

**MINUTES OF REGULAR MEETING
OF
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**

February 8, 2006

The Board of Directors of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on February 8, 2006, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the duly appointed members of the Authority to wit:

Dan Sallee	President
George L. Rush, Jr.	Vice President
Douglas (Cam) Postle	Secretary
Stacey L. Burnett	Assistant Vice President
Art Garden	Assistant Secretary
Larry Weppler	Director
Bruce Parker	Director
Karla Cannon	Director
Johnny Nelson	Director

and all of the above were present except Director Nelson, thus constituting a quorum.

Also present at the meeting were: Erin Garcia of Myrtle Cruz, Inc.; Rick Van Dyke of ECO Resources, Inc. ("ECO"); Wayne Ahrens of Dannenbaum Engineering Corporation; and Alex Garcia and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR"). Also present at the meeting are those persons included on the attached list.

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the January 11, 2006 meeting. Following discussion, Director Burnett moved that the minutes of the January 11, 2006 meeting be approved as submitted. This motion was seconded by Director Rush and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

The Authority received comments from the public.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There were no customer appeals regarding payment, service, or other matters.

BOOKKEEPER'S REPORT

Ms. Garcia then presented the bookkeeper's report, the investment report, budget comparison, and submitted the bills for the Authority's review. She then presented check no. 2784 in the amount of \$897.08 payable to George Rush for director fees and expenses. Following discussion, Director Parker moved that the Board approve the bookkeeper's report and the checks presented for payment. Director Garden seconded the motion, which carried by a vote of six for the motion with Directors Postle and Wepler abstaining. The bookkeeper's report is attached as an exhibit to these minutes.

APPROVE AMENDED BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2006

Ms. Garcia reviewed an amended budget for the fiscal year ending December 31, 2006, with the Board of Directors. She pointed out that the budget has been amended to move the lease of the construction office from the general fund to the construction fund. After discussion, Director Parker moved that the Board approve the amended budget for the fiscal year ending December 31, 2006. Director Garden seconded the motion, which passed unanimously.

APPROVE REVISED PUMPAGE/SURFACE WATER AND BILLING FORM

Mr. Garcia reviewed with the Board the revised Pumpage/Surface Water and Billing Form, a copy of which is attached. Following discussion, Director Garden moved that the Board approve the revised Pumpage/Surface Water and Billing Form. Director Cannon seconded the motion, which carried unanimously.

DISCUSS WEBSITE

Ms. Payne reported that the Authority received approximately 82,000 hits for the month. She stated that a water conservation page has been added to the Authority's website.

Ms. Payne reported that the revised Pumpage/Surface Water and Billing Forms are being distributed to the operators, bookkeepers, and private well owners.

Director Sallee reported that the next town hall meeting would be scheduled for early June.

Ms. Payne then requested that the Board authorize the conservation brochure and The Journey to Phansophigus to be mailed to the presidents of the districts. Following discussion, Director Cannon moved that the Board authorize the conservation brochure and The Journey to Phansophigus to be so mailed. Director Parker seconded the motion, which carried unanimously.

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 is approximately 120% of that at this time last year.

Mr. Ahrens reported that there have been numerous telephone conversations with the Texas Commission on Environmental Quality regarding the status of various projects and the status of districts' facilities.

Mr. Ahrens stated that he had nothing new to report regarding the Harris-Galveston Subsidence District ("HGSD").

Mr. Ahrens reviewed a letter from Harris County Municipal Utility District No. 163 regarding status of its surface water conversion construction and the Authority's response letter.

Mr. Ahrens stated that the Texas Water Conservation Association annual convention is scheduled for March 1-3, 2006, in The Woodlands. Following discussion, Director Cannon moved that the Board authorize any interested Board members to attend the conference. Director Parker seconded the motion, which carried unanimously.

Mr. Ahrens reported that four districts are receiving surface water.

DISCUSS STATUS OF CONSTRUCTION CONTRACT FOR CENTRAL CONTROL SYSTEM

Mr. Ahrens updated the Board on the status of the construction of the central control and monitoring system. He stated that the modifications to the control panels are being completed at the plant sites as the contractors install the panels.

DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

Mr. Garcia stated that no requests were received.

DISCUSS PURCHASE OF HGSD CONVERSION CREDITS

Mr. Ahrens reported that 769 kits were purchased.

DISCUSS STATUS OF WATER LINE PROJECT TO COPPERFIELD AREA DISTRICTS

Mr. Ahrens reported that Contracts 1, 2, 4 and Horsepen are substantially complete and delivering water or able to deliver water when the districts are able to receive the water. He stated that delivery of water to Harris County Municipal Utility District No. 162 started on February 8, 2006. He also stated that all lines have been installed, tested and chlorinated in Contract 4 and that water is available to Harris County Municipal Utility District Nos. 155 and 208.

Mr. Ahrens reported that engineering for Contracts 7B, 8, 9, and 10 is progressing on schedule, that 90% plans have been submitted for Contracts 7B and Contracts 8, 9 and 10 are in the process of getting signatures. He reported that Contract 7B bid ready plans are scheduled for February 20, 2006. He stated that Contract 7A is on hold pending acquisition of certain easements and Contract 12A is on schedule. Mr. Ahrens then reported that Contract 10 would be advertised for bids on February 17, 2006, and Contract 9 would be advertised for bids two weeks later.

Mr. Ahrens reported that the contractor for Contracts 3 and 6 was terminated on January 18, 2006, and that DEC is working with the surety regarding completion of the projects. Mr. Ahrens reported that an emergency contract was awarded to Texas Sterling Construction to take care of several hazardous situations left by GSG. He then requested that the Board approve final payment and authorize acceptance of the work completed by Texas Sterling Construction. Following discussion, Director Wepler moved that the Board approve final payment and authorize acceptance of the work. Director Burnett seconded the motion, which carried unanimously.

DISCUSS STATUS OF WATER LINE PROJECT TO HORSEPEN BAYOU MUNICIPAL UTILITY DISTRICT

Mr. Ahrens updated the Board on the status of the water line project to Horsepen Bayou Municipal Utility District. He reported that delivery of water began January 25, 2006. Mr. Ahrens stated that he had no pay estimates from Texas Sterling Construction for the Board's approval.

DISCUSS WATER SUPPLY CONTRACT WITH CITY OF HOUSTON

Mr. Ahrens reported that information has been received regarding

additional future water supply and the information is being evaluated.

DISCUSS APPROVING ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reviewed with the Board an addendum from Lockwood, Andrews & Newnam, Inc. for City of Houston plan review fees in the amount of \$7,372.00. He then reported that J.F. Thompson has been acquired by TC&B and requested that the Board approve the assignment of J.F. Thompson's contract to Survcon, Inc. Following discussion, Director Wepler moved that the Board approve the Lockwood, Andrews & Newnam, Inc. addendum and the assignment of J.F. Thompson's contract. Director Rush seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

Mr. Ahrens discussed proposed engineering contracts with Van De Wiele Engineering, Inc. for Contract No. 13A, Huitt-Zollars, Inc. for Contracts 13B and 13D, and Lockwood, Andrews & Newnam, Inc. for Contract 14A. Following review and discussion, Director Wepler moved that the Board approve the contracts with Van De Wiele Engineering, Inc. for Contract No. 13A, Huitt-Zollars, Inc. for Contracts 13B and 13D, and Lockwood, Andrews & Newnam, Inc. for Contract 14A, subject to approval by the Authority's attorney and the design committee. Director Wepler seconded the motion, which carried by a vote of seven for the motion, with Director Postle abstaining.

OPERATOR'S REPORT

Mr. Van Dyke reported that water is being delivered to Harris County Municipal Utility District No. 162 and it is receiving 400,000 gallons per day of water. He then introduced Chris Wilson from ECO and stated that Mr. Wilson would be assisting him with this project.

UPDATE ON STATUS OF GRP PARTICIPATION AGREEMENTS

The Board received no update on this matter.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed acquisition of water line easements from J.A. McAlister, Trustee, Langham Creek Utility District, Cypress-Fairbanks Independent School District, Barker-Cypress Municipal Utility District, Brookhollow Court, Ltd., Harris County Municipal Utility District No. 70, Remington Municipal Utility District No. 1, and Harris County Municipal Utility District No. 276. Following discussion, Director Parker moved that the Board authorize acceptance of the easements. Director Rush seconded the motion, which carried unanimously.

Director Postle requested that Mr. Ahrens review the easement schedule.

Mr. Ahrens stated that 166 easements have been acquired to date.

ADOPT RESOLUTION AUTHORIZING CONDEMNATION

The Board took no action on this matter.

RECEIVE UPDATE REGARDING REAL ESTATE, DESIGN, FINANCE, AND COMMUNICATIONS COMMITTEES

Mr. Garcia reported that the finance committee evaluated the property and boiler and machinery insurance with an increased deductible and concurred to accept the proposals with the original deductible.

RECEIVE UPDATE ON OPERATOR ADVISORY COUNCIL MEETINGS

Mr. Garcia reported that the operator advisory council would be meeting in the near future.

APPROVE AMENDED CODE OF ETHICS AND TRAVEL, PROFESSIONAL SERVICES AND MANAGEMENT POLICIES

Mr. Garcia reviewed the Amended Code of Ethics and Travel, Professional Services and Management Policies ("Code"). He stated that the Code has been amended to include the requirement to disclose certain conflicts of interest under Chapter 176 of the Texas Local Government Code. After discussion, Director Cannon moved that the Board approve the Code. Director Garden seconded the motion, which passed by unanimous vote.

DISCUSS MAY, 2006, DIRECTORS' APPOINTMENT PROCESS, INCLUDING APPROVAL OF AMENDED RESOLUTION ADOPTING RULES FOR 2006 APPOINTMENT PROCESS FOR DIRECTORS

Mr. Garcia explained that pursuant to the Authority's statute, by February 15, 2006, districts/municipalities must submit their nominees for precincts 1, 2, 4, 5 and 9; unless the appointment process is cancelled, by March 15, 2006, the Authority must send ballots to each of the districts/municipalities in the five precincts; and before April 30, 2006, a resolution must be submitted from each district voting for a candidate. Mr. Garcia then discussed the terms of the First Amended Resolution Adopting Rules for 2006 Appointment Process for Directors (the "Resolution"). Following discussion, Director Garden moved that the Board adopt the Resolution as presented. Director Burnett seconded the motion, which carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report regarding Region H.

ATTORNEY'S REPORT

Mr. Garcia stated that he had nothing additional to report.

**CONVENE EXECUTIVE SESSION PURSUANT TO SECTION 551.072,
GOVERNMENT CODE TO DISCUSS PURCHASE AND VALUE OF WATER
LINE EASEMENTS/RIGHT-OF-WAY SITES**

The Board concurred to convene in executive session to discuss the purchase and value of water line easements/right-of-way sites pursuant to Section 551.072 of the Texas Government Code because deliberation in an open meeting would have a detrimental effect on the Authority's position in negotiating the purchase of same. The Board entered executive session at 7:24 p.m.

**RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE
ACTION**

At 8:00 p.m., the Board then reconvened in open session. Following discussion, Director Wepler moved that the Board re-authorize execution of the purchase and sale agreement to acquire an easement/right-of-way strip. Director Garden seconded the motion, which carried unanimously.

There being no further matters to come before the Authority, the meeting was adjourned.

(SEAL)

Secretary, Board of Directors