

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

May 12, 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 12th day of May, 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 Hansen, 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.; Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC; Barbara Payne of Payne Communications; Alex Garcia, 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 April 14, 2010, meeting. Following discussion, Director Janneck moved to approve the minutes of the April 14, 2010, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

REVIEW AND APPROVE AUDIT REPORT FOR FISCAL YEAR ENDED
DECEMBER 31, 2009

Ms. Gibson distributed and reviewed a draft of the audit report for the fiscal year ended December 31, 2009. Following discussion, Director Burnett moved to approve the audit report for the fiscal year ended December 31, 2009, subject to final review. Director Rush seconded the motion, which carried unanimously.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

Mr. Brian Gardner of Rolling Creek Utility District ("Rolling Creek") requested that the Board reconsider additional reimbursement to Rolling Creek for chloramines conversion costs. Director Parker stated that the Authority would not be changing the reimbursement policy at this time.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

DISCUSS WEBSITE

Ms. Payne reported that the Cypress-Fairbanks Independent School District would be using the water conservation materials for the gifted and talented students.

Ms. Payne reported that 10,000 copies of the four water conservation brochures have been distributed.

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 March is approximately 84% of that for last year at this date. Mr. Ahrens reported that approximately 15.40 million gallons per day ("MGD) of surface water was purchased from the City of Houston (the "City") during April.

Mr. Ahrens reported that the Authority's Emergency Preparedness Plan was approved by the Texas Commission on Environmental Quality on April 20, 2010.

Mr. Ahrens reported that the Program Manager attended the May 12, 2010, Coastal Water Authority ("CWA") Board meeting. He stated that the CWA Board approved closing on the supplemental WIF funding for the Luce Bayou Project at the stakeholders' request.

Mr. Ahrens reviewed a letter from Marcia Oliver, the attorney for Harris County Municipal Utility District No. 102 ("MUD 102"), in response to the Authority's letter requiring districts that are receiving surface water to use only surface water except for proper exercising of wells and during peak periods when the Authority cannot meet demand. He pointed out that the letter indicated that MUD 102 is having difficulty

exercising its wells as often as its Board wants or as frequently as recommended in MUD 102's well pumping study.

Mr. Ahrens then reviewed a letter from Rolling Creek stating that its operator needs to be able to pump its wells a minimum of once every week or two for at least one hour each pumping cycle.

Mr. Ahrens reported that the City of Houston (the "City") has authorized Lockwood, Andrews & Newnam, Inc. ("LAN"), to prepare a feasibility study for constructing a large diameter surface water transmission pipeline along Aldine Bender Road from the general vicinity of the Northeast Water Purification Plant to Interstate 45. He stated that the Aldine Bender pipeline, if constructed by the City, would be an alternate to the Authority's second source alignment between the Northeast Water Purification Plant and Interstate 45.

Mr. Ahrens then reported that on April 28, 2010, the Authority's Program Manager, Construction Manager and operator met with the City's Water Production staff to discuss the increase in surface water delivery to the Authority's system and operations coordination issues. He stated that the City began delivering 17,500 gallons per minute ("GPM") the week of May 10, 2010 and will be increasing surface water flow to 19,600 GPM by June, 2010.

Mr. Ahrens reported that S-G Golf Partners, Ltd. ("SGGP") currently owns a well permit, but has not submitted meter readings on a monthly basis for the years 2008, 2009, and 2010. He requested that the Board approve an objection to the issuance of a new water well permit to SGGP. Following discussion, Director Burnett moved to approve the objection to the issuance of a new water well permit. Director Cannon seconded the motion, which carried by a vote of five for the motion with Directors Rush and Wepler abstaining.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens recommended that Rolling Creek be reimbursed in the amount of \$455,875.00. Following discussion, Director Postle moved to approve the reimbursement costs as full and final payment, subject to execution of a receipt and release by Rolling Creek. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens then recommended that Harris County Municipal Utility District No. 136 ("MUD 136") be reimbursed in the amount of \$408,425.00. Following discussion, Director Wepler moved to approve the reimbursement costs as full and final payment, subject to execution of a receipt and release by MUD 136. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens reviewed the request from Jackrabbit Public Utility District (Jackrabbit") for reimbursement for loss of surface water. Following discussion, Director Weppler moved to authorize sending a letter to Jackrabbit authorizing payment of \$3,997.50. Director Janneck seconded the motion, which carried unanimously.

Mr. Ahrens reported that the request for reimbursement from Harris County Municipal Utility District No. 163 is being reviewed.

DISCUSS STATUS OF WATER LINE PROJECTS

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

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 4 in the amount of \$509,705.39 for the ground storage tanks' project and Pay Estimate No. 11 in the amount of \$75,593.06 for Contract 20. Upon a motion made by Director Rush and seconded by Director Burnett, the Board voted unanimously to approve the above mentioned pay estimates.

REVIEW BIDS AND AWARD CONTRACTS

Mr. Ahrens reported bids were received for Pump Station No. 1 Access Security/CCTV project. He then recommended that the Board accept the bid in the amount of \$470,400.00 submitted by BL Technology. Based on the engineers' recommendation, the Board determined in their judgment that BL Technology would be the most advantageous to the Authority and would result in the best and most economical completion of the Authority's facilities. Director Weppler moved that the contract in the amount of \$470,400.00 be awarded to BL Technology, subject to approval of the payment and performance bonds by the District's attorney. Director Janneck seconded the motion, which carried unanimously.

Mr. Ahrens then reported bids were received for the meter station rehabilitation project. He then recommended that the Board accept the bid in the amount of \$1,506,000.00 submitted by R & B Group, Inc. Based on the engineers' recommendation, the Board determined in their judgment that R & B Group, Inc. would be the most advantageous to the Authority and would result in the best and most economical completion of the Authority's facilities. Director Rush moved that the contract in the amount of \$1,506,000.00 be awarded to R & B Group, Inc., subject to approval of the payment and performance bonds by the District's attorney. Director Burnett seconded the motion, which carried unanimously by a vote of six for the motion with Director Weppler abstaining.

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 LAN, 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 Klotz Associates, Inc. is expected to submit 30% plans for review the first week of June, 2010 for Contract 19A.

Mr. Ahrens reported that he approved work authorization no. 1 for Fox & Bubela, Inc., in the amount of \$2,000.00 for a market study for proposed easements along Contracts 19A and 19B.

Mr. Ahrens then requested approval of work authorization no. 51 for Weisser Engineering ("Weisser") in the amount of \$16,650.00 for surveying services for easements along Contract 19A, work authorization no. 9 for DEC in the amount of \$18,610.00 for boundary and topographic surveys for an 18-acre tract of land, and work authorization no. 10 for DEC in the amount of \$64,566.00 for photogrammetric ground control along segments of the Second Source easement. Following discussion, Director Weppler moved to approve work authorization no. 51 for Weisser, work authorization no. 9 for DEC, and work authorization no. 10 for DEC. Director Janneck seconded the motion, which carried by a vote of six for the motion, with Director Postle abstaining.

Mr. Ahrens then requested that the Board approve a Master Service Agreement for environmental services with Terracon Consultants, Inc., and Master Services Agreements for right-of-way acquisition and related services with Top Results, Courthouse Direct, and Mustang Engineering, LP. Mr. Ahrens pointed out the Master Service Agreement with Rapid Research, Inc. will be presented at the June meeting for approval. Director Rush moved to approve Master Service Agreements with Terracon, Top Results, Courthouse Direct, and Mustang Engineering, LP. Director Postle seconded the motion, which carried unanimously.

APPROVE AGREEMENT REGARDING LINE LOCATION SERVICES, INCLUDING CONTRACT WITH TEXAS EXCAVATION SAFETY SYSTEM, INC. AND AUTHORIZE TERMINATION OF EXISTING PROVIDER CONTRACT WITH ONE CALL SYSTEMS, INC.

Mr. Ahrens reported that One Call Systems, Inc. is no longer operating in Texas and that the Program Manager met with Texas Excavation Safety Systems, Inc. to discuss providing line locating services. He then requested that the Board approve the agreement with Texas Excavation Safety Systems, Inc. and terminate the agreement with One Call Systems, Inc. Following discussion, Director Cannon moved to approve the agreement with Texas Excavation Safety Systems, Inc. and terminate the agreement with One Call Systems, Inc. Director Burnett seconded the motion, which carried unanimously.

ENGAGE FIRM FOR PHOTOGRAPHY/SURVEYING AND/OR PHOTOGRAMMETRIC SERVICES

Mr. Ahrens requested that the Board approve an agreement with Rod Aerial Mapping, LLC for photogrammetric surveying services along the Second Source alignment in the amount of \$98,457.00. Following discussion, Director Weppler moved to approve an agreement with Rod Aerial Mapping, LLC. Director Postle seconded the motion, which carried unanimously.

ESTABLISH NEGOTIATING COMMITTEE REGARDING COST-SHARING AGREEMENT WITH THE NORTH FORT BEND WATER AUTHORITY

The Board considered establishing a negotiating committee regarding the cost-sharing agreement with the North Fort Bend Water Authority. Following discussion, Director Cannon moved to appoint Directors Weppler, Parker, and Hansen to the negotiating committee. Director Burnett seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

APPROVE LEGAL CONFLICT WAIVER

Mr. Garcia reviewed with the Board a legal conflict waiver regarding representation by ABHR of the Authority and Harris County Municipal Utility District No. 500 in connection with an amendment to the Water Trunkline Financing Agreement. Following review and discussion, Director Weppler moved to authorize execution of the legal conflict waiver. Director Rush seconded the motion, which carried unanimously.

ADOPT SECOND AMENDED RESOLUTION AUTHORIZING APPROVAL OF WORK ORDERS AND CHANGE ORDERS

The Authority considered adopting a Second Amended Resolution Authorizing Approval of Work Orders and Change Orders. After review and discussion, Director Cannon moved to adopt the Second Amended Resolution Authorizing Approval of Work Orders and Change Orders. The motion was seconded by Director Burnett and carried by unanimous vote.

ADOPT AMENDED RESOLUTION AUTHORIZING SALE OF GROUNDWATER CREDITS

The Authority considered adopting an Amended Resolution Authorizing Sale of Groundwater Credits. After review and discussion, Director Postle moved that the Authority adopt the Amended Resolution Authorizing Sale of Groundwater Credits. The motion was seconded by Director Burnett and 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. 5448 in the amount of \$1,145.85 payable to One Call Systems, Inc., check no. 5449 in the amount of \$70,960.97 payable to AECOM, check no. 5450 in the amount of \$4,000.00 payable to McGrath & Co. PLLC, check no. 5451 in the amount of \$441.57 payable to Mark Janneck, check no. 5452 in the amount of \$647.60 payable to Eric Hansen, check no. 5453 in the amount of \$307.05 payable to Karla Cannon, check no. 5454 in the amount of \$101.89 payable to AT&T, check no. 5455 in the amount of \$455,875.00 payable to Rolling Creek, check no. 5456 in the amount of \$408,425.00 payable to MUD 136, and check no. 5457 in the amount of \$3,997.50 payable to Jackrabbit. 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 Cannon 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

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

DISCUSS PUMPAGE FEE EXCEPTION REPORT

Ms. Garcia reviewed with the Board 2009 pumpage fee exception reports and stated that invoices have been sent. Upon a motion made by Director Burnett and seconded by Director Rush, the Board voted unanimously to take no action on accounts that have a credit or payment of less than \$1,500 until the accumulated amount reaches \$1,500.

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 ("GRP")

Mr. Ahrens reviewed a list of the wells within the Authority's GRP as of May 1, 2010. He then requested that the Board approve the attached list. Following discussion, Director Wepler moved to approve the list of wells. Director Janneck seconded the motion, which carried unanimously.

Mr. Ahrens reported that Koy Concrete ("KESH, Inc.") did not participate in the Authority's GRP from December, 2009 to April, 2010. He stated that KESH, Inc. has requested that the Board approve its inclusion in the Authority's GRP. Following discussion, Director Wepler moved to authorize KESH, Inc. to be included in the Authority's GRP subject to payment of its pumpage fees from December 1, 2009, to April 30, 2010 and amending its permit to more than 10 MGY. Director Cannon seconded the motion, which carried unanimously.

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board then discussed acquisition of water line easements from Renn Road Municipal Utility District, Yick-Mow Shum, Trustee, and West Ten Development, L.P. Director Postle moved to authorize acceptance of the water line easements from Renn Road Municipal Utility District, Yick-Mow Shum, Trustee, and West Ten Development, L.P. 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 Region H Water Planning Group.

AUTHORIZE CONSULTANTS TO PREPARE ANNUAL REPORT IN ACCORDANCE WITH CONTINUING DISCLOSURE OF INFORMATION AGREEMENT

Mr. Garcia reminded the Board that the District is required to file an annual report in accordance with the Continuing Disclosure of Information Agreement. Upon a motion made by Director Rush and seconded by Director Burnett, the Board voted unanimously to authorize preparation of the annual report.

CONVENE EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING CONTEMPLATED LITIGATION

The Board concurred to convene in executive session to conduct a consultation with their attorney regarding contemplated litigation related to delinquent SGGP fees. The Board entered executive session at 7:30 p.m.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:47 p.m., the Board then reconvened in open session. Following discussion, Director Burnett moved to approve an Agreement with SGGP regarding payment of the delinquent fees and to authorize Mr. Ahrens to withdraw the Authority's objection to SGGP's well permit application for Permit No. 11530. Director Postle seconded the motion, which carried by a vote of six for the motion with Director Weppler abstaining.

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

Secretary, Board of Directors

(SEAL)

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