

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

February 11, 2009

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 11th day of February, 2009, 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 Wepler	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

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

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the December 3, 2008, meeting. Following discussion, Director Beckendorff moved to approve the minutes of the December 3, 2008, meeting as submitted. The motion was seconded by Director Garden and passed by unanimous vote.

The Board then reviewed the minutes of the January 14, 2009, meeting. Following discussion, Director Beckendorff moved to approve the January 14, 2009, minutes as submitted. Director Parker seconded the motion, which carried unanimously.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

A resident of Harris County Municipal Utility District No. 172 ("MUD 172") stated that there seems to be an odor/taste issue with the MUD 172 water. Mr. Ahrens

stated that the Authority initiated water quality testing at Harris County Municipal Utility District No. 155, which is the district from which MUD 172 receives Authority surface water, and that the results indicated that surface water being delivered by the Authority is within the Texas Commission on Environmental Quality's recommended parameters.

The Authority received a compliment on the water conservation presentation.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

DISCUSS WEBSITE AND CONSERVATION TRAILER

In Ms. Payne's absence, Mr. Ahrens reported that the Texas Water Development Board is in the process of conducting a seminar February 10-12, 2009, regarding water conservation plans.

The Board took no action regarding approval of a water conservation trailer agreement with the North Harris County Regional Water Authority ("NHCRWA").

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. 5 for Kuo & Associates, Inc., in the amount of \$500.00 for surveying services to revise metes and bounds and drawing of easement parcel requested by Harris County Municipal Utility District No. 167.

Mr. Ahrens discussed work authorization No. 8 from Prime Controls, LP in the amount of \$25,550.00. Following review and discussion, Director Beckendorff moved to approve work authorization No. 8 from Prime Controls, LP in the amount of \$25,550.00. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2008 through December is approximately 119% of that for last year at this date. Mr. Ahrens reported that approximately 8.54 million gallons per day of surface water was purchased from the City of Houston (the "City") during January.

Mr. Ahrens reported that on February 1, 2009, the water supply from the City was stopped for an estimated five hours without notice. He stated that the City apologized and stated that the reason for the stoppage was due to operator error. Mr.

Ahrens reported that the Authority's Program Manager and operator will meet with the City in the next couple of weeks to discuss better communication between operators and ways to prevent future stoppages.

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 future Authority projects. Ms. Sotirake distributed copies of a letter from the North Fort Bend Water Authority ("NFBWA"), a copy of which is attached. Mr. Garcia pointed out that the letter acknowledges receipt of the Authority's January 14, 2009, letter regarding sharing of facilities.

Mr. Ahrens reported that on January 29, 2009, Director Cannon and the Authority Program Management staff met with the engineers for Harris County Municipal Utility Districts No. 418, 433, and 500 (the "Districts"). He stated that the meeting was held to inform the Districts of the Authority's design and construction schedule for the Contract 22 surface water transmission mains, the Authority's Conversion Reimbursement Standards, TCEQ's chloramine standards, and the time constraints that the Districts may encounter during design and construction of converting their water plants to a chloramine system.

Mr. Ahrens reported that the Design Committee recommends approval of the installation of Ambient Air Monitors at pump station no. 1. Following discussion, Director Beckendorff moved to authorize the installation of Ambient Air Monitors. Director Wepler seconded the motion, which carried unanimously.

DISCUSS REQUESTS FOR SURFACE WATER AVAILABILITY

The Board took no action on this matter.

APPROVE WATER SUPPLY AGREEMENT

Mr. Garcia reported that at its January 28, 2009, City Council meeting, the City of Houston (the "City") approved: (1) the First Supplement to Water Supply Contract; (2) the Projects Contract between the City and the Coastal Water Authority ("CWA"); and (3) the amendment to the City's consent ordinance regarding the Authority pertaining to variable rate bonds. He stated that the CWA has scheduled a meeting for March 3, 2009, to discuss the status of the Luce Bayou project. Following discussion, Director Beckendorff moved to authorize Directors Wepler, Rush, and Postle to attend the meeting. Director Garden seconded the motion, which carried unanimously.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens stated that on Contract 12B (Pace Services) disinfection is underway to receive 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; 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) is finalizing the control system, security and training; Contract 13B, C, and D (Metro City Construction) close-out and acceptance is recommended; Contract 14B (Texas Sterling) is waiting on the Remington Municipal Utility District plant work; Contract 7A (Texas Sterling) is waiting on cathodic protection system test out period; Contract 18 (D.L. Elliott) is complete and recommends close-out and acceptance; Contract 11 (Texas Sterling) has completed installation of piping from Contract 17A to Contract 12B and the installation of the 36-inch water main east of Highway 6 is underway; Contract 17A (D.L. Elliott) currently tunneling beneath Bear Creek and installing has completed a 36-inch water main; Contract 23 (D.L. Elliott) is installing a 20-inch water line along Clay Road; Contract 20 (Cravens Partners) is installing a 24-inch water line along Barker Cypress north toward the connection to Contract 17A; and Contract 21 (D.L. Elliott) is installing a 16-inch water line along Cairnway. Following discussion, Director Beckendorff moved to accept Contract 13B, C and D and Contract 18. Director Parker seconded the motion, which carried unanimously.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

The Board took no action on this matter.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, is expected to submit 30% plans for review the first week in March, 2009, Sander Engineering, the engineer for Contract 22B, is expected to submit 30% plans for review the first week in March, 2009, Jones & Carter, Inc., the engineer for Contract 22A-2, is expected to submit 30% plans for review the first week in March, 2009, and Costello, Inc., the engineer for Contract 22C is expected to submit 30% plans for review the first week in March, 2009.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens reported that the final draft of the Second Source Water Study has been completed. He stated that copies have been sent to the NHCRWA and the North Fort Bend Water Authority.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 1 in the amount of \$269,512.20 for Contract 21, Pay Estimate No. 13 and Final in the amount of \$13,344.18 for Contract 13B, C and D, Pay Estimate No. 11 and Final in the amount of \$40,510.40 for Contract 18, Pay Estimate No. 9 in the amount of \$70,858.31 for Contract 15A, Pay Estimate No. 8 in the amount of \$204,450.96 on Contract 17A, Pay Estimate No. 4 in the amount of \$424,289.70 for Contract 23, Pay Estimate No. 4 in the amount of \$521,066.70 for Contract 11; and Pay Estimate No. 3 in the amount of \$399,843.07 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 reported that on January 27, 2009, DEC submitted applications for Over-Conversion Credits for the districts within the boundaries of the Authority that used surface water during the permit term December 1, 2007 to November 30, 2008. He stated that the Authority expects to receive 2.43 billion gallons of Over-Conversion Credits.

Mr. Ahrens reported that 400,000 gallons of Type B credits have been sold to Bella Vista at Green Tree at a cost of \$1.75 per 1,000 gallons.

Mr. Ahrens reported that 1,495 conservation kits have been purchased.

HAWKINS LEASE SERVICE

Mr. Ahrens discussed work authorization No. 20 in the amount of \$100,859.80 for Hawkins Lease Service for maintenance and drive through inspections along the 43-mile former Exxon Mobile Corporation pipeline easement, as included in his engineer's report. Following review and discussion, Director Parker moved to approve work authorization No. 20 in the amount of \$100,859.80. 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. 4694 in the amount of \$2,690.00 payable to PAS Property Acquisition Services, Inc., and check no. 4695 in the amount of \$850.97 payable to One Call Systems, Inc. Ms. Garcia stated that she would void the previous check to PAS Property Acquisition Services, Inc. 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 Parker

seconded the motion, which carried by a vote of five for the motion, with Directors Postle and Wepler abstaining. A copy of the bookkeeper's report is attached.

ACCEPT ANNUAL DISCLOSURE STATEMENTS OF THE BOOKKEEPER AND INVESTMENT OFFICER

The Board next considered accepting the annual disclosure statements of the bookkeeper and investment officer. Following review, Director Garden moved to accept the annual disclosure statements of the bookkeeper and investment officer. Director Wepler seconded the motion, which was approved by unanimous vote.

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.

Director Wepler requested that MUD 172 be notified of the Authority's testing results. Director Garden suggested that the Authority offer help to MUD 172 if it is needed regarding this problem. Following discussion, Director Wepler moved to authorize Mr. Ahrens to send a letter to MUD 172 notifying them of the testing results. Director Parker seconded the motion, which carried unanimously.

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.

AUTHORIZE APPROPRIATE ACTION REGARDING APPROVAL AND FILING OF VULNERABILITY ASSESSMENT AND EMERGENCY RESPONSE PLAN

Director Beckendorff moved to authorize Director Sallee to review, approve, and file the vulnerability assessment and emergency response plan for the Authority's pump station and additional water connections. Director Garden seconded the motion, which carried unanimously.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed acquisition of three water line easements from Harris County Municipal Utility District No. 167 ("No. 167"). Mr. Garcia noted that No. 167 is represented by ABHR. Following discussion, Director Garden moved to authorize

acceptance of the water line easements from No. 167. Director Cannon 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.

DISCUSS PURCHASE OF ELECTRICITY

The Board took no action regarding this matter.

UPDATE REGARDING 2009 LEGISLATIVE SESSION

Mr. Garcia updated the Board on the 2009 legislative session.

AUTHORIZE TERMINATION OF ENGAGEMENT LETTER WITH VINSON & ELKINS, LLP, AND EXECUTION OF ENGAGEMENT LETTER WITH JOYCE, MCFARLAND & MCFARLAND LLP

The Board considered terminating Vinson & Elkins L.L.P., and engaging Joyce, McFarland & McFarland, LLP, for the following matters: Cause No. 917,733, *West Harris County Regional Water Authority v. Robert Dwight Miller, et ux.*, Cause No. 916,909, *West Harris County Regional Water Authority v. Wayne K. Watts Family Partnership, Ltd.*, and Cause No. 918,276, *West Harris County Regional Water Authority v. T.R.A.A.C. Co., Ltd.*, County Civil Court at Law No. 4, Harris County, Texas. Director Beckendorff moved, and Director Parker seconded, to terminate Vinson & Elkins L.L.P. and engage Joyce, McFarland & McFarland LLP for such matters, subject to final review and approval of the termination document and engagement letter by the President and Secretary.

ASSOCIATION OF WATER BOARD DIRECTORS' SUMMER CONFERENCE

Mr. Garcia informed the Board that the Association of Water Board Directors will hold its summer conference on June 18-20, 2009, in Corpus Christi, Texas. Following discussion, Director Cannon moved to authorize any interested board members to attend the Association of Water Board Directors summer conference. Director Garden seconded the motion, which carried unanimously.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.072, TEXAS GOVERNMENT CODE, TO DISCUSS PURCHASE AND VALUE OF TRACTS FOR PUMPING FACILITIES AND WATER LINE EASEMENTS/RIGHTS-OF-WAY, AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION INVOLVING SUCH TRACTS AND EASEMENTS

The Board concurred to convene in executive session to discuss the purchase and value of water line easements/right-of-way and to conduct a consultation with their attorney regarding related litigation pursuant to Sections 551.071 and 551.072 of the Texas Government Code. The Board entered executive session at 6:58 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:15 p.m., the Board then reconvened in open session. The Board took no action in open session.

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

Secretary, Board of Directors

(SEAL)

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