

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

July 8, 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 8th day of July, 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 Burnett, Parker and Garden, 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"); Barbara Payne of Payne Communications; Erin Garcia of Myrtle Cruz, Inc.; Jim Boone 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 June 10, 2009, meeting. Following discussion, Director Wepler moved to approve the minutes of the June 10, 2009, meeting as revised. The motion was seconded by Director Postle and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question regarding low water levels, Mr. Ahrens stated that due to increased water demand, delivery of water would need to be cutback to some districts in order to supply all districts.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

The Board did not receive any customer appeals.

DISCUSS WEBSITE

Ms. Payne reported that the on-line reporting is available for use.

Ms. Payne also reported that the PowerPoint presentation from the water conservation seminar is on the website.

Ms. Payne then reported that in September the sequel to Journey to Panosophigus will be in print.

Ms. Payne stated that she is working on the invitation to directors for the tour of the pump station.

Ms. Payne reported that Director Sallee will be a speaker at the irrigation industry water conservation conference.

ENGAGE AUDITOR FOR REPORT NECESSARY FOR ISSUANCE OF BONDS

The Board considered engaging an auditor for indenture certification regarding the Series 2009 Bonds. Following discussion, Director Rush moved that the Board engage McCall Gibson Swedlund Barfoot PLLC for the indenture certification. Director Postle seconded the motion, which carried unanimously.

AUTHORITY BOND ISSUES, INCLUDING AUTHORITY INDENTURES AND TEXAS WATER DEVELOPMENT BOARD

Mr. Boone discussed the tentative schedule for the sale of the Authority's Series 2009 Bonds.

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 for 2009 through May is approximately 100% of that for last year at this date. Mr. Ahrens reported that approximately 13.37 million gallons per day of surface water was purchased from the City of Houston (the "City") during June.

Mr. Ahrens reported that the Harris Galveston Subsidence District (HGSD) sent letters to all permit holders in the Authority informing them that the HGSD is requiring that all wells in the Authority's Groundwater Reduction Plan ("GRP") be aggregated

under one permit in the name of the Authority effective with the 2009/2010 permit period. Following discussion, Director Wepler moved that the Board authorize the Authority to pay the HGSD permit renewal application fees and permit fees for the permit holders within the Authority's GRP and Director Sallee to send a letter to all well owners informing them that the Authority will be paying these fees. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens then discussed a meeting that the Authority's Program Manager, Construction Manager, engineers and operators had with the Assistant Director of the City Department of Public Works and Engineering on June 25, 2009.

Mr. Ahrens reported that the Coastal Water Authority conducted the first Technical Review Committee meeting on the Luce Bayou project.

Mr. Ahrens reported that the Texas Commission on Environmental Quality ("TCEQ") will hold a Public Drinking Water Conference August 11-12, 2009, in Austin. He also reported that the 24th WaterReuse Annual Symposium will be held September 13-16, 2009, in Seattle. Director Wepler reported that the University of Houston will be holding an emergency preparedness conference. Following discussion, Director Cannon moved to authorize any interested board members to attend the conferences.

Mr. Ahrens reviewed a letter from GGP-Bridgeland, LP, dated June 9, 2009, regarding GGP-Bridgeland, LP's request to delay bidding and construction of the waterline to Harris County Municipal Utility District No. 418.

Mr. Ahrens reviewed a letter from H2O Consulting, dated June 11, 2009, on behalf of Harris County Municipal Utility District No. 208 ("MUD 208") regarding water quality.

Mr. Ahrens then reviewed a letter from Jones & Carter, Inc., dated June 18, 2009, on behalf of Harris County Municipal Utility District No. 183 ("MUD 183") in response to a letter from the Authority regarding the overflowing of MUD 183's tank in October, 2008.

Mr. Ahrens reviewed a draft letter, dated July 8, 2009, to Harris County Utility District No. 6 ("UD 6") in response to an inquiry from UD 6 regarding flooding in the Bear Creek area. Following discussion, Director Wepler moved to authorize the letter to be sent to UD 6. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens reported that DEC and SWWC met with district operators and engineers on June 30, 2009, to discuss the Authority's Hurricane Preparedness Procedures.

Mr. Ahrens then reported that DEC is working with the Finance Committee and the Authority's financial advisors regarding the sizing, timing, and funding of the next bond issue.

Mr. Ahrens also reported that the Authority and the North Fort Bend Water Authority Program Managers are continuing to discuss terms of the joint participation in the NFBWA Line Segments 0 and 1A and Pump Station and the Authority Second Source Line.

Mr. Ahrens reported that he approved the following work authorizations: (1) No. 44 for Weisser Engineering in the amount of \$9,780.00 for surveying services along Contracts 14A and 14B; (2) No. 4 for Property Acquisition Services, Inc., in the amount of \$8,600.00 for right-of-way and acquisition services as part of Contract 22; (3) No. 6 for Kuo & Associates, Inc., in the amount of \$3,000.00 for surveying services for Parcels 22A-11, 22A12, and 22A-13; and (4) No. 6 for SPS Stephenson Properties, Inc., in the amount of \$200.00 for right-of-way research for the Wise tract.

Mr. Ahrens then stated that Directors Beckendorff, Cannon, Postle and Weppler of the Design Committee recommended approval of the following work authorizations: (1) No. 3 for DEC in the amount of \$28,555.00 for design of the Authority's air monitoring and alarm system at Pump Station No. 1; (2) No. 4 for DEC in the amount of \$70,692.00 for design of the Authority's security system at Pump Station No. 1; and (3) No. 5 for DEC in the amount of \$43,900.00 for preparation of an evaluation of the City's Jersey Village Well Field. Director Beckendorff moved to approve work authorization nos. 3, 4 and 5 to DEC. Director Rush seconded the motion, which carried by a vote of five for the motion with Director Sallee abstaining.

APPROVE WATER SUPPLY AGREEMENT

The Board took no action on this matter.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contracts 14A, 14B, 12B, 17A, 11, 23, 20, and 21.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Langham Creek Utility District be reimbursed in the amount of \$857,196.21. Following discussion, Director Beckendorff moved to approve the reimbursement costs. Director Weppler seconded the motion, which carried unanimously.

Mr. Ahrens recommended that Harris County Municipal Utility District No. 155 be reimbursed in the amount of 233,493.91. Following discussion, Director Beckendorff moved to approve the reimbursement costs. Director Rush seconded the motion, which carried unanimously.

Mr. Ahrens recommended that Jackrabbit Public Utility District be reimbursed in the amount of \$706,451.37. Following discussion, Director Beckendorff moved to approve the reimbursement costs. Director Cannon seconded the motion, which carried unanimously.

WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Ahrens reviewed a draft letter to Andy Icken, Deputy Director of the City Department of Public Works and Engineering. He stated that the letter reflects the purchase of an additional 3.75 MGD of surface water. Following discussion, Director Weppler moved to authorize the purchase of the additional 3.75 MGD of surface water and the wire in the amount of \$2,637,039.07. Director Rush seconded the motion, which carried unanimously.

DISCUSS ENGINEERING SERVICES CONTRACTS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, submitted 90% plans for review on June 16, 2009, Sander Engineering, the engineer for Contract 22B, submitted 90% plans for review on July 7, 2009, Jones & Carter, Inc, the engineer for Contract 22A-2, submitted 90% plans for review on July 7, 2009, and Costello, Inc., the engineer for Contract 22C, is expected to submit 90% plans for review on July 13, 2009.

Mr. Ahrens discussed Amendment No. 1 to the contract with Prime Controls, LP, which increases the maximum amount of fees to \$200,000. Following review and discussion, Director Rush moved to approve Amendment No. 1 to the contract with Prime Controls, LP. Director Beckendorff seconded the motion, which carried unanimously.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he is working on the 2020 Capital Improvements Plan.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 13 in the amount of \$167,606.66 on Contract 17A, Pay Estimate No. 9 in the amount of \$66,317.21 for Contract 23, Pay Estimate No. 9 in the amount of \$385,084.57 for Contract 11, Pay Estimate No. 8 in the amount of \$168,953.53 for Contract 20, Pay Estimate No. 9 and Final in the amount of \$138,474.85 for Contract 12B, and Pay Estimate No. 6 in the amount of \$144,367.74 for Contract 21. He then recommended that the Board accept the Contract 12B project. Upon a motion made by Director Weppler and seconded by Director Rush, the Board voted unanimously to approve the above mentioned pay estimates and accept the Contract 12B project.

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. 4967 in the amount of \$857,196.21 payable to Langham Creek Utility District, check no. 4968 in the amount of \$233,493.91 payable to MUD 155, and check no. 4969 in the amount of \$706,451.37 payable to Jackrabbit Public Utility District. Director Rush moved to approve the bookkeeper's report, the above-mentioned checks, the disbursements reflected in the bookkeeper's report, except the checks to Costello, Inc. and DEC, and the monthly investment report. Director Cannon seconded the motion, which carried by a vote of five for the motion, with Director Postle abstaining. Director Rush then moved to approve the check payable to Costello, Inc. Director Cannon seconded the motion, which carried by a vote of five for the motion with Director Beckendorff abstaining. Director Rush then moved to approve the check payable to DEC. Director Weppler seconded the motion, which carried by a vote of five for the motion with Director Sallee abstaining. A copy of the bookkeeper's report is attached.

APPROVE AMENDED BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2009

Ms. Garcia reviewed an amended budget for the fiscal year ending December 31, 2009, with the Board of Directors. After discussion, Director Weppler moved to approve the amended budget for the fiscal year ending December 31, 2009. Director Rush seconded the motion, which passed 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 a correction water line easement from GGP-Bridgeland, LP, approving three encroachment agreements from the Tennessee Gas Pipeline Company for Contracts 22A2, 22B, and 22C and conveyance of easements to CenterPoint Energy and TEPPCO Crude Pipeline, LLC regarding the Pump Station site. Following discussion, Director Postle moved to authorize approving the correction

water line easement from GGP-Bridgeland, LP, approving three encroachment agreements from the Tennessee Gas Pipeline Company for Contracts 22A2, 22B, and 22C and approving the conveyance of easements to CenterPoint Energy and TEPPCO Crude Pipeline, LLC regarding the Pump Station site. Director Wepler seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

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

APPROVE INTERLOCAL AGREEMENT

Ms. Sotirake stated that the HGSD has forwarded an Interlocal Agreement, which includes the purchase of conservation kits. She pointed out that the cost is \$34.50 per kit. Following discussion, Director Cannon moved to approve the Interlocal Agreement and the purchase of 5,000 kits. Director Wepler seconded the motion, which carried unanimously.

UPDATE REGARDING 2009 LEGISLATIVE SESSION

Mr. Boone reviewed with the Board a memorandum prepared by ABHR regarding legislative issues from the 81st Regular Session of the Texas Legislature, a copy of which is attached.

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

The Board did not convene in executive session.

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

Secretary, Board of Directors

(SEAL)

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