

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

December 10, 2008

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 10th day of December, 2008, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the members of the Board:

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

and all of the above were present except Directors Weppler and 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.; Barbara Payne of Payne Communications; Alex Garcia of Allen Boone Humphries Robinson LLP; and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR") via telephone. Also present at the meeting were those persons included on the attached list.

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the November 12, 2008, meeting. Following discussion, Director Beckendorff moved to approve the minutes of the November 12, 2008 meeting as submitted. The motion was seconded by Director Garden and passed by unanimous vote.

Mr. Garcia stated that the minutes of the August 13, 2008, meeting has been revised to make a correction. He stated that on Contract 22C, Directors Postle and Beckendorff both abstained from approving the engineering contract with Costello, Inc., but the minutes reflected only Director Beckendorff as abstaining. Following discussion, Director Beckendorff moved to approve the August 13, 2008, minutes as corrected. Director Garden seconded the motion, which carried unanimously.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

The Board did not receive any questions from the public.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

DISCUSS WEBSITE AND CONSERVATION TRAILER

Ms. Payne stated that the North Harris County Regional Water Authority ("NHCRWA") has signed off on the purchase of the trailer at a lesser cost. Mr. Garcia stated that an agreement is being prepared between the Authority and the NHCRWA to reflect the amount each would fund.

Ms. Payne reported that the townhall presentation is on the website.

Ms. Payne updated the Board on the status of the online reporting implementation.

ENGINEER'S REPORT

Mr. Ahrens presented an engineer's report, a copy of which is attached, and reviewed it with the Board.

Mr. Ahrens reported that DEC approved work authorization no. 14 for Cobb Fendley & Associates, Inc. in the amount of \$1,625.00 for surveying services associated with Contract 22B4.

Mr. Ahrens reported that the regular Coastal Water Authority meeting has been scheduled for December 17, 2008.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through October is approximately 118% of that for last year at this date. Mr. Ahrens reported that approximately 8.75 million gallons per day of surface water was purchased from the City of Houston during November.

Mr. Ahrens reported that the Authority Program Management staff members are working on the Surface Water Supply Evaluation to the Mission Bend municipal utility districts. He stated that the study would address financial aspects of the Mission Bend Water Supply options as well as the financial aspects of all future Authority projects.

Mr. Ahrens reported that DEC has continued working on a draft of the Second Source Water Study.

Mr. Ahrens reported that the North Houston Association will host a luncheon on January 20, 2009.

Mr. Ahrens reported that the Authority's Program Management team met with the City of Houston (the "City") staff to initiate negotiations for the possible purchase of the D-158 Pump Station. He indicated that he presented a copy of the D-158 Evaluation Report to the City.

Mr. Ahrens reviewed a letter from Brown & Gay Engineers, Inc. ("Brown & Gay"), on behalf of the North Fort Bend Water Authority regarding the design of a water line that will extend through the Mission Bend area.

Mr. Ahrens reported that the TRWA/TWCA Water Law Seminar will be held from January 22-23, 2009, in Austin.

Director Sallee discussed the September 29, 2008, incident at pump station no. 1. A copy of the Incident Inspection Report is attached.

DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

APPROVE WATER SUPPLY AGREEMENT

The Board took no action on this matter.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that Contract 12B (Pace Services) has completed the water line installation and is waiting on districts and water service from Contract 11; Contract 15A (Cravens Partners) is ready for surface water delivery to Harris County Municipal Utility District No. 127 and Langham Creek Utility District No. 2 within two weeks; Contract 14A (Huff & Mitchell) is waiting on plant work at Harris County Municipal Utility District Nos. 14, 15, and 172; pump station no. 1 (T&C Construction) continues to work through control issues as well as punch list items; Contract 13B, C, and D (Metro City Construction) is supplying surface water to Harris County Municipal Utility District No. 250; Contract 14B (Texas Sterling) is waiting on the Remington Municipal Utility District plant work; Contract 7A (Texas Sterling) has completed the 36-inch water main and is in service; Contract 18 (D.L. Elliott) is delivering surface water to Harris County Municipal Utility Districts No. 341 and 370; Contract 11 (Texas Sterling) is installing the 36-inch steel water main from Keith Harrow toward State Highway 6; Contract 17A (D.L. Elliott) has completed installation of a 36-inch water main from Windsong to Greenhouse and from the Contract 11 connection toward Windsong along the Authority easement; Contract 23 (D.L. Elliott) is installing a 20-inch water line along

Clay Road; Contract 20 (Cravens Partners) has completed installation of a 16-inch water line along Barker Cypress and Bear Creek to Clay Road; and Contract 21 (D.L. Elliott) has not started construction.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 183 be reimbursed the amount of \$283,087.56. Following discussion, Director Cannon moved to approve the reimbursement costs. Director Parker seconded the motion, which carried unanimously.

APPROVE FIRST SUPPLEMENT TO WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Garcia reviewed with the Board the First Supplement to Water Supply Contract ("First Supplement") with the City of Houston and the Luce Bayou project ("Project"). Directors Sallee also discussed the First Supplement and the Project. Following review and discussion, Director Parker moved to approve the First Supplement. Director Burnett seconded the motion, which carried unanimously.

DISCUSS ENGINEERING SERVICES CONTRACTS

The Board took no action on this matter.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he had nothing new to report regarding the Capital Improvements Plan.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 10 in the amount of \$12,098.40 for Contract 7A, Pay Estimate No. 10 in the amount of \$142,031.60 for Contract 18, Pay Estimate No. 9 in the amount of \$68,895.00 for Contract 14B, Pay Estimate No. 7 in the amount of \$107,055.00 for Contract 12B, Pay Estimate No. 7 in the amount of \$135,652.66 for Contract 15A, Pay Estimate No. 6 in the amount of \$653,410.13 on Contract 17A, Pay Estimate No. 16 in the amount of \$348,358.67 for Contract 14A, Pay Estimate No. 2 in the amount of \$218,526.30 for Contract 23, Pay Estimate Nos. 1 and 2 in the amount of \$711,165.38 for Contract 11; and Pay Estimate No. 1 in the amount of \$536,295.26 for Contract 20. Upon a motion made by Director Beckendorff and seconded by Director Parker, the Board voted unanimously to approve the above mentioned pay estimates.

DISCUSS PURCHASE OF HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD")
CONVERSION CREDITS

Mr. Ahrens stated that 1,211 water conservation kits were purchased.

Mr. Ahrens reported that 400,000 gallons of Type B credits were sold to San Melia. He also reported that 6,180,000 gallons of Type B credits and 6,720,000 gallons of Type A credits were sold to Westlake Park Association.

Mr. Ahrens reported that DEC is preparing the submittal to request Over Conversion Credits for the permit term beginning December 1, 2007 and ending November 30, 2008.

ADOPT AMENDED RATE ORDER

Mr. Garcia reviewed an Amended Rate Order. Following review and discussion, Director Garden moved to adopt the Amended Rate Order. Director Beckendorff seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

The Board 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 also reviewed check no. 4595 in the amount of \$415.57 payable to Dan Sallee, check no. 4596 in the amount of \$283,087.56 payable to Harris County Municipal Utility District No. 183, check no. 4597 in the amount of \$8,100.00 payable to Integra, check no. 4598 in the amount of \$55,364.40 payable to CenterPoint Energy, and check no. 4599 in the amount of \$75,000 payable to TRAAC, Ltd. Following discussion, Director Garden moved to approve the bookkeeper's report, the above-mentioned checks, and the disbursements reflected in the bookkeeper's report. Director Burnett seconded the motion, which carried by a vote of six for the motion, with Director Postle abstaining. A copy of the bookkeeper's report is attached.

As a follow-up to the Board's November 12, 2008, meeting, Director Burnett reported that the Finance Committee has determined that the bookkeeper is investing in the manner the Board has requested.

Director Postle requested that the check payable to TRAAC, Ltd. be delivered to Vinson & Elkins for the purchase of the easement.

ADOPT RESOLUTION ADOPTING LIST OF QUALIFIED BROKER/DEALERS

Mr. Garcia reported that the broker/dealer list has been revised to include additional banks requested by the bookkeeper. The Board then considered adopting a resolution that approves a list of qualified broker/dealers with whom the District may

engage in investment transactions. Upon a motion made by Director Burnett and seconded by Director Parker, the Board voted unanimously to adopt the Resolution Adopting List of Qualified Broker/Dealers with Whom the West Harris County Regional Water Authority May Engage in Investment Transactions.

DISCUSS BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2009

Ms. Garcia presented a draft of the budget for fiscal year ending December 31, 2009, and reviewed it with the Board. Following discussion, Director Parker moved to approve the budget for fiscal year ending December 31, 2009. Director Burnett seconded the motion, which carried unanimously.

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.

ADOPT RESOLUTIONS AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board took no action on this matter.

UPDATE ON STATUS OF GROUNDWATER REDUCTION PLAN

Mr. Ahrens stated that he had nothing to report regarding the groundwater reduction plan.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed acquisition of water line easements from TRAAC, Ltd., CW SCOA West, L.P., Mischer Development, L.P., Mischer Investments, L.P., GGP-Bridgeland, L.L.P., and BABA Investments, approving assignment of a water line easement from Harris County Municipal Utility District No. 418 and an encroachment agreement from CenterPoint Energy. Following discussion, Director Postle moved to authorize acceptance of the water line easements from TRAAC, Ltd., CW SCOA West, L.P., Mischer Development, L.P., Mischer Investments, L.P., GGP-Bridgeland, L.L.P., and BABA Investments, approving assignment of a water line easement from Harris County Municipal Utility District No. 418 and an encroachment agreement from CenterPoint Energy. Director Cannon seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING CAPITAL ADVANCE AND REIMBURSEMENT PROCEDURE

Mr. Garcia reviewed with the Board the Resolution Authorizing Capital Advance and Reimbursement Procedure ("Resolution"). Mr. Garcia explained that the notices

would be sent to the districts/municipalities and the districts/municipalities would have until March 31, 2009, to declare if they desire to participate in financing the capital costs set forth in the Resolution. He further explained that the districts/municipalities would have until February 1, 2010, to provide the funds. He stated that the share of capital costs for each district/municipality would be based on the 2007 water usage information. Following discussion, Director Parker moved that the Board approve the Resolution. Director Burnett seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report regarding the Region H Water Planning Group.

ENGAGE RATE ANALYST

The Board discussed approving a contract with Economists.com to review the Authority's rates at a cost not to exceed \$19,000. Following discussion, Director Beckendorff moved that the Board approve the contract with Economists.com to review the Authority's rates at a cost not to exceed \$19,000. Director Parker seconded the motion, which carried unanimously.

DISCUSS PURCHASE OF ELECTRICITY

The Board took no action regarding this matter.

DISCUSS REQUEST FOR PUBLIC ASSISTANCE FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY ("FEMA")

Mr. Garcia reported that fuel costs associated with Hurricane Ike are potentially reimbursable. Mr. Van Dyke reported that he has prepared a claim to be sent to FEMA. Following discussion, Director Garden moved to authorize submittal of the claim to FEMA. Director Cannon seconded the motion, which carried unanimously.

DISCUSS FEDERAL EMERGENCY MANAGEMENT AGENCY HAZARD MITIGATION GRANT PROGRAM APPLICATIONS

Mr. Garcia presented copies of a memorandum prepared by ABHR, a copy of which is attached, regarding the FEMA Hazard Mitigation Grant Program Applications. Mr. Ahrens stated that there are no generators that need to be purchased by the Authority. The Board concurred to not submit an application.

DISCUSS MATERIAL EVENT NOTICES REGARDING BOND INSURERS

Mr. Garcia reported that certain bond insurers have been downgraded and that material event notices have been filed pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

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

Secretary, Board of Directors

(SEAL)

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