

110070-14

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 52

MINUTES OF BOARD OF DIRECTORS MEETING

March 8, 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, March 8, 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:

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| 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 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. **Approval of minutes of the February 10, 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 February 8, 2010 as presented.
3. **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 "A". She presented for approval Check Nos. 6297 to 6322 on the Operating Fund and discussed various expenditures and balances.

Next, Director Dunn updated the Board on his conversations with Neil Ridgley of Sterling Bank, N.A. (the "Bank") regarding the District's Revenue Anticipation Note (the "RAN"). Director Dunn stated that per the Board's request, he informed Mr. Ridgley that the Board would like to pay off the existing RAN and issue new RAN for upcoming capital expenditures. Mr. Ridgley stated that he will present the request to the Bank's Loan Committee.

Then, Upon motion by Director Dillon, seconded by Director Pryor, after discussion and with all Directors present voting aye, the Board (i) approved the Bookkeeper's Report as presented; (ii) authorized payment of Check Nos. 6297 to 6322 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.]

4. **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 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 Operator training and submission of the Operation and Maintenance Manuals are scheduled for Wednesday, March 10, 2010.

Mr. Rosenbaum next recommended the Board approve Pay Application No. 6 in the amount of \$23,922 to Nunn Constructors, Ltd for the Water Plant Chloramine Conversion project, a copy of which is attached to the Engineer's report.

- C. 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. Mr. Rosenbaum further noted that the electrical work is underway.

Next, Mr. Rosenbaum recommended the Board approve Pay Application No. 6 to T & C Construction, LTD in the amount of \$10,800 for the Wastewater Treatment Plant ("WWTP") project.

- D. TCEO Emergency Preparedness Plan (the "EPP"). Mr. Rosenbaum stated that the EPP has been submitted to the Texas Commission on the Environmental Quality (the "TCEQ") by the Operator.

Upon motion by Director Dunn, seconded by Director Taylor, after discussion and with all Directors present voting aye, the Board approved (i) the Engineering Report as presented; (ii) Pay Application No. 6 in the amount of \$23,922 to Nunn Construction for the Water Plant Chloramine Conversion project; and (iii) Pay Application No. 6 in the amount of \$10,800 to T & C Construction, LTD for the WWTP project.

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

5. **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 92.8% for the period from January 14, 2010 to February 19, 2010.

Mr. Gustafson next discussed meter-billing issues, operation and maintenance of the master metered communities and stated that he will need to verify SWWC obligation in regards to those communities.

Mr. Gustafson next presented to and reviewed with the Board an Amendment to Operator's Contract, a copy of which is attached hereto as Exhibit "D". Mr. Gustafson reviewed the amended fee schedule stating that the current rates have been in effect since 2007. Mr. Gustafson stated that the amended rate schedule includes the time spent monitoring the distribution system in connection with chloramination. He also noted that the amended rates would take effect on April 1, 2010.

Upon motion by Director Pryor, seconded by Director Taylor, after full discussion and with all Directors present voting aye, the Board approved the Amendment to the Operator's Contract.

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; 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.

6. **Attorney's Report.** Mr. Johnson updated the Board on the Directors Election status and stated that the deadline for submitting an application for a place on the ballot is 5 p.m. today. Mr. Johnson added that the election is currently uncontested, but the deadline to file a write-in application is March 15, 2010.

7. **New Business:**

A. Renewal and extension of Sterling Bank Loan. This matter was discussed under the Bookkeeper's Report.

B. Request for Funding from Green Medians Joint Powers. Director Pryor distributed correspondence to the Board from the Green Medians Steering Committee, a copy of which is attached hereto as Exhibit "E", and stated that the Committee is trying to raise funds for planting TxDOT's medians. Director Pryor reported that the Committee has collected approximately \$220,000 with a goal to raise \$600,000. Director Pryor stated that he wanted to update the Board

regarding the fundraiser as some water districts have made donations. No action was taken on this matter.

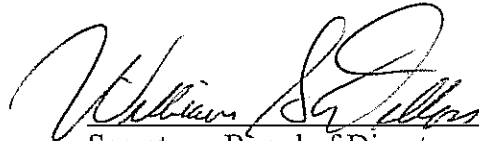
C. Water Smart Program. No action was taken on this matter.

D. Website Design and Newsletter Proposal. Mr. Johnson distributed a Proposal from Payne Communications for newsletter and website design. Following a discussion, the Board concurred to table this matter until the next Board meeting.

8. **Adjournment.**

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

Passed and approved this 12th day of April 2010.


Secretary, Board of Directors

Exhibits:

- Exhibit "A" – Bookkeeper's Report
- Exhibit "B" – Engineer's Report
- Exhibit "C" – Operator's Report
- Exhibit "D" – Amendment to Operator's Contract
- Exhibit "E" – Green Medians Correspondence

