

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

July 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 July, 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
John Nelson	Director

and all of the above were present, 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; 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 June 9, 2010, meeting. Following discussion, Director Burnett moved to approve the minutes of the June 9, 2010, meeting as submitted. The motion was seconded by Director Janneck and passed by unanimous vote.

RECEIVE QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question regarding the increase in the City of Houston's (the "City") water rates, Director Parker stated that the City's increase to its customers does not impact the Authority's rates.

RECEIVE CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

DISCUSS WEBSITE

In Ms. Payne's absence, Mr. Ahrens stated that Ms. Payne has requested that directors who have not submitted their Bios to do so as quickly as possible.

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 May is approximately 96% of that for last year at this date. Mr. Ahrens reported that approximately 20.85 million gallons per day ("MGD) of surface water was purchased from the City during June.

Mr. Ahrens reported that DEC submitted an updated Monitoring Plan to the Texas Commission on Environmental Quality ("TCEQ") on July 14, 2010.

Mr. Ahrens then reported that the GRP Managers of the Authority, the North Harris County Regional Water Authority and the Central Harris County Regional Water Authority and the City met with the Harris Galveston Subsidence District on June 30, 2010, to discuss the proposed permit reconciliation process.

Mr. Ahrens reported that the TCEQ Public Water Conference will be held August 10-11, 2010, in Austin, Texas. Following discussion, Director Cannon moved to authorize any interested board members to attend the conference. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens then reviewed a draft letter to Harris County Municipal Utility District No. 155 ("MUD 155"), regarding its request for reimbursement for quarterly testing required by the TCEQ because of the detection of atrazine and simazine. Following discussion, Director Nelson moved to deny MUD 155's request for reimbursement. Director Hansen seconded the motion, which carried unanimously.

Mr. Ahrens reviewed a July 6, 2010, letter from Jason Johnson on behalf of Harris County Municipal Utility District No. 105 requesting early delivery of surface water due to water quality issues.

Mr. Ahrens reported that the Program Manager and Directors Parker and Weppler met on June 29, 2010, with three of the Coastal Water Authority ("CWA") directors. He stated that the Program Manager attended the June 14, 2010, CWA Board meeting.

Mr. Ahrens then reported that DEC held a hurricane preparedness workshop on July 8, 2010, with district operators and engineers.

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. Mr. Ahrens then recommended a settlement amount of \$9,300.00. Following discussion, Director Weppler moved to authorize payment of \$9,300.00, subject to execution of a receipt and release by Jackrabbit. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens reported that DEC has received a request from Harris County Municipal Utility District No. 172 for reimbursement for chloramines conversion modifications, which is still under review.

Mr. Ahrens reported that the next Advisory Committee meeting with the City is scheduled for July 29, 2010.

Mr. Ahrens then reviewed the proposed changes to the Authority's chloramines conversion reimbursement policy as recommended by the Finance Committee and included in the attached Engineer's Report. Director Weppler moved to authorize revision to the Authority's chloramines conversion reimbursement policy to be set forth in the Authority's Amended Rate Order. Director Janneck seconded the motion, which carried unanimously.

ADOPT AMENDED RATE ORDER

The Board considered adopting an Amended Rate Order. Following discussion, Director Weppler moved that the Board adopt the Amended Rate Order. Director Janneck seconded the motion, which carried unanimously.

DISCUSS POTENTIAL TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING AND ADOPT RESOLUTION REQUESTING FINANCIAL PARTICIPATION FROM THE TEXAS WATER DEVELOPMENT BOARD, AUTHORIZING THE FILING OF AN APPLICATION FOR FINANCIAL PARTICIPATION, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

Mr. Ahrens requested that the Board authorize DEC to submit the Authority's application to the TWDB for Water Infrastructure Fund ("WIF") funding for the Second Source Line. The Board then considered adopting a Resolution Requesting Financial Participation from the TWDB, authorizing the filing of an application for financial participation, and making certain findings in connection therewith (the "Resolution"). Following discussion, Director Nelson moved that the Board authorize DEC to submit the Authority's application to the TWDB for WIF funding for the Second Source Line

and to adopt the Resolution. Director Burnett seconded the motion, which carried unanimously.

DISCUSS STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contract 14A and the hot box repairs, the Pump Station No. 1 Security/CCTV and the ground storage tanks' contracts.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 6 in the amount of \$1,181,610.00 for the ground storage tanks' project, Pay Estimate No. 1 in the amount of \$147,600.00 for the hot box repairs, Pay Estimate No. 1 in the amount of \$11,250.00 for the Pump Station No. 1 Security/CCTV, and Pay Estimate No. 22 in the amount of \$72,581.11 for Contract 14A. Upon a motion made by Director Rush and seconded by Director Weppler, 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.

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. is expected to submit 75% plans for review on July 19, 2010 for Contract 19A.

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, but the project has been delayed.

Mr. Ahrens reported that he approved work authorization no. 12 for Right-of-Way Solutions, in the amount of \$3,500.00 for Contracts 25 and 26.

Mr. Ahrens then requested approval of work authorization no. 13 for DEC in the amount of \$8,375.00 to provide boundary and topographic surveys for a 0.4992-acre tract being considered for the Second Source Line project, work authorization no. 3 for Terracon in the amount of \$13,600.00 to provide environmental services for the Authority's West Pump Station site, and work authorization no. 2 for Top Results in the amount of \$23,562.50 to provide abstracting services along a segment of the Second

Source Line. Following discussion, Director Postle moved to approve work authorization no. 13 for DEC, work authorization no. 3 for Terracon, and work authorization no. 2 for Top Results. Director Cannon seconded the motion, which carried unanimously.

DISCUSS CAPITAL IMPROVEMENTS PLAN

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

APPROVE AMENDMENT TO MASTER SERVICES AGREEMENT WITH RAPID RESEARCH INC.

Mr. Ahrens requested that the Board approve the amendment to the Master Services Agreement (“Amendment”) with Rapid Research, Inc. Mr. Boone stated that the Amendment reflects modifications to the insurance requirements and the fee schedule. Director Postle moved to approve the Amendment. Director Rush seconded the motion, which carried unanimously.

APPROVE AMENDMENT TO MASTER SERVICES AGREEMENT WITH SUE DAVIS COMMUNICATIONS

Mr. Ahrens requested that the Board approve the amendment to the Master Services Agreement with Sue Davis Communications. Mr. Boone stated that the Amendment reflects modifications to the insurance requirements. Director Postle moved to approve the amendment to the Master Services Agreement with Sue Davis Communications. Director Hansen seconded the motion, which carried unanimously.

APPROVE SUPPLEMENTAL ENGAGEMENT LETTERS

The Board next considered approving supplemental engagement letters for Andrews Kurth LLP, Fulbright & Jaworski L.L.P., Joyce, McFarland + McFarland LLP, and Vinson & Elkins LLP for realty interest acquisition services. After discussion, Director Postle moved to authorize execution of the engagement letters for Andrews Kurth LLP, Fulbright & Jaworski L.L.P., Joyce, McFarland + McFarland LLP, and Vinson & Elkins LLP. Director Rush seconded the motion, which was approved by unanimous vote.

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 pointed out that check no. 5550 has been voided and check no. 5568 in the amount of \$1,807.50 payable to Gary Grote has replaced it. She then reviewed check no. 5565 in the amount of \$241.56 payable to Lone Star Quick Print, check no. 5566 in the amount of \$1,808.31 payable to Erin Hansen, and check no.

5567 in the amount of \$9,300.00 payable to Jackrabbit. 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 Nelson seconded the motion, which carried by a vote of eight 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. Ahrens reported that S-G Golf Partners, Ltd. has paid its delinquent fees in full.

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 considered adopting a Resolution Authorizing Acquisition of Realty Interests. Following discussion, Director Postle moved that the Board adopt the Resolution. Director Burnett seconded the motion, which carried unanimously.

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 took no action on this matter.

DISCUSS REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the Infrastructure Financing Survey Report was submitted on July 7, 2010, to the Region H Water Planning Group.

APPROVE INTERLOCAL AGREEMENT

Mr. Boone stated that the HGSD has forwarded an Interlocal Agreement, which includes the purchase of conservation kits. He pointed out that the cost is \$34.50 per kit. Following discussion, Director Janneck moved to approve the Interlocal Agreement and the purchase of 5,000 kits. Director Cannon seconded the motion, which carried unanimously.

ARBITRAGE REBATE ANALYSIS

Mr. Boone discussed with the Board the arbitrage rebate analysis prepared by OmniCap Group LLC, a copy of which is attached. He pointed out that OmniCap Group LLC determined that there was no rebate or yield reduction payment due on the Series 2005 Bonds.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

The Board considered approving reimbursement to the directors for expenses incurred in attending the AWBD summer conference and authorizing attendance of its members at the AWBD winter conference. After discussion, Director Cannon moved to approve reimbursement of the AWBD summer conference expenses and to authorize attendance of the Board members at the AWBD winter conference. The motion was seconded by Director Hansen and carried by unanimous vote.

CONVENE EXECUTIVE SESSION TO DISCUSS THE PURCHASE AND VALUE OF WATER LINE EASEMENTS/RIGHT-OF-WAY AND CONSULTATION WITH ATTORNEY REGARDING LITIGATION INVOLVING SUCH TRACTS AND EASEMENTS

The Board concurred to convene in executive session to discuss the purchase or value of real property and consultation with attorney regarding any pending or contemplated litigation. The Board entered executive session at 6:49 p.m.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:03 p.m., the Board then reconvened in open session. The Board took no action in open session.

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

Secretary, Board of Directors

(SEAL)

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