

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

January 13, 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 13th day of January, 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 Wepler	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present, except Directors Beckendorff and Sallee, 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"); Kim Shelnett of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications; 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 October 29, and December 9, 2009, meetings. Following discussion, Director Hansen moved to approve the minutes of the October 29, and December 9, 2009, meetings 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

There was no action on this matter.

DISCUSS WEBSITE

Ms. Payne then reported that Cypress-Fairbanks Independent School District has rearranged the water conservation program and is now including it in the 7th grade curriculum.

Ms. Payne reported that the Texas Commission on Environmental Quality ("TCEQ") has adopted irrigation rules and that she is working with the Houston Gulf Coast Irrigation Association regarding this matter. The Board requested that a representative from the Houston Gulf Coast Irrigation Association attend the next Finance Committee meeting.

Ms. Payne then reported that the "Rising Cost of Water" brochure is ready to be published at an estimated cost of \$5,000. Director Weppler moved that the Board authorize publication at a cost not to exceed \$6,000. 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 November is approximately 108.7% of that for last year at this date. Mr. Ahrens reported that approximately 11.16 million gallons per day of surface water was purchased from the City of Houston (the "City") during December.

Mr. Ahrens reported that the emergency preparedness plan must be submitted to the TCEQ by March 1, 2010.

Mr. Ahrens reported that the Program Manager attended the Harris Galveston Subsidence District's ("HGSD") Planning Committee meeting on December 16, 2009, regarding the HGSD's contemplated increase in the disincentive fee. He stated that the next HGSD Planning Committee meeting is scheduled for January 26, 2010.

Mr. Ahrens then reported on the Advisory Committee meeting held with the City of Houston (the "City"), the Authority, the North Harris County Regional Water Authority, the North Fort Bend Water Authority, and the Central Harris County Regional Water Authority on January 12, 2010.

Mr. Ahrens also reported that the Program Manager attended the January 13, 2010, Coastal Water Authority ("CWA") meeting. He stated that the CWA is proposing to submit a draft emergency preparedness plan in the amount of \$40,000,000. Mr. Ahrens then reported that the City has requested that the CWA delay submittal until the City has received proposals from providers of back-up power for minimal cost. He

stated that the next Technical Review Committee meeting is tentatively scheduled for February, 2010.

Mr. Ahrens reported that the National Water Policy and the Future of Texas Water Conference will be held January 29, 2010, in Lubbock, the Texas Water Conservation Association 6th Annual Texas Water Day will be held February 9-10, 2010 in Washington, DC, the TWCA 66th Annual Convention will be held March 3-5, 2010, in Dallas, the Texas Rural Water Association 41st Annual Convention will be held March 24-26, 2010, in San Antonio, and the Texas Water 2010 Conference will be held April 13-16, 2010, in Corpus Christi. Following discussion, Director Cannon moved to authorize any interested board members to attend the conferences. Director Rush seconded the motion, which carried unanimously.

Mr. Ahrens then reported that DEC presented the Authority's GIS to the Design Committee and he indicated that he expects it to be accessible by February 1, 2010.

Mr. Ahrens then stated that DEC is working on the evaluation of a portion of the City's Jersey Village Well Field and Collection Line.

Mr. Ahrens also reported that DEC is evaluating three additional alternative alignments for the Authority's second source water study.

Mr. Ahrens reported that DEC is evaluating an alternate method to provide surface water to Precinct 1 because the City has no water available at its Bellaire Braes pump station.

Mr. Ahrens reported that the sale of 3,000,000 gallons of Type A credits to PolyOne Corp. in the amount of \$6,750.00, the sale of 10,000,000 gallons of Type A credits to Southwest Shipyard LP in the amount of \$22,500.00, the sale of 6,000,000 gallons of Type A credits and 6,600,000 gallons of Type B credits to Westlake Park Association in the amount of \$25,050.00, and the sale of 13,200,000 gallons of Type A credits and 5,100,000 gallons of Type B credits to NOCS West Gulf, Inc. in the amount of \$38,625.00 have been finalized. He then requested that the Board approve the sale of the above mentioned credits and authorize Director Parker to approve an additional 14,000,000 Type A or an additional 14,000,000 Type B credits in January, 2010, as allowed by the Authority's Resolution Authorizing Sale of Groundwater Credits. Director Rush moved that the Board approve the above mentioned credits and authorize Director Parker to approve an additional 14,000,000 Type A or an additional 14,000,000 Type B credits in January, 2010, as allowed by the Authority's Resolution Authorizing Sale of Groundwater Credits. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens reported that the bid for the Pump Station No. 1 security system will be negotiated in February, 2010.

APPROVE WATER SUPPLY AGREEMENT

The Board took no action on this matter.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that West Harris County Municipal Utility District No. 14 be reimbursed in the amount of \$199,715.03 and that West Harris County Municipal Utility District No. 15 be reimbursed in the amount of \$418,457.47. Following discussion, Director Wepler moved to approve the reimbursement costs. Director Hansen seconded the motion, which carried unanimously.

DISCUSS STATUS OF WATER LINE PROJECTS

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

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 19 in the amount of \$141,779.15 for Contract 14A and Pay Estimate No. 11 and Final in the amount of \$375,004.32 for Contract 14B. He then recommended that the Board approve close-out of Contract 14B. Upon a motion made by Director Wepler and seconded by Director Postle, the Board voted unanimously to approve the above mentioned pay estimates and close-out of Contract 14B.

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 the engineers for Harris County Municipal Utility District No. 500 and Harris County Municipal Utility District No. 433 have informed the Project Manager that they will need surface water by November 2011.

Mr. Ahrens also 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, Jones & Carter, Inc, the engineer for Contract 22A-2, has received agency signatures, and Costello, Inc., the engineer for Contract 22C, is in the process of obtaining agency signatures.

Mr. Ahrens reported that design phases and environmental site assessments have been completed for Contracts 25 and 27. He then reported that the environmental

site assessment is expected to be completed the last week of January, 2010 for Contract 26.

Mr. Ahrens then stated that Directors Cannon, Hansen, Parker, Rush, Wepler, and Postle of the Design and Finance Committees recommended approval of work authorization No. 21 for Hawkins Lease Service, Inc., in the amount of \$5,566.21 for maintenance along the 43-mile second source pipeline and work authorization No. 6 for Property Acquisition Services, Inc. in the amount of \$36,900.00 for performing research and acquisition services for 12 easement parcels which are part of the Authority's Contract 19 water transmission main. Following discussion, Director Rush moved to approve work authorization No. 21 for Hawkins Lease Service, Inc and work authorization No. 6 for Property Acquisition Services, Inc. Director Wepler seconded the motion, which carried unanimously.

Mr. Ahrens reported that Klotz Associates, Inc., as the engineer for Contract 19, is expected to submit their proposal by January 20, 2010.

DISCUSS CAPITAL IMPROVEMENTS PLAN

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

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. Shelnett also reviewed check no. 5241 in the amount of \$1,006.77 payable to Stacey Burnett, check no. 5242 in the amount of \$193.77 payable to Eric Hansen, check no. 5243 in the amount of \$559.35 payable to One Call Systems and check no. 5244 in the amount of \$1,550.00 payable to Cobb Fendley & Associates. Director Burnett 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 Hansen 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.

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 Wepler moved to accept the annual disclosure statements of the bookkeeper and investment officer. Director Rush 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.

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 then discussed acquisition of two water line easements from Bissonnet Municipal Utility District and granting an encroachment to Timber Creek Lodging Group, LLC. Director Wepler moved to approve two water line easements from Bissonnet Municipal Utility District and granting an encroachment to Timber Creek Lodging Group, LLC. Director Postle seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the draft 2011 Region H Water Plan has been submitted for review.

DISCUSS MAY, 2010, DIRECTORS' APPOINTMENT PROCESS, INCLUDING APPROVAL OF RESOLUTION ADOPTING RULES FOR 2010 APPOINTMENT PROCESS FOR DIRECTORS

Mr. Garcia discussed the terms of the Resolution Adopting Rules for 2010 Appointment Process for Directors ("Resolution"). Following discussion, Director Hansen moved to adopt the Resolution as presented. Director Cannon 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 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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