

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

September 9, 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 9th day of September, 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 Garden 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"); Barbara Payne of Payne Communications; 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 August 12, 2009, meeting. Following discussion, Director Parker moved to approve the minutes of the August 12, 2009, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

There were no questions from the public.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

Mr. Ahrens reported that Harris County Municipal Utility District No. 183 ("MUD 183") has requested reimbursement for lost water due to a malfunction of the Authority's facilities. Mr. Ahrens noted that MUD 183's facilities also malfunctioned.

Director Postle moved that the Board approve reimbursement to MUD 183 in the amount of \$2,000. Director Beckendorff seconded the motion, which carried by a vote of six for the motion with Director Wepler abstaining.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 11 in the amount of \$83,158.66 for Contract 11 and Pay Estimate No. 8 in the amount of \$35,799.12 for Contract 21. Upon a motion made by Director Beckendorff and seconded by Director Wepler, the Board voted unanimously to approve the above mentioned pay estimates.

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. 5052 in the amount of \$476.07 payable to Karla Cannon, check no. 5053 in the amount of \$9,300.00 payable to Cobb, Fendley, check no. 5054 in the amount of \$296,952.50 payable to Harris County Municipal Utility District No. 127, and check no. 5055 in the amount of \$2,000.00 payable to Harris County Municipal Utility District No. 183. She pointed out that she will hold check no. 5054 until the Board has approved reimbursement. Director Parker moved to approve the bookkeeper's report, the above-mentioned checks, the disbursements reflected in the bookkeeper's report, except the check to Costello, Inc., and the monthly investment report. Director Cannon seconded the motion, which carried by a vote of five for the motion, with Directors Postle and Sallee abstaining. Director Cannon then moved to approve the check payable to Costello, Inc. Director Wepler seconded the motion, which carried by a vote of five for the motion with Directors Beckendorff and Postle abstaining. A copy of the bookkeeper's report is attached.

DISCUSS WEBSITE

Ms. Payne stated that the tour of the pump station is scheduled for September 15, 2009, and that the teaching lab will also be at the pump station.

Ms. Payne also reported that a townhall meeting has been scheduled for October 29, 2009, at 6:00 p.m.

Ms. Payne then reported that she is working on the newsletter for distribution in January, 2010. She then requested that the Board authorize payment for the preparation, printing and distribution of the current newsletter. Director Parker moved that the Board authorize Mary Jarmon and Erin Garcia to sign checks paying for the preparation, printing and distribution of the current newsletter. Director Burnett seconded the motion, which carried unanimously.

DISCUSS SCHEDULE FOR SERIES 2007 BONDS AND USES OF FUNDS

Mr. O'Hara discussed a tentative schedule for the sale of the Authority's Series 2009 Bonds.

APPROVE PRELIMINARY OFFICIAL STATEMENT FOR SERIES 2009

Mr. O'Hara reviewed with the Board the Preliminary Official Statement. Following discussion, Director Parker moved that the Board approve the Preliminary Official Statement, subject to final review. Director Beckendorff seconded the motion, which passed by unanimous vote.

SELECT UNDERWRITERS FOR SERIES 2007 BONDS

Mr. O'Hara discussed with the Board the appointment of underwriters for the Series 2009 bonds. He recommended that Morgan Keegan & Company, Inc., Southwest Securities Inc., GMS Group, L.L.C., Coastal Securities Inc., Citigroup Global Markets Inc., and Wells Fargo Brokerage Services, L.L.C. be the underwriters. Director Wepler moved that the Board appoint the above discussed underwriters for the Series 2009 Bonds. Director Burnett seconded the motion, which passed by unanimous vote.

APPROVE FINANCIAL ADVISOR AGREEMENT AMENDMENT AND LEGAL SERVICES AGREEMENT AMENDMENT

The Board considered amendments to the agreements with First Southwest Company, RBC Capital Markets Corporation, and ABHR regarding the Series 2009 bond sale. Following discussion, Director Parker moved that the Board approve such amendments. Director Burnett 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 for 2009 through July is approximately 114.2% of that for last year at this date. Mr. Ahrens reported that approximately 16.49 million gallons per day of surface water was purchased from the City of Houston (the "City") during August.

Mr. Ahrens reported that the Harris County Toll Road Authority is completing design of Segment E of the Grand Parkway which crosses the Authority's easement south of Clay Road. He stated that DEC is working with Harris County to resolve a conflict with the future proposed Second Source line.

Mr. Ahrens reported that the Authority's attorneys are in the process of preparing the first draft of an agreement between the Authority and North Fort Bend

Water Authority ("NFBWA") regarding joint participation in the Second Source Pipeline and associated booster pump stations. He stated that the Authority has requested copies of the NFBWA's Pump Station plans at various design phases for review and comment.

Mr. Ahrens reported that the Authority Program Manager submitted the application to the Harris Galveston Subsidence District ("HGSD") for permit renewal for the 2009-2010 permit term. Mr. Ahrens also stated that the permit application fee was \$14,250.00, which consisted of 19.3 billion gallons of groundwater and 4.8 billion gallons of surface water.

Mr. Ahrens then reported that the Authority has received the O&M Expense Audits from the City of Houston (the "City") and he has requested additional back-up information from the City.

Mr. Ahrens stated that he participated in the Coastal Water Authority's ("CWA") monthly conference call and attended the CWA meeting on September 9, 2009, regarding Luce Bayou.

Mr. Ahrens reported that Senator Kip Averitt will sponsor a water event November, 16-17, 2009, in Fort Worth. He also reported that the 19th Annual Texas Water Law Conference will be held September 14-15, 2009, in Austin. Mr. Ahrens then reported that the Texas Water Conservation Association fall meeting will be held October 21-23, 2009, in San Antonio. Following discussion, Director Beckendorff moved to authorize any interested board members to attend the conferences. Director Cannon seconded the motion, which carried unanimously.

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

Mr. Ahrens reported that 1,220,000 gallons of Type B credits have been sold to UDR the Legend at Park Ten, LLC at a cost of \$1.75 per 1,000 gallons. He also reported that there is a pending sale for 4,910,000 gallons of Type A credits to Campbell Concrete and Materials, LP in the amount of \$11,047.50.

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, 17A, 11, 23, 20, and 21.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 127 be reimbursed in the amount of \$296,952.50. Following discussion, Director Weppler moved to approve the reimbursement costs. Director Cannon seconded the motion, which carried unanimously.

WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Ahrens also reported that the City has been consistently providing the increased flow of 18.25 MGD.

DISCUSS ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, is waiting for two easements along the CenterPoint corridor to be recorded before beginning the signature process, Sander Engineering, the engineer for Contract 22B, is in the process of receiving agency signatures, Jones & Carter, Inc, the engineer for Contract 22A-2, is in the process of receiving agency signatures, and Costello, Inc., the engineer for Contract 22C, submitted plans to the Texas Commission on Environmental Quality ("TCEQ") for review and is awaiting TCEQ approval.

Mr. Ahrens discussed Addendum No. 4 to the contract with AECOM USA Group, Inc., which increases the maximum amount of fees from \$200,000 to \$300,000. Director Parker moved to approve Addendum No. 4 to the contract with AECOM USA Group, Inc. Director Cannon seconded the motion, which carried by a vote of six for the motion, with Director Postle abstaining.

Mr. Ahrens requested that the Board approve the contract with Sander Engineering Corporation for Contract 25 in the amount of \$173,542.00, the contract with Huitt-Zollars, Inc. for Contract 26 in the amount of \$184,793.00, and the contract with Van De Wiele & Vogler, Inc. for Contract 27 in the amount of \$113,834.00. Director Beckendorff moved to approve such contracts. Director Parker seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Mr. Ahrens reported that he approved work authorization No. 45 for Weisser Engineering Company in the amount of \$1,750.00 for surveying services to locate buildings, driveways, and fences that have been constructed in the Authority's easement Parcel 30A on Timber Creek Place Lane.

Mr. Ahrens then recommended approval of work authorization No. 7 for Right-of-Way Solutions, LLC in the amount of \$25,650.00 for surveying services for Contract No. 25, work authorization No. 8 for Right-of-Way Solutions, LLC in the amount of \$31,350.00.00 for surveying services for Contract No. 26, and work authorization No. 9 for Right-of-Way Solutions, LLC in the amount of \$11,400.00 for surveying services for Contract No. 27. Director Postle requested that the Board defer approval of the work authorizations until he has discussed the process further with Mr. Ahrens and Ms. Cross.

DISCUSS CAPITAL IMPROVEMENTS PLAN

Mr. Ahrens stated that he had nothing new to report on the 2020 Capital Improvements Plan.

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.

Mr. Van Dyke reported that the area manager's computer was stolen, but stated that there was no security breach of the Authority's facilities.

ADOPT RESOLUTIONS AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board considered adopting Resolutions Authorizing Acquisition of Real Property Interests for Contracts 25, 26, and 27. Following discussion, Director Parker moved to adopt the Resolutions. Director Cannon seconded the motion, which carried unanimously.

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 water line easement from MPL Development, L.P. and granting encroachments to West Harris County Municipal Utility District No. 14 and the City, contingent upon minor modifications to their plans and execution of the encroachment agreements. Director Burnett moved to authorize approving the water line easement and granting encroachments to West Harris County Municipal Utility District No. 14 and the City, contingent upon such minor modifications to their plans and execution of the encroachment agreements. Director Wepler seconded the motion, which carried unanimously.

ANNUAL REVIEW OF AUTHORITY'S INVESTMENT POLICY

The Board reviewed the Authority's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time. Upon a motion made by Director Parker and seconded by Director Burnett, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that he attended the Region H Water Planning Group meeting on September 2, 2009.

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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