

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

April 14, 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 14th day of April, 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
Mark Janneck	Director
Larry Wepler	Director
Karla Cannon	Director
Malcolm Beckendorff	Director

and all of the above were present, except Directors Beckendorff and Cannon, 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; Jim Boone, Katie Dorfman, 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 March 10, 2010, meeting. Following discussion, Director Rush moved to approve the minutes of the March 10, 2010, meeting as submitted. The motion was seconded by Director Hansen and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

There were no comments from the public.

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 reported that she is working on the newsletter.

Ms. Payne then reported that there is a new Joint Turf Grass Irrigation Research Project (the "Project") with Texas A&M to determine the amount of water required by native grasses and such determination would help in Authority water conservation efforts. She then requested that the Board consider contributing \$1,250 to the Project. Following discussion, Director Hansen moved that the Board authorize a \$1,250 contribution to the Project. Director Wepler 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 2010 through February is approximately 83% of that for last year at this date. Mr. Ahrens reported that approximately 13.22 million gallons per day ("MGD) of surface water was purchased from the City of Houston (the "City") during March.

Mr. Ahrens reported that the Authority's Emergency Preparedness Plan was approved by the Texas Commission on Environmental Quality the week of April 12, 2010.

Mr. Ahrens reported that DEC will submit the Authority's annual Storm Water Quality Management Report and permit renewal application on April 16, 2010.

Mr. Ahrens reported that the Harris Galveston Subsidence District's ("HGSD") Board of Directors approved an increase in the Disincentive Permit Fee Rate to \$5.00 per 1,000 gallons on March 10, 2010.

Mr. Ahrens then reported that DEC submitted 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 ("CWA") submitted the Luce Bayou Project permit application to the U.S. Corps of Engineers on March 31, 2010. He stated that the preliminary engineering report will be submitted to the City of Houston (the "City") the first week of May, 2010. He stated that the CWA is currently

expected to rescind the supplemental WIF funding at its May, 2010 meeting. Mr. Ahrens then reported that William Othon, Giti Zarinkelk and John Cobb have been appointed to the CWA Board.

Mr. Ahrens reviewed a letter from Susan Bandy, the City's Deputy Director, acknowledging the Authority's request for the additional 10 MGD of raw water capacity. He stated that payment in the amount of \$7,032,104.18 is due to the City by April 15, 2010.

Mr. Ahrens then reported that on March 24, 2010, the Program Manager sent letters to the districts that are receiving surface water from the Authority informing them that they are to use surface water except when exercising their wells and during peak periods when the Authority cannot meet demand.

Mr. Ahrens also reported that DEC is working on enhancements and maintenance of the Authority web-based GIS.

Mr. Ahrens stated that Harris County Municipal Utility District No. 166 has requested a Water Supply Agreement.

Mr. Ahrens reported that the Program Manager submitted an assessment report of the City's Jersey Village Well Field and Collection Line to the City in March, 2010.

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 met on March 22, 2010, to discuss the topics for the Advisory Committee meeting that was held on March 31, 2010.

Mr. Ahrens then reported that the Authority and NFBWA Program Managers met with the City on March 26, 2010, to discuss the City's future waterline alignments.

Mr. Ahrens also reported that representatives from the Authority, the North Harris County Regional Water Authority, the NFBWA and the Central Harris County Regional Water Authority met with the City to discuss Lake Houston water quality and alignments of future major transmission mains.

Mr. Ahrens stated that the Program Manager and staff are scheduled to meet on April 28, 2010, with Yvonne Forrest and the City's Water Production staff at the East Water Purification Plant to discuss operational and supply issues, as well as scheduling for the City to begin delivering the 28.25 MGD of surface water to the Authority.

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

Mr. Ahrens also reported that the final outline of issues for the joint facilities agreement between the Authority and NFBWA is almost complete.

Mr. Ahrens reported that the sale of 14,000,000 gallons of Type A credits to Glenwood Cemetery, Inc. in the amount of \$31,500.00 has been finalized.

Mr. Ahrens then reported that the Finance Committee recommended that the price of Type B credits be increased from \$1.75 per 1,000 gallons to \$3.00 per 1,000 gallons and the price for Type A credits be increased from \$2.25 per 1,000 gallons to \$3.75 per 1,000 gallons. Following discussion, Director Rush moved that the Board approve the increase for Type A and Type B credits. Director Hansen seconded the motion, which carried unanimously.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Harris County Municipal Utility District No. 136 ("MUD 136") be reimbursed in the amount of \$408,425.00. Mr. Polanski of MUD 136 stated that he does not agree with the amount being reimbursed for conversion. Director Rush stated that all districts have been reimbursed according to similar methodology and that some districts have found alternatives in order to lower the conversion costs. Mr. Ahrens stated that he would forward the information requested by the residents to MUD 136's engineer. The Board deferred approval of the reimbursement to MUD 136.

DISCUSS STATUS OF WATER LINE PROJECTS

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

Mr. Ahrens reported that the meter station rehabilitation project was advertised for bids on April 9, 2010.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 3 in the amount of \$457,200.00 for the ground storage tanks' project, Pay Estimate No. 14 and Final in the amount of \$190,117.52 for Contract 11, Pay Estimate No. 20 in the amount of \$150,304.19 for Contract 14A, and Pay Estimate No. 14 and Final in the amount of \$185,936.66 for Contract 17A. He then recommended that the Board approve close-out of Contract Nos. 11 and 17A. Upon a motion made by Director Wepler and seconded by Director Janneck, the Board voted unanimously to approve the above mentioned pay estimates and the close-out of Contract Nos. 11 and 17A.

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. 11 for Right-of-Way Solutions, Inc., in the amount of \$4,000.00 for two appraisals for Contracts 26 and 27, work authorization no. 49 for Weisser Engineering, in the amount of \$4,200.00 for surveying services for two additional easements for Contract 19A, and work authorization no. 16 for AECOM Technical Services, Inc., in the amount of \$14,182.00 for Phase I of the monumentation survey along the Authority second source water transmission main easement.

Mr. Ahrens reported that Klotz Associates, Inc. is expected to submit 30% plans for review the first week of May, 2010 for Contract 19A.

Mr. Ahrens then requested approval of work authorization no. 50 for Weisser Engineering in the amount of \$71,250.00 for surveying services of the fee tracts to be transferred from Exxon Mobil to the Authority and work authorization no. 17 for AECOM Technical Services, Inc. in the amount of \$121,560.00 for monumentation survey along the Authority second source water transmission main easement. Following discussion, Director Rush moved to approve work authorization no. 50 for Weisser Engineering and work authorization no. 17 for AECOM Technical Services, 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, Mustang Engineering, LP, and Rapid Research, Inc. Director Rush 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.

ADOPT AMENDED RATE ORDER

Mr. Boone reviewed an Amended Rate Order. Following review and discussion, Director Weppler moved to adopt the Amended Rate Order. 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.

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. 5393 in the amount of \$1,250.00 payable to Texas A&M, check no. 5394 in the amount of \$813.62 payable to Eric Hansen, check no. 5395 in the amount of \$2,500.00 payable to Haider Zaman, check no. 5396 in the amount of \$2,885.00 payable to O'Reilly Automotive, check no. 5397 in the amount of \$13,680.00 payable to OCC Beechnut, Ltd., check no. 5398 in the amount of \$15,000.00 payable to Concentric Three, Inc., and check no. 5399 in the amount of \$101,938.82 payable to Seminole Pipeline Co. 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.

DEPOSITORY PLEDGE AGREEMENT

The Board considered authorizing the execution of the Depository Pledge Agreement. After discussion, Director Burnett moved that the Board authorize execution of the Depository Pledge Agreement with Amegy Bank. Director Rush seconded the motion, which carried unanimously.

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

Mr. Boone reported that Mr. Barry Abrams is working on collection of the delinquent fees from 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.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Mr. Ahrens requested that the Board approve the annual report on the implementation of the Water Conservation Plan. After discussion, Director Rush moved to approve the annual report on the implementation of the Water Conservation Plan. Director Hansen seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board took no action on this matter.

AUTHORIZE ENGAGEMENT OF JOYCE, MCFARLAND + MCFARLAND LLP

The Board next considered the engagement of Joyce, McFarland + McFarland LLP for acquisition work related to the pump station site. After discussion, Director Rush moved to authorize execution of the agreement with Joyce, McFarland + McFarland LLP. Director Burnett 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.

APPROVE LEGAL CONFLICTS WAIVERS

Mr. Boone reviewed with the Board legal conflicts waivers regarding representation by ABHR of the Authority and Harris County Municipal Utility District No. 500 for conveyance of a water line and water meter easement, and representation by ABHR of the Authority and Harris County Municipal Utility District No. 501 ("MUD 501") for a consent to encroachment across the Authority's easement adjacent to Tuckerton Road, and representation by ABHR of the Authority and Renn Road Municipal Utility District for conveyance of a water line easement. Following review and discussion, Director Hansen moved to authorize execution of the legal conflicts waivers. Director Burnett seconded the motion, which carried unanimously.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board then discussed granting an encroachment to Aldine Independent School District to perform grading operations across the Authority's Second Source easement and an encroachment to MUD 501 to install an 8-inch water line across the Authority's 20-foot wide easement adjacent to Tuckerton Road. Director Weppler moved to approve granting encroachment to Aldine Independent School District and MUD 501. Director Rush seconded the motion, which carried unanimously.

The Board then discussed acquisition of water line easements from O'Reilly Automotive, Inc., OCC Beechnut, Ltd., Haider Zaman, and Concentric Three, Inc. Director Postle moved to authorize acceptance of the water line easements from O'Reilly Automotive, Inc., OCC Beechnut, Ltd., Haider Zaman, and Concentric Three, Inc. Director Weppler seconded the motion, which carried unanimously.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the Texas Water Development Board is accepting public comments on the geographic boundaries of the regional water planning areas in the state. He also reported that the 2011 Region H Water Plan has been posted on the Region H website.

ARBITRAGE REBATE/YIELD RESTRICTION ANALYSIS

The Board reviewed proposals from OmniCap Group, LLC and First Southwest Company for an Arbitrage Rebate/Yield Restriction Analysis of the District's Series 2005 Bonds. Upon a motion made by Director Burnett and seconded by Director Hansen, the Board voted unanimously to accept the proposal from OmniCap Group, LLC.

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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