

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

March 10, 2010

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 March, 2010, at 15300 Falmouth, Houston, Texas, inside the boundaries of the Authority, and the roll was called of the members of the Board:

Bruce Parker	President
George L. Rush, Jr.	Vice President
Douglas (Cam) Postle	Secretary
Stacey L. Burnett	Assistant Vice President
Eric Hansen	Assistant Secretary
Vacant	Director
Larry Weppler	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present, except Directors Beckendorff 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; Mark G. Janneck; 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 February 10, 2010, meeting. Following discussion, Director Burnett moved to approve the minutes of the February 10, 2010, meeting as submitted. The motion was seconded by Director Hansen and passed by unanimous vote.

ADOPT ORDER DECLARING DIRECTORS ELECTED AND CANCELING DIRECTORS APPOINTMENT PROCESS

The Board next considered adopting an Order Declaring Directors Elected and Canceling Directors Appointment Process for Director Precincts 1, 2, 4, 5, 8, and 9. Mr. Boone stated that Larry Weppler, Bruce Parker, Stacey Burnett, Karla Cannon, and John Nelson have been appointed directors of the Authority to serve until May, 2014 and Mark Janneck has been appointed director of the Authority to serve until May, 2012,

which is Dan Sallee's unexpired term. Director Wepler moved that the Board adopt the Order. Director Burnett seconded the motion, which passed unanimously.

APPROVE SWORN STATEMENT, OFFICIAL BOND AND OATH OF OFFICE

The Board considered approving the Sworn Statement, Official Bond, and Oath of Office executed by Mark Janneck in conjunction with his new position on the Board of Directors. Following discussion, Director Burnett moved to approve the Sworn Statement, Official Bond, and Oath of Office and direct that the documents be filed in the permanent records of the Authority and the Oath be filed with the Secretary of State as required by law. Director Hansen seconded the motion, which carried unanimously.

REORGANIZE THE BOARD AND ELECT OFFICERS

After discussion, Director Hansen moved that Director Janneck serve as "Director," and that the other directors retain their current positions. Director Burnett seconded the motion, which carried unanimously.

AUTHORIZE EXECUTION AND FILING OF REGISTRATION FORM

The Board next considered approving a Registration Form for Board members of Water Districts and Authorities in Texas revised to reflect the new director, Mark Janneck, and his term. After review, Director Hansen moved to authorize the execution and filing of the Registration Form. The motion was seconded by Director Burnett and carried by unanimous vote.

DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Mr. Boone reviewed with Director Janneck the memorandum regarding the Open Meetings Act and Public Information Act training prepared by ABHR, a copy of which is attached.

DISCUSS CONFLICT OF INTEREST DISCLOSURE

Mr. Boone next reviewed with Director Janneck Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. He reviewed the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

Mr. Clark, a director with Barker Cypress Municipal Utility District (the "District") stated that the doors were left open to the water plant. He requested that the Authority's operator give notice to the District when SWWC will be visiting the plant.

Mr. Van Dyke stated that SWWC does not have keys to any water plant buildings. Mr. Van Dyke stated that he would look into this matter.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

DISCUSS WEBSITE

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

Ms. Payne stated that the Authority will need to order new letterhead in June.

Ms. Payne then reported on the distribution of the "Rising Cost of Water" brochures.

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 January is approximately 84% of that for last year at this date. Mr. Ahrens reported that approximately 11.05 million gallons per day of surface water was purchased from the City of Houston (the "City") during February.

Mr. Ahrens reported that DEC delivered the Authority's Emergency Preparedness Plan to the Texas Commission on Environmental Quality on February 26, 2010.

Mr. Ahrens reported that DEC is working on the Authority's annual Storm Water Quality Management Report and permit renewal application which fees are due to Harris County by April 16, 2010.

Mr. Ahrens reported that the Harris Galveston Subsidence District's ("HGSD") Board of Directors is expected to pass a resolution to increase the Disincentive Permit Fee Rate to \$5.00 per 1,000 gallons effective March 10, 2010.

Mr. Ahrens then reported that DEC will submit applications for over-conversion credits for the districts within the boundaries of the Authority that used surface water during the permit term of December 1, 2008, to November 30, 2009. He stated that the Authority should receive 4,050,000,000 gallons of over-conversion credits.

Mr. Ahrens also reported that the Coastal Water Authority's ("CWA") Technical Review Committee meeting was held on March 2, 2010. He stated that the CWA is

expected to rescind the supplemental WIF funding at its April, 2010 meeting subject to receipt of input from the stakeholders. Mr. Ahrens then reported that the stakeholders will meet at the March 31, 2010, Advisory Committee meeting.

Mr. Ahrens reported that the 14th Annual Water Reuse and Desalination Research Conference will be held May 24-25, 2010, in Tampa, Florida. Following discussion, Director Hansen moved to authorize any interested board members to attend the conference. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens also reported that Frank Dillard and Associates is in the process of obtaining bids from two certified contractors for the installation of the security system at Pump Station No. 1.

Mr. Ahrens then reported that Director Parker and the Program Manager made a presentation to the City of Sugar Land regarding surface water issues.

Mr. Ahrens reported that the Program Manager has requested that the Authority authorize an assessment report of the City's Jersey Village Well Field and Collection Line to be submitted to the City of Houston (the "City"). Following discussion, Director Weppler moved that the Board authorize an assessment report of the City's Jersey Village Well Field and Collection Line to be submitted to the City. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens then reported that the Program Manager requests that the Authority authorize a letter to be sent to the City requesting an invoice for the remaining 10 MGD raw water capital costs. Following discussion, Director Burnett moved that the Board authorize Director Parker to sign a letter to the City requesting an invoice for the remaining 10 MGD raw water capital costs and to send the letter to the City. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens reported that the engineers from the Authority, the North Fort Bend Water Authority ("NFBWA"), the North Harris County Regional Water Authority and the Central Harris County Regional Water Authority will meet on March 22, 2010, to discuss the topics for the March 31, 2010, Advisory Committee meeting.

Mr. Ahrens then reported that the Authority and NFBWA Program Managers and attorneys are working on the outline of issues for the Joint Facilities Agreement.

Mr. Ahrens reported that the Authority and NFBWA engineers will meet on March 11, 2010, to discuss technical issues and the locations of the Authority's future pump stations.

Mr. Ahrens reported that the sale of 600,000 gallons of Type B credits to Laurel Point Apartments, L.P. in the amount of \$1,050.00 has been finalized.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reported that Jackrabbit Public Utility District (“Jackrabbit”) requested reimbursement for the loss of surface water which it claims was caused by the Authority. He stated that the Program Manager is requesting additional information from Jackrabbit’s engineer and operator.

Mr. Ahrens recommended that Clay Road Municipal Utility District be reimbursed in the amount of \$213,056.25. Following discussion, Director Weppler moved to approve the reimbursement costs. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens reported that Harris County Municipal Utility District No. 136 has submitted a request for reimbursement, which is being reviewed.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contracts 11, 14A, 17A, 20, 21, and 23 and the ground storage tanks’ contract.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 2 in the amount of \$460,314.61 for the ground storage tanks’ project, Pay Estimate No. 13 and Final in the amount of \$29,031.67 for Contract 21, and Pay Estimate No. 13 and Final in the amount of \$27,178.71 for Contract 23. He then recommended that the Board approve close-out of Contract Nos. 21 and 23. Upon a motion made by Director Weppler and seconded by Director Burnett, the Board voted unanimously to approve the above mentioned pay estimates and the close-out of Contract Nos. 21 and 23.

WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

Mr. Ahrens reported that he had nothing new to report on the Water Supply Contract.

DISCUSS ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

Mr. Ahrens reported that Lockwood, Andrews & Newnam, Inc., the engineer for Contract 22A-1, has received agency signatures, Sander Engineering, the engineer for Contract 22B, has received agency signatures and Jones & Carter, Inc, the engineer for Contract 22A-2, has received agency signatures.

Mr. Ahrens reported that 10% design phases and environmental site assessments have been completed for Contracts 25, 26, and 27.

Mr. Ahrens reported that the Program Manager approved work authorization no. 10 for Right-of-Way Solutions, Inc., in the amount of \$2,500.00 for right-of-way research and acquisition services for Contract 25, work authorization no. 48 for Weisser Engineering, in the amount of \$3,200.00 for surveying services to determine specific information on the fee tracts to be transferred from Exxon Mobil to the Authority, and work authorization no. 1 for Huitt-Zollars, Inc., in the amount of \$3,491.00 for sub-consultant geotechnical services for Contract 26.

Mr. Ahrens reported that Klotz Associates, Inc. was issued the Notice to Proceed for design of Contract 19A on February 15, 2010 and is scheduled to submit 30% plans for review the first week of May, 2010.

Mr. Ahrens then requested approval of work authorization no. 9 for DEC, in the amount of \$110,480.00 for updates and on-going maintenance of the Authority's GIS. Following discussion, Director Weppler moved to approve work authorization no. 9 for DEC. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens then stated that the Program Manager requests the Board's authorization to have the construction management personnel inventory the 250 well meters within the Authority's boundaries. He reported that the information will be used to obtain fee proposals of Automatic Meter Reading Systems and to maintain current records of the meters to ensure that the meter readings are accurate and the meters are calibrated every two years. Following discussion, Director Postle moved to authorize the construction management personnel inventory the 250 well meters within the Authority's boundaries. Director Weppler seconded the motion, which carried unanimously.

Mr. Ahrens discussed Addendum No. 8 to the contract with Weisser Engineering and Addendum No. 5 to the contract with AECOM USA Group, Inc. Director Weppler moved to approve Addendum No. 8 to the contract with Weisser Engineering and Addendum No. 5 to the contract with AECOM USA Group, Inc. Director Hansen seconded the motion, which carried by a vote of six for the motion, with Director Postle abstaining.

Mr. Ahrens then requested that the Board authorize the Authority's attorney to work on an on-call services contract with Terracon, Top Results, Courthouse Direct and Rapid Research. Director Postle moved to authorize the Authority's attorney to work on an on-call services contract with Terracon, Top Results, Courthouse Direct and Rapid Research. Director Hansen seconded the motion, which carried unanimously.

DISCUSS CAPITAL IMPROVEMENTS PLAN

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

AUTHORIZE ENGAGEMENT OF VINSON & ELKINS

The Board next considered the engagement of Vinson & Elkins for right-of-way acquisition work related to Contract 19A and 19B. After discussion, Director Postle moved to authorize execution of the agreement with Vinson & Elkins, subject to final review and addition of the rate schedule. Director Weppler seconded the motion, which was 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. 5340 in the amount of \$213,056.25 payable to Clay Road Municipal Utility District and check no. 5341 in the amount of \$2,750.00 payable to B. J. Kaplan. Director Weppler moved to approve the bookkeeper's report, the above-mentioned checks, the disbursements reflected in the bookkeeper's report, and the monthly investment 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.

CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS, INCLUDING IMPOSITION OF CIVIL PENALTIES

Director Postle requested an update at the next meeting regarding the Houston National Golf Club.

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 RESOLUTION 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 then discussed acquisition of water line easements from Yick Mow Shum, Landi, LLC, and Siu Keong Leong and Mei Sio Lam. Director Postle moved to authorize acceptance of the water line easements from Yick Mow Shum, Landi, LLC, and Siu Keong Leong and Mei Sio Lam. Director Wepler seconded the motion, which carried unanimously.

Board discussion ensued regarding the procedure for acquisition and payment for future Authority easements.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the first public hearing on the 2011 Region H Water Plan will be held on March 30, 2010, at the Houston-Galveston Area Council Office and the second public hearing will be held on April 1, 2010, at the Truman Kimbro Convention Center.

DISCUSS PURCHASE OF ELECTRICITY

Director Parker reported on the three-year electricity contract that he executed with Sempra.

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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