

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

August 19, 2008

The Board of Directors (the "Board") of the West Harris County Regional Water Authority (the "Authority") met in special session, open to the public, on the 19th day of August, 2008, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, Houston, Texas, outside 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
Art Garden	Assistant Secretary
Larry Weppler	Director
Bruce Parker	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

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

Also present at the meeting were Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Terrell Palmer of First Southwest Co.; Ryan O'Hara of RBC Capital Markets; Mary Jarmon of Myrtle Cruz, Inc.; and Jim Boone and Alex Garcia of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE DEPOSITORY PLEDGE AGREEMENT WITH COMPASS BANK AND LETTERS OF CREDIT AGREEMENT

Ms. Jarmon and Mr. Palmer reviewed with the Board the Authority's investments, including the attached Investment Report for the period from July 10, 2008 to August 13, 2008, and they reviewed the collateral pledged for Authority investments. Extensive discussion ensued by the Board.

Mr. Garcia stated that Texas State Bank has recently merged with Compass Bank and soon will only be using the name "Compass Bank." Mr. Boone stated that Compass Bank proposes to use letters of credit from the Federal Home Loan Bank in Atlanta as a form of collateral for District deposits. The Board considered a Depository Pledge Agreement and a Letters of Credit Agreement between the District and Compass Bank. Ms. Jarmon distributed the attached "Frequently Asked Questions" regarding letters of credit and the Federal Home Loan Bank in Atlanta. After review and discussion, Director Rush moved to approve the Depository Pledge Agreement with Compass

Bank, direct that such document be given to the bookkeeper to complete and forward to Compass Bank for execution, and direct that such document, once completed and fully executed, be filed appropriately and retained in the District's official records. Director Beckendorff seconded the motion, which passed unanimously. The Board did not take action on the Letters of Credit Agreement with Compass Bank.

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

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Secretary, Board of Directors

(SEAL)

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