's cost would be \$3,500.00 and the North Harris County Regional Water Authority's cost would be \$3,500.00. Following discussion, Director Wepler moved to approve the purchase of the generator. Director Burnett seconded the motion, which carried unanimously.

Ms. Payne stated that various videos will be added to the Authority's website. Following discussion, the Board concurred that the Communications Committee would review all videos before they are added to the Authority's website.

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 March is approximately 111% of that for last year at this date. Mr. Ahrens reported that approximately 24.45 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during April.

Mr. Ahrens reported that the Program Manager submitted the Authority's Annual Storm Water Quality Management Report, permit renewal application and fee to Harris County on April 15, 2011.

Mr. Ahrens reported that the Program Manager attended the May 11, 2011, Coastal Water Authority ("CWA") meeting. He stated that the next CWA meeting is scheduled for June 8, 2011.

Mr. Ahrens reported that an email was received from Jones & Carter, Inc., dated April 25, 2011, on behalf of Harris County Municipal Utility District No. 172 ("MUD 172"), requesting that the Authority participate in the installation of a pipeline that would extend from the Contract 22 surface water transmission main to MUD 172's future plant. He then requested that the Board authorize a letter to be sent to MUD 172 granting its request. Following discussion, Director Postle moved to authorize sending a letter to MUD 172. Director Janneck seconded the motion, which carried by a vote of seven for the motion with Director Weppeler abstaining.

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 reported that the 2011 Drinking Water Needs Survey will be submitted to the TWDB on May 12, 2011.

Mr. Ahrens then reported that the City of Houston has forwarded its proposed water rate for the fiscal year 2012.

Mr. Ahrens reported that the Program Manager submitted an application on April 29, 2011, for Over-Conversion Credits for the districts within the boundaries of the Authority that used surface water during the permit term December 1, 2009, to November 30, 2010.

Mr. Ahrens also reported that the sale of 1,160,000 gallons of Type A credits to Bio Landscape and Maintenance, Inc. in the amount of \$4,350.00 has been finalized.

REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that Harris County Municipal Utility District No. 208 ("MUD 208") is requesting reimbursement for operator time associated with the surface water conversion in February, 2007. He stated that the operator's fees are not for construction work. Following discussion, Director Weppeler moved to deny MUD 208's request. Director Postle seconded the motion, which carried unanimously.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING

Mr. Ahrens stated that he nothing new to report.

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. 1 in the amount of \$89,926.36 for Contract 19A and Pay Estimate No. 10 in the amount of \$66,317.48 for the hot box repairs. Upon a motion made by Director Cannon and seconded by Director Hansen, 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 Master Services Agreement with Berg Oliver Associates, Inc. (the "Agreement") for environmental services. Following discussion, Director Hansen moved to approve the Agreement. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens discussed Addendum No. 1 to the contract with Jones & Carter, Inc. Director Cannon moved to approve Addendum No. 1 to the contract with Jones & Carter, Inc. Director Janneck seconded the motion, which carried by a vote of seven for the motion with Director Wepler abstaining.

Mr. Ahrens reported that the Program Manager approved work authorization no. 7 for Top Results Title Services in the amount of \$125.00 for abstracting services.

Mr. Ahrens then requested approval of work authorization no. 6 for Jones & Carter, Inc. in the amount of \$9,000.00 for preparation of replacement construction plan and profile sheets to illustrate the revised horizontal and vertical alignments of a segment of the Contract 22A2 surface water transmission pipeline, work authorization no. 1 for Berg Oliver Associates, Inc. in the amount of \$5,800.00 for environmental

services which includes a wetland delineation for the Authority's future West Pump Station site, and work authorization no. 2 for DEC in the amount of \$156,670.00 for providing enhancements, data updates and maintenance to the Authority's GIS website. Following discussion, Director Janneck moved to approve work authorization no. 5 for Jones & Carter, Inc., work authorization no. 1 for Berg Oliver Associates, Inc. and work authorization no. 2 for DEC. Director Nelson seconded the motion, which carried by a vote of seven for the motion with Director Wepler abstaining.

CAPITAL IMPROVEMENT PLAN ("CIP")

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

ENCROACHMENTS OF EASEMENTS OR OTHER REALTY INTERESTS, INCLUDING ACCEPT CONVEY, MODIFY, OR RELEASE ENCROACHMENT AGREEMENTS

The Board then discussed granting an encroachment to Harris County Municipal Utility District No 188 ("MUD 188") to construct a building within the Authority's water line and meter easement on MUD 188's water plant site. Director Wepler moved to approve granting an encroachment to MUD 188, contingent upon execution of the encroachment agreement. Director Cannon seconded the motion, which carried unanimously.

The Board then discussed granting an encroachment to Diamond S Energy Company ("Diamond S") to install a four-inch diameter pipeline within the Authority's easement along Tuckerton Road. Director Nelson moved to approve granting an encroachment to Diamond S, contingent upon execution of the encroachment agreement and reimbursing the Authority for all costs associated with modifying the plans for construction of the Authority waterline that is expected to occur in 2012. Director Janneck seconded the motion, which carried unanimously.

The Board then discussed granting an encroachment to Caltex Dental PA to install a 24-inch diameter corrugated metal storm sewer outfall and landscaping and paving for a parking lot within the Authority's easements. Director Wepler moved to approve granting an encroachment to Caltex Dental PA, contingent upon execution of the encroachment agreement. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens reported that Harris County Municipal Utility District No. 501 ("MUD 501") has installed a water meter vault within the Authority's easement along Tuckerton Road. He then requested that the Board authorize a letter to be sent informing MUD 501 that the Authority would grant the encroachment contingent upon execution of the encroachment agreement and reimbursing the Authority for all costs associated with relocating the future Authority line. Director Hansen moved to

authorize sending the letter to MUD 501. Director Janneck seconded the motion, which carried unanimously

Director Wepler reported that Northwest Pipe Company, the manufacturer of 96-inch pipe, in Saginaw, Texas has invited the Authority to tour the plant. Following discussion, Director Wepler moved to authorize up to four Board members to attend the tour. Director Hansen seconded the motion, which carried unanimously.

APPROVE CONTRACT WITH ECONOMISTS.COM FOR RATE ANALYSIS

The Board discussed approving a contract with Economists.com to perform rate study work regarding the Authority's rates at a cost not to exceed \$20,000. Following discussion, Director Burnett moved that the Board approve the contract with Economists.com. Director Hansen seconded the motion, which carried unanimously.

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. Ms. Garcia then reviewed the following checks: (1) check no. 6104 in the amount of \$500 payable to Savvas Stefanides; (2) check no. 6105 in the amount of \$500.00 payable to George Polydoros; (3) check no. 6106 in the amount of \$500.00 payable to Jeffrey Newport. Director Nelson 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 Burnett 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.

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.

The Board requested that Mr. Van Dyke verify the amount of water being used by Harris County Municipal Utility District No. 166.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board considered adopting a Resolution Authorizing Acquisition of Real Property Interests for the West Pump Station site. Following discussion, Director Postle moved to adopt the Resolution. Director Cannon seconded the motion, which carried unanimously.

STATUS OF GROUNDWATER REDUCTION PLAN ("GRP")

The Board took no action on this matter.

REALTY INTEREST ACQUISITION AND CONVEYANCE, INCLUDING ACCEPT, CONVEY, MODIFY, OR RELEASE EASEMENTS, EASEMENT AGREEMENTS, ASSIGNMENTS OF EASEMENTS, AND DEEDS

The Board took no action on this matter.

REGION H WATER PLANNING GROUP

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

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 Nelson and seconded by Director Hansen, the Board voted unanimously to authorize preparation of the annual report.

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 6:56 p.m.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:17 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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