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HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 52

MINUTES OF BOARD OF DIRECTORS MEETING

January 11, 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, January 11, 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 except Director Taylor. Also attending were: Gus Gustafson of SouthWest Water Company ("SWWC" or "Operator"); Bill Rosenbaum of Lockwood, Andrews & Newnam ("Engineer"); Karen Hoffpauir ("Bookkeeper"); Barbara Payne of Payne Communications.; and Andrew P. Johnson, III, 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.** There were no members of public present.
2. **Communications presentation from Barbara Payne, Payne Communications.** The President recognized Ms. Payne who informed the Board regarding services offered by Payne Communications stating that Districts are using brochures and/or newsletters to inform residents about raising water costs, water conservation and chloramine conversion. She added that the services of Payne Communications include creation and design of newsletters, brochures, and websites. Ms. Payne then distributed copies of newsletters and brochures and informed the Board regarding the Water Smart Program. She then reviewed the costs associated with the Water Smart Program. Ms. Payne also noted the benefits of having a District website, explained the structure of a website, and stated that a website is a great way for residents to obtain information during an emergency. Mr. Gustafson added that a website also allows instant posting of notices such as boil-water notices. Ms. Payne then reported that an estimated cost of a newsletter would be \$500.00 but it depends on the number of newsletters delivered with a minimum order of 1000. She further noted that each newsletter is four pages long and contains generic articles prepared by water industry experts. Mr. Payne also stated that Payne Communications charges \$1,500.00 to \$1,700.00 one-time fee to create and design a website and

less than \$50.00 for the monthly maintenance. Discussion next ensued regarding the services discussed by Ms. Payne, after which Ms. Payne thanked the Board for their time and stated that she will send more pricing information to the Board.

3. **Approval of minutes of the December 14, 2009 meeting.** Upon motion by Director Pryor, seconded by Director Dillon, after full discussion and with all Directors present voting aye, the Board approved the minutes of December 14, 2009 as presented.

4. **Bookkeeper's Report.** The President then recognized Ms. Hoffpauir, who presented to and reviewed with the Board the Bookkeeping Report, a copy of which is attached hereto as Exhibit "A". Ms. Hoffpauir next presented for approval Check Nos. 6246 to 6268 on the Operating Fund and discussed various expenditures and balances.

Upon motion by Director Dunn, seconded by Director Dillon, after discussion and with all Directors present voting aye, the Board approved (i) approve the Bookkeeper's Report as presented; (ii) authorize payment of Check Nos. 6246 to 6268 from the Operating Fund in the amounts, to the persons, and for the purposes listed in the Report; and (iii) approved the Investment Report as presented. [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 "B".

- A. **Sanitary Sewer System Phases 1 & 2 Rehabilitation.** Mr. Rosenbaum reported on the Sanitary Sewer System Phases 1 & 2 Rehabilitation, stating the previously completed Phase 1 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. Submittals on the project have been made and reviewed. The conduits and taps have been installed for the feed lines. The building slab has been installed. The Contractor is finishing the installation.

Mr. Rosenbaum next reviewed with the Board Pay Application No. 4, attached to the Engineer's report, and requested the Board authorize payment to Nunn Contractors in the amount of \$65,241.00 in connection with the Water Plant chloramine conversion project.

Upon motion by Director Pryor, seconded by Director Dillon, after full discussion and with all Directors present voting aye, the Board approved Pay Application No. 4 to Nunn Contractors in the amount of \$65,241.00.

- C. Water Plant No. 1 Ground Storage Tank No. 2 Interior Re-coating. Mr. Rosenbaum reported that the last inspection was held on October 24, 2007. The Board awarded the project to M.K. Painting on October 14, 2009. A Notice to Proceed was issued on November 9, 2009. Contractor is substantially complete. A TCEQ inspection is scheduled for January 12, 2010. The final pay will be presented at the February 8, 2010 Board meeting.

Mr. Rosenbaum next reviewed with the Board Pay Application No. 4, attached to the Engineer's report, and requested the Board authorize Pay Application No. 4 in the amount of \$31,050.00 to M.K. Painting in connection with the Water Plant No. 1 GST No. 2 interior re-coating.

Upon motion by Director Dunn, seconded by Director Pryor, after full discussion and with all Directors present voting aye, the Board approved Pay Application No. 4 to M.K. Painting in the amount of \$31,050.00.

- D. Non-Potable Water Re-use (NPW) System for the Wastewater Treatment Plant. Mr. Rosenbaum reported the Board awarded the project to T&C Construction on December 14, 2009. The Notice to Proceed was issued on January 4, 2010, with 120 calendar days to substantial completion.

Upon motion by Director Pryor, seconded by Director Dillon, after discussion and with all Directors present voting aye, the Board approved the Engineering Report as presented.

6. **Operator's Report.** Mr. Gustafson then 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 92% for the period from November 7, 2009 to December 12, 2009.

Mr. Gustafson then reviewed the termination list with the Board and updated the Board on the account for Bob Eisele stating that Mr. Eisele's account has been credited for penalties.

Mr. Gustafson noted that he will need to investigate the accounts for Shellie Hayes and Ted Janek to determine accuracy of their water usage. The Board also requested that Mr. Gustafson check the account of J.L. Lawson residing at 6006 Bermuda Dunes as the house has been vacant for six months and on the market for sale.

Director Avila reported on a leaking hydrant located at Champions Bend Circle and stated that he tried to contact SWWC customer service but received no response. Mr. Gustafson stated that he will investigate the matter and report to the Board regarding same.

Mr. Gustafson next discussed service calls received during the last week's freeze stating that no major issues have been identified. He also reviewed with the Board a summary of the

customer calls for the month of November for the District, a copy of which is attached to the Operator's Report.

Mr. Gustafson then requested the Board consider an Amendment to the Operator's Contract in connection with Red Flag Rules discussed at the previous Board meeting.

Mr. Gustafson then reported on additional costs to SWWWC due to the chloramine conversion and stated that on average, it will take an additional hour a day for testing of chloramine. Mr. Gustafson next requested the Board consider an amendment to the Operator's contract at the next Board meeting, noting the Amendment will take effect once the conversion begin.

Upon motion by Director Dunn, seconded by Director Pryor, after full discussion and with all Directors present voting aye, the Board approved (i) the Operator's Report; (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; and (iii) the Amendment to the Operator's Contract in connection with Red Flag Rules.

7. **Election Agenda.**

- A. Review and discuss locations of polling places and obtaining election judges and clerks for the May 8, 2010 directors election. Mr. Johnson reminded the Board that this is an election year and that the Directors Election will be held on Saturday, May 8, 2010. Mr. Johnson also stated the District will need to obtain election judges and clerks and determine the polling locations. Director Avila stated that the District will probably be able to conduct polling at the John Wesley United Methodist Church, same as during the previous elections.
- B. Authorize preparation of submission letter(s) to the U.S. Department of Justice under Section 5, Voting Rights Act regarding changes in voting procedures and possible changes in polling place(s) and/or time(s).

Mr. Johnson then stated that a submission to the Department of Justice under the Voting Rights Act of 1965 will not be necessary considering no changes in polling locations within the District.

8. **Attorney's Report.**

- A. Garbage and Recycling Services. Mr. Johnson next discussed garbage and recycling services stating the District, unlike the homeowners association ("HOA"), has the authority to terminate water services for delinquent accounts. Mr. Johnson also noted that the District is not required to pay sales tax as long as the costs are bundled in the sewer rate. The Board next discussed benefits to the community and the HOA and Mr. Johnson stated the HOA would benefit by being able to use the funds previously intended for the garbage services to fund

development projects within the community. Mr. Johnson pointed out that the Board should inform all HOAs within the District about the option to transfer the management of garbage and recycling contracts to the District. Mr. Johnson also discussed reasons some Districts manage security contracts rather than HOAs. No action was taken on this matter.

- B. Update Strategic Partnership List. Mr. Johnson distributed the updated SPA list to the Board, a copy of which is attached hereto as Exhibit "D".
- C. Attorney Rate Increase. Mr. Johnson then presented to and reviewed with the Board the JRPB fee increase letter, a copy of which is attached hereto as Exhibit "E". Upon motion by Director Dunn, seconded by Director Dillon, after full discussion and with all Directors present voting aye, the Board authorized execution of the JRPB fee increase letter.

9. **New Business:**

- A. Beautification of the Bermuda Dunes Bridge at Paradise Valley. This matter is tabled until the next Board meeting.
- B. Information from Stuckey's Contract Services. This matter is tabled until the next Board meeting.

10. **Adjournment.**

There being nothing further to come before the Board, the Board adjourned the meeting at 5:25 p.m.

Passed and approved this 8<sup>th</sup> day of February 2010.

  
Secretary, Board of Directors

**Exhibits:**

- Exhibit "A" – Bookkeeper's Report
- Exhibit "B" – Engineer's Report
- Exhibit "C" – Operator's Report
- Exhibit "D" – SPA Business List
- Exhibit "E" – JRPB fee increase letter

