

**HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 52**

**MINUTES OF BOARD OF DIRECTORS MEETING**

April 12, 2010

The Board of Directors (the "Board" or "Directors") of Harris County Fresh Water Supply District No. 52 (the "District") met in regular session open to the public, at 3:00 p.m., at the District's meeting place located at 6333 F.M. 1960 West, Houston, Texas 77069, on Monday, April 12, 2010, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, whereupon the roll was called of the members of the Board, to-wit:

R. R. (Rudy) Avila	President
Alfred B. Taylor	Vice President
William S. Dillon	Secretary
Tom Dunn	Treasurer
Bob Pryor	Assistant Secretary/Treasurer

All members of the Board were present. Also attending were: Gus Gustafson of SouthWest Water Company ("SWWC" or "Operator"); Karen Hoffpauir ("Bookkeeper"); Bill Rosenbaum of Lockwood, Andrews & Newnam ("Engineer"); and Regina Adams, attorney, and Mirna Jakupovic, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney" or "JRPB").

The President, after finding that the notice of meeting was posted as required by law and determining that a quorum of the Board of Directors was present, called the meeting to order at 3:00 p.m. and declared it open for such business as may regularly come before it.

1. **Public Comment.** Director Avila informed the Board of his correspondence with George McCullough, a resident of Champions Place, regarding a letter Mr. McCullough received from SWWC related to the past due balance on his account. Discussion ensued and Mr. Gustafson stated that SWWC may waive penalties and interest as a one-time courtesy to those customers with a good payment record.

Director Avila then recommended and the Board concurred to waive the penalties and interest on Mr. McCullough's account as a one-time courtesy due to his good payment record.

2. **Adopt Order Declaring Unopposed Candidates Elected to Office and Canceling Election.** Next, Ms. Adams presented to and reviewed with the Board an Order Declaring Unopposed Candidates Elected to Office and Canceling Election (the "Order"), a copy of which is attached hereto as Exhibit "A". Ms. Adams reported that the deadline for filing an application for place on the ballot and declaration of write-in candidacy passed without anyone making an application to run for the Board of Directors in the May 8, 2010 Election, therefore, the Board could cancel the Directors election. Ms. Adams also stated that the Board may elect its officers on the May 10, 2010 Board meeting.

Upon motion by Director Prior, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board adopted the Order as presented.

3. **Approval of minutes of the March 8, 2010 meeting.** Upon motion by Director Pryor, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the minutes of March 8, 2010 as presented.

4. **Bookkeeper's Report.** Ms. Hoffpauir then presented to and reviewed with the Board the Bookkeeping Report, a copy of which is attached hereto as Exhibit "B". She presented for approval Check Nos. 6323 to 6351 on the Operating Fund and discussed various expenditures and balances. Ms. Hoffpauir noted that the Sterling Bank loan has been repaid.

Then, upon motion by Director Taylor, seconded by Director Dillon, after discussion and with all Directors present voting aye, the Board (i) approved the Bookkeeper's Report as presented; and (ii) authorized payment of Check Nos. 6323 to 6351 from the Operating Fund in the amounts, to the persons, and for the purposes listed in the Report. [Ms. Hoffpauir departed the meeting following her report.]

5. **Engineer's Report.** The President next recognized Mr. Rosenbaum who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "C".

A. **Sanitary Sewer System Phases 1 & 2 Rehabilitation.** Mr. Rosenbaum reported that the Sanitary Sewer System Phases 1 & 2 Rehabilitation plans have been combined with the results of the TV surveys to produce a Phase 1 & 2 plan set. The estimated cost for the Sanitary Sewer Phase 1 Rehab is \$227,369 and \$172,659 for Phase 2. The project is ready for advertising for bids.

B. **Chloramine Conversion.** Mr. Rosenbaum reported that the contractor is Nunn Construction. The pre-construction meeting was held on May 27, 2009. Mr. Rosenbaum informed the Board that the system is on line and the project is substantially complete. Mr. Rosenbaum noted that that the Engineer is waiting on delivery of surface water and an operational period prior to closing out the project. The Board then discussed the amount of surface water which needs to be taken by the District, and Mr. Rosenbaum stated that North Harris County Regional Water Authority (the "Authority") is yet to inform the District as to the amount and that he will contact Tom Roland regarding such.

Mr. Rosenbaum next recommended the Board approve Pay Application No. 7 in the amount of \$25,240.00 to Nunn Constructors, Ltd for the Water Plant Chloramine Conversion project, a copy of which is attached to the Engineer's report.

C. **Insurance Replacement Values:** Mr. Rosenbaum also presented to the Board insurance replacement values and stated that the values have remained the same as there was no increase in construction costs.

Upon motion by Director Dunn, seconded by Director Dillon, after discussion and with all Directors present voting aye, the Board approved (i) the Engineering Report as presented; and (ii) Pay Application No. 7 in the amount of \$25,240 to Nunn Construction for the Water Plant Chloramine Conversion project.

[Mr. Rosenbaum departed the meeting following his report.]

6. **Operator's Report.** The President recognized Mr. Gustafson who presented and reviewed with the Board, the Operator's Report, a copy of which is attached hereto as Exhibit "C". Mr. Gustafson first reviewed the written Operations Report with the Board, including the productivity report, which indicated that the District's billed vs. produced water accountability rating was 91.2% for the period from February 11, 2010 to March 11, 2010.

Mr. Gustafson reviewed with the Board the District's Red Flag Compliance Report and recommended no changes as everything seems to be in order.

Mr. Gustafson also reviewed the Consumer Confidence Report and requested the report be added on the next meeting agenda for the Board approval.

Mr. Gustafson next reviewed the Termination List for the Board and stated that the accounts for Melvin Bund, Karen Hunter and Tanya Morrison need to be further investigated to determine accuracy of their water usage.

Next, Mr. Gustafson discussed water quality issues in the communities with master meters and stated that the Attorney's office has no evidence of the District ever entering into agreements with those metered communities. Mr. Gustafson expressed his concern about keeping the water clean with the upcoming conversion and recommended that SWWC continue flushing. Mr. Gustafson also suggested installation of two flushing devices at the cost of \$875.00 each due to the water safety issues.

Responding to Director Pryor's questions, Mr. Gustafson stated that SWWC would conduct routine check of the valves while checking dead-end-lines and the maintenance cost would be minimal.

Discussion next followed regarding the costs and Ms. Adams recommended the Board to request a letter from the Homeowners Association (the "HOAs") in each community authorizing the District to install the valves at the HOAs' cost and authorizing the District to obtain easements for the valves and provide access for the District personnel to operate and maintain them.

The Board concurred with Ms. Adams's recommendation and Mr. Gustafson stated that he will contact the HOAs Presidents to verify if they would finance the installation of the flushing valves and authorize the District to obtain the easements.

Upon motion by Director Pryor, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved (i) the Operator's Report; and (ii) the

Termination List after verifying that all customers on the list have been notified of the opportunity to attend the meeting to address the Board regarding their bills and failure to respond would result in termination of utility service at any time after this meeting.

7. Attorney's Report, including Champions North Abandonment of Easement.

Ms. Adams reported that Jolie Lenz, JRPB's real estate attorney, is in the process of completing the above-referenced Abandonment of Easement and should have it completed by the next meeting.

8. **New Business:**

A. Discuss Insurance Renewal. Ms. Adams next reported that the District's insurance with AquaSurance expires on June 11, 2010 and inquired whether the Board would like to solicit additional proposal. Following a discussion, the Board directed the Attorney to solicit proposals from Anco-McDonald Waterworks and AquaSurance and forward them to the Board for review as soon as received.

B. Renewal and extension of Sterling Bank Loan. Ms. Adams reported that Neil Ridgley with Sterling Bank informed the Attorney that the terms of the proposed loan will be available within the next couple of days.

C. Water Smart Program. No action was taken on this matter.

D. Website Design and Newsletter Proposal. The Board next considered the previously submitted proposal from Payne Communications for newsletter and website design, a copy of which is attached hereto as Exhibit "D". Upon motion by Director Pryor, seconded by Director Dillon, after full discussion and with all Directors present voting aye, the Board approved the proposal submitted by Payne Communications and authorized the President's execution of same.

E. Repair of Booster Pump No. 3 at the Water Plant. Next, Director Avila questioned Mr. Gustafson regarding the condition of Booster Pump No. 3. Mr. Gustafson informed the Board that the pump needs to be repaired as the replacement would cost too much. Mr. Gustafson also noted that the District will not have to file an insurance claim for the replacement.

Upon motion by Director Pryor, seconded by Director Dillon, after full discussion and with all Directors present voting aye, the Board authorized the repair of Booster Pump No. 3 at the cost not to exceed \$5,500.

F. The Green Medians Committee. Director Pryor then updated the Board on the fundraising efforts of the Green Medians Committee stating the FM 1960 medians project is underway. Director Pryor also stated the Committee has raised \$275,000 and at this stage needs additional funds for the vegetation. He then noted that the Committee is facing an April 30 deadline.

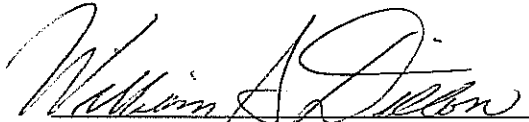
Director Pryor also updated the Board on Bermuda Dunes improvements stating the project should be completed the next month.

- G. Other Matters. Director Avila stated that he will attend the Association of Water Board Directors (the "AWBD") Spring Breakfast meeting on Wednesday, April 14, 2010, and report back to the Board.

9. **Adjournment.**

There being nothing further to come before the Board, the Board adjourned the meeting at 4:30 p.m.

Passed and approved this 10<sup>th</sup> day of May 2010.

  
Secretary, Board of Directors

**Exhibits:**

- Exhibit "A" – Bookkeeper's Report
- Exhibit "B" – Engineer's Report
- Exhibit "C" – Operator's Report
- Exhibit "D" – Payne Communications Proposal

