

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

June 9, 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 9th day of June, 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.; Sue Davis of Sue Davis Communications; Barbara Payne of Payne Communications; John Nelson; 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 May 12, 2010, meeting. Following discussion, Director Wepler moved to approve the minutes of the May 12, 2010, meeting as submitted. The motion was seconded by Director Postle and passed by unanimous vote.

APPROVE SWORN STATEMENTS AND OATHS OF OFFICE

Mr. Garcia administered the Oath of Office to the appointed directors. The Board then considered approving Sworn Statements and Oaths of Office of Larry Wepler, Stacey Burnett, Karla Cannon, and Bruce Parker and the Sworn Statement, Bond and Oath of Office of John Nelson in conjunction with their appointments to the Board of Directors. Following discussion, Director Hansen moved to approve such Sworn Statements, Bond, and Oaths of Office and direct that the documents be filed in the permanent records of the Authority and the Oaths be filed with the Secretary of

State as required by law. Director Rush seconded the motion, which carried unanimously.

REORGANIZE THE BOARD AND ELECT OFFICERS

After discussion, Director Wepler moved that Director Nelson serve as "Director," and that the other directors retain their current positions. Director Rush 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 appointments of the Board members and their respective terms. After review, Director Rush moved to authorize the execution and filing of the Registration Form. The motion was seconded by Director Hansen and carried 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.

APPROVE RENEWAL OF ALLIANCE FOR WATER EFFICIENCY ANNUAL MEMBERSHIP

Ms. Payne requested that the Board consider renewing the Alliance for Water Efficiency annual membership at a cost of \$500.00. Following discussion,, Director Postle moved to approve renewing the Alliance for Water Efficiency annual membership. Director Burnett seconded the motion, which carried unanimously.

DISCUSS WEBSITE

Ms. Payne updated the Board on the status of the Joint Turf Grass Irrigation Research Project with Texas A&M to determine the amount of water required by native grasses.

Ms. Payne reported that 90,000-100,000 copies of the newsletter will be distributed. She then requested that the Board authorize payment in an amount not to exceed \$75,000 for postage and printing. Following discussion, Director Nelson moved to authorize payment in an amount not to exceed \$75,000 for postage and printing. Director Postle seconded the motion, which carried unanimously.

Ms. Payne reviewed a water conservation insert that could be distributed with utility bills. She then requested that the Board authorize 50,000 copies to be printed. Following discussion, Director Nelson moved to authorize 50,000 copies of the water conservation insert to be printed. Director Postle seconded the motion, which carried unanimously.

APPROVE AGREEMENT WITH SUE DAVIS COMMUNICATIONS

Mr. Garcia reviewed an agreement with Sue Davis Communications for public communications for the Second Source Line. Following review and discussion, Director Postle moved that the Board approve the agreement with Sue Davis Communications. Director Rush seconded the motion, which carried unanimously.

AMENDED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

Mr. Garcia reviewed with the Board the amended Crisis Management Media Relations Plan, a copy of which is attached. Following discussion, Director Janneck moved to approve the amended Crisis Management Media Relations Plan. Director Rush 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 April is approximately 91% of that for last year at this date. Mr. Ahrens reported that approximately 18.40 million gallons per day ("MGD) of surface water was purchased from the City of Houston (the "City") during May.

Mr. Ahrens reviewed a May 3, 2010, email from DeWayne High, a district operator, suggesting that the Authority develop an electronic forum for communicating operational issues.

Mr. Ahrens then reviewed a May 18, 2010, email from Ben Agee, the operator for Harris County Municipal Utility District No. 155 ("MUD 155"), regarding correspondence from the Texas Commission on Environmental Quality reflecting that the TCEQ will perform quarterly testing on MUD 155's water system because of the detection of atrazine and simazine. Mr. Ahrens then requested that the Board authorize SWWC to perform annual testing for organic chemicals in the surface water at the Pump Station. Following discussion, Director Rush moved to authorize SWWC to perform annual testing for organic chemicals in the surface water at the Pump Station. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens reviewed a May 19, 2010, email from Jeff Scarborough of DEC, requesting that the Board consider authorizing the Authority's GIS website to be demonstrated at the Texas GIS Forum to be held October 25-28 in Austin, Texas. Following discussion, Director Hansen moved to authorize the Authority's GIS website to be demonstrated at the Texas GIS Forum. Director Janneck seconded the motion, which carried unanimously.

Mr. Ahrens reported that the Program Manager attended the June 9, 2010, Coastal Water Authority ("CWA") Board meeting.

Mr. Ahrens reported that the City of Houston (the "City") began delivering 28.25 MGD of surface water to the Authority's Pump Station No. 1 on May 17, 2010.

Mr. Ahrens reported that the sale of 200,000 gallons of Type A credits to Rehab Creative Services in the amount of \$600.00, 1,740,000 gallons of Type A credits to Kingwood Cove Golf Club in the amount of \$5,220.00, and 1,250,000 gallons of Type A credits to Bio Energy Landscape & Maintenance in the amount of \$3,750.00 have been finalized.

APPROVE REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens reminded the Board that at the May meeting Jackrabbit Public Utility District's (Jackrabbit") request for reimbursement for loss of surface water was approved. He stated that Jackrabbit's method of calculating the water loss differed from the Authority's method; therefore, the issue is still under review.

Mr. Ahrens reviewed the request from Harris County Municipal Utility District No. 163 ("MUD 163") for reimbursement for loss of surface water. Following discussion, Director Rush moved to authorize payment of \$1,501.33, subject to execution of a receipt and release by MUD 163. Director Hansen seconded the motion, which carried unanimously.

The Board then considered authorizing DEC and ABHR to review the Authority's chloramine conversion reimbursement policy. Director Wepler moved to authorize DEC and ABHR to review the Authority's chloramine conversion reimbursement policy. Director Janneck seconded the motion, which carried unanimously.

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. 5 in the amount of \$240,300.00 for the ground storage tanks' project and Pay Estimate No. 21 in the amount of \$46,154.70 for Contract 14A. Upon a motion made by Director Weppler and seconded by Director Hansen, the Board voted unanimously to approve the above mentioned pay estimates.

WATER SUPPLY CONTRACT WITH THE CITY OF HOUSTON

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

Mr. Garcia requested that the Board authorize Director Parker to execute a letter to the City informing the City about the Authority's Second Source Line Project. Following discussion, Director Hansen moved to authorize Director Parker to execute a letter to the City. Director Janneck seconded the motion, which carried unanimously.

APPROVE MASTER SERVICES AGREEMENT WITH RAPID RESEARCH INC.

Mr. Ahrens then requested that the Board approve a Master Services Agreement for right-of-way acquisition and related services with Rapid Research, Inc. Director Postle moved to approve the Master Services Agreement with Rapid Research, Inc. Director Rush seconded the motion, which carried unanimously.

APPROVE MASTER SERVICES AGREEMENT WITH LINA T. RAMEY & ASSOCIATES, INC.

Mr. Ahrens requested that the Board approve a Master Services Agreement for surveying services on the Second Source line with Lina T. Ramey & Associates, Inc. Director Weppler moved to approve the Master Services Agreement with Lina T. Ramey & Associates, Inc. Director Hansen seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

APPROVE AMENDMENT TO MASTER SERVICES AGREEMENT WITH TERRACON CONSULTANTS, INC.

Mr. Ahrens requested that the Board approve the amendment to the Master Services Agreement ("Amendment") with Terracon Consultants, Inc. Mr. Garcia stated that the Amendment reflects modifications to the insurance requirements. Director Nelson moved to approve the Amendment. Director Hansen seconded the motion,

which carried by a vote of seven for the motion with Director Weppler abstaining.

DISCUSS ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

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

Mr. Ahrens reported that Klotz Associates, Inc. submitted 50% plans for review on June 1, 2010 for Contract 19A.

Mr. Ahrens reported that he approved work authorization no. 2 for Fox & Bubela, Inc., in the amount of \$1,500.00 for a market study for proposed easements along Contracts 19A and 19B.

Mr. Ahrens then requested approval of work authorization no. 12 for DEC in the amount of \$21,890.00 to provide boundary and topographic surveys for a 40-acre tract being considered for the Second Source Pump Station. Following discussion, Director Postle moved to approve work authorization no. 21 for DEC. Director Weppler seconded the motion, which carried unanimously.

ADOPT RESOLUTION ADOPTING RIGHT-OF-WAY ACQUISITION PROCEDURES FOR SECOND SOURCE LINE

The Authority considered adopting a Resolution Adopting Right-of-Way Acquisition Procedures For Second Source Line. After review and discussion, Director Postle moved to adopt the Resolution Adopting Right-of-Way Acquisition Procedures For Second Source Line. The motion was seconded by Director Janneck and carried by unanimous vote.

APPROVE WATER SUPPLY AGREEMENT

Mr. Garcia reviewed with the Board a water supply commitment letter agreement with Harris County Municipal Utility District No. 166 (the "Agreement"). Following discussion, Director Janneck moved to approve the Agreement. 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 TRANSFER OF FILES TO HOOVER SLOVACEK, LLP, AND APPROVE ENGAGEMENT LETTER WITH HOOVER SLOVACEK, LLP

The Board considered authorizing transfer of its files from Weycer, Kaplan, Pulaski & Zuber, P.C. ("WKPZ"), to Hoover Slovacek, LLP ("HS") and engaging HS for legal services. Director Hansen moved and Director Janneck seconded, to transfer the files to HS and engage HS for legal services.

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. 5507 in the amount of \$450.14 payable to Cypress-Fairbanks Independent School District, check no. 5508 in the amount of \$18,000.00 payable to Newland Properties, Inc., check no. 5509 in the amount of \$450.00 payable to the Harris County Treasurer, check no. 5510 in the amount of \$580.10 payable to Mark Janneck, check no. 5511 in the amount of \$496.07 payable to Eric Hansen, check no. 5512 in the amount of \$500.00 payable to Alliance for Water Efficiency, check no. 5513 in the amount of \$1,500.00 payable to Fox & Bubela, check no. 5514 in the amount of \$176.00 payable to Gurrola Reprographics, and check no. 5515 in the amount of \$1,501.33 payable to MUD 163. Director Nelson 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 seven for the motion with Director Postle abstaining. A copy of the bookkeeper's report is attached.

APPROVE PUMPAGE FEE CREDIT ADJUSTMENT DUE TO HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102

Ms. Garcia reviewed with the Board a letter from Harris County Municipal Utility District No. 102 ("MUD 102") dated May 17, 2010, notifying the Authority of the adjusted operating expense credit. Following discussion, Director Wepler moved to approve the credit adjustment. Director Nelson seconded the motion, which carried unanimously.

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

Mr. Ahrens reported that S-G Golf Partners, Ltd. has made its first payment.

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")

The Board took no action on this matter

ACCEPT REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board then discussed acquisition of water line easements from Cypress-Fairbanks Independent School District (22A-15), Harris County (26-1A, 27-5), Newland Properties, Inc. (26-8), and The Redeemed Christian Church of God (26-12). Director Postle moved to authorize acceptance of the water line easements from Cypress-Fairbanks Independent School District, Harris County, Newland Properties, Inc., and The Redeemed Christian Church of God. Director Rush seconded the motion, which carried unanimously.

Director Postle reported that ABHR has hired a real estate attorney to work on the acquisition of the next series of easements.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report regarding the Region H Water Planning Group.

ADOPT SECOND AMENDED RESOLUTION ESTABLISHING COMMITTEES

The Authority considered adopting a Second Amended Resolution Establishing Committees. After review and discussion, Director Rush moved that the Authority adopt the Second Amended Resolution Establishing Committees. The motion was seconded by Director Janneck and carried unanimously.

APPROVE 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. After review and discussion, and upon a motion made by Director Postle and seconded by Director Hansen, the Board voted unanimously to approve the annual report and authorize filing of same.

CONVENE EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING CONTEMPLATED LITIGATION

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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