

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

October 12, 2011

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 September, 2011, 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, except Director Wepler, thus constituting a quorum.

Also present at the meeting were Chris Wilson of SWWC Services, Inc. ("SWWC"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc; and Jim Boone, Katie Sherborne, 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 September 1 and 14, 2011, meetings. Following discussion, Director Hansen moved to approve the minutes of the September 1 and 14, 2011, meetings as submitted. The motion was seconded by Director Nelson and passed by unanimous vote.

QUESTIONS AND FEEDBACK FROM THE PUBLIC

There were no comments from the public.

WEBSITE AND CONFERENCE

Mr. Ahrens reported that Ms. Payne stated that the general water conservation information that will be included in the newsletter is at the printer.

Mr. Ahrens then reported that a townhall meeting has been scheduled for November 8, 2011, at 6:30 p.m. at the Fry Road Municipal Utility District building.

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 2011 through August is approximately 132% of that for last year at this date. Mr. Ahrens reported that approximately 27.36 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during September.

Mr. Ahrens reported that the Program Manager attended the October 12, 2011, Coastal Water Authority ("CWA") meeting. He stated that Don Ripley has been appointed as the CWA General Manager.

Mr. Ahrens then reviewed an email from Mike Harrington summarizing the period in August when the electricity prices spiked and the Authority transferred power use to its generators.

Mr. Ahrens then reported that the Program Management staff is in the process of determining the easement parcels to be acquired for the Second Source Pipeline project and the 2020 Capital Improvement Plan ("CIP") project.

Mr. Ahrens also reported that the right-of-way tracking software is complete and the Program Management staff will begin inputting abstracting data regarding the Second Source easement parcels.

Mr. Ahrens then reported that the plat for the Authority's Central Pump Station will be submitted to the City of Houston (the "City") Development Services Division on October 17, 2011.

Mr. Ahrens also reported that the study to re-evaluate the cost to produce groundwater indicates that the estimated cost for operation and maintenance is \$0.42 per 1,000 gallons.

Mr. Ahrens then reported that the Harris Galveston Subsidence District has directed Harris County Municipal Utility District No. 50 ("MUD 50") to convert from groundwater to surface water and that MUD 50 submitted a request to receive surface water from the Authority. Mr. Ahrens stated that MUD 50 is located within the HGSD Regulatory Area No. 2 and the Authority is within HGSD Regulatory Area No. 3.

Mr. Ahrens also reported that the Program Manager received the executed Right-of-Entry Agreement from the City to access and survey the City's properties associated with the sale of certain wells within the Jersey Village well field.

Mr. Ahrens then reported that the City sent a letter to the Authority indicating that the Authority's first payment for Existing Untreated Water Facilities would be in the amount of \$16,494,145.17. He stated that the payment will be due when the Luce Bayou Project has been completed.

Mr. Ahrens reported that the Authority's 2011 Annual Report is due to the HGSD on March 15, 2012.

Mr. Ahrens then reported that the Program Manager and Director Weppler attended the Stakeholder Group meeting on September 28, 2011, regarding the status of the study to reevaluate the HGSD Regulatory Plan Update.

Mr. Ahrens reported that on September 16, 2011, the Program Manager submitted the renewal application for the Authority's Aggregated Water Well Permit for the 2011-2012 permit term.

Mr. Ahrens then reported that on September 16, 2011, the Program Manager submitted a permit amendment application for the Authority's Aggregated Water Well Permit for the 2010-2011 permit term.

REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens then recommended that Bissonnet Municipal Utility District ("Bissonnet") be reimbursed in the amount of \$32,069.25. Following discussion, Director Cannon moved to approve the reimbursement costs, subject to execution of a receipt and release by Bissonnet. Director Hansen seconded the motion, which carried unanimously.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING

Mr. Ahrens stated that updated information has been provided the TWDB for the Second Source Project.

STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contract 19A.

Mr. Ahrens reported that letters were sent to the developers for Contracts 22A-1, 22A2, 22B, and 22C indicating their shares and when their deposit needs to be received by the Authority.

Mr. Ahrens then reported that Harris County Municipal Utility District No. 196 requested reimbursement in the amount of \$34,833.24 for repair work to a damaged sanitary sewer line and water line that occurred during construction of the Authority's Contract 19A surface water transmission main. He then stated that the Program Manager requested that the Board authorize a letter to be sent to Mr. Bozonne, MUD 196's operator, denying the claim for the repair costs. Following review and discussion, Director Postle moved to authorize the letter to be sent. Director Hansen seconded the motion, which carried by a vote of seven for the motion with Director Rush abstaining.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 6 in the amount of \$146,640.83 for the Contract 19A contract. Upon a motion made by Director Nelson and seconded by Director Hansen, the Board voted unanimously to approve the above mentioned pay estimate.

WATER SUPPLY CONTRACT WITH THE CITY

Mr. Ahrens stated that he had nothing new to report.

ENGINEERING SERVICES CONTRACTS AND WORK AUTHORIZATIONS

Mr. Ahrens reported that the Program Manager approved the following work authorizations: (1) work authorization no. 24 for Cobb, Fendley & Associates, Inc. in the amount of \$1,624.00 for surveying services which includes setting stakes along the boundary of the Second Source Easement on the Paradise Cemetery property; (2) work authorization no. 13 for Title Houston Holdings Ltd. in the amount of \$100.00 for abstracting services for Easement Parcel 19A-7; (3) work authorization no. 5 for Rapid Research, Inc. in the amount of \$200.00 for abstracting services and updated abstract certificates for Easement Parcel No. 12370-001 and Easement Parcel No. 12372-0012 along the Second Source Alignment (Segment 5) between Stockdick Road and the west boundary of Mason Lakes Subdivision, Section 2; (4) work authorization no. 1 for Heidaker Land Services, Inc. in the amount of \$11,500.00 for right-of-way acquisition services for seven easement parcels along the Second Source Alignment (Segment 5) between Stockdick Road and the west boundary of Mason Lakes Subdivision, Section 2; and (5) work authorization no. 8 for Lina T. Ramey & Associates, Inc. in the amount of \$6,784.62 for surveying services for an Easement Survey of one parcel which is part of the Second Source Route Survey Maps.

Mr. Ahrens then requested approval of work authorization no. 3 for DEC in the amount of \$7,194.00 for Geophysical Survey services within the boundary of the Second Source Easement on the Paradise Cemetery property. Following discussion, Director Cannon moved to approve work authorization no. 3 for DEC. Director Nelson seconded the motion, which carried unanimously.

APPROVE AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES WITH DEC

Mr. Ahrens reviewed with the Board the Agreement for Professional Engineering Services with DEC (the "Agreement") regarding design of the casing under the Grand Parkway right-of-way. Following review and discussion, Director Hansen moved to approve the Agreement. Director Rush seconded the motion, which carried unanimously.

APPROVE FIRST AMENDMENT TO PROFESSIONAL ENGINEERING SERVICES AGREEMENT

Mr. Ahrens reviewed with the Board the First Amendment to Professional Engineering Services with DEC (the "Amendment") regarding insurance and indemnification changes. Following review and discussion, Director Hansen moved to approve the Amendment. Director Cannon seconded the motion, which carried unanimously.

AUTHORIZE SWWC SERVICES, INC. TO READ WELL METERS

Mr. Ahrens requested that the Board authorize SWWC to read all of the well meters between November 15, 2011, and December 15, 2011, to comply with the HGSD's annual groundwater withdrawal report. Following discussion, Director Rush moved to authorize SWWC to read all meters. Director Cannon seconded the motion, which carried unanimously.

AUTHORIZE SWWC SERVICES, INC. TO ENGAGE INVENSYS REGARDING GENERATOR PROPOSAL

Mr. Ahrens then requested that the Board authorize SWWC to engage Invensys Process Systems to design and implement changes to the Pump Station No. 1 generator control system. Following discussion, Director Nelson moved to authorize SWWC to engage Invensys Process Systems to design and implement changes to the Pump Station No. 1 generator control system. Director Postle seconded the motion, which carried unanimously.

FIRST AMENDMENT TO MASTER SERVICES AGREEMENT WITH HAWKINS LEASE SERVICE, INC.

Mr. Ahrens then discussed the First Amendment to Master Services Agreement with Hawkins Lease Service, Inc. (First Amendment") regarding insurance and indemnification changes. Following review and discussion, Director Burnett moved to approve the First Amendment. Director Hansen seconded the motion, which carried unanimously.

CAPITAL IMPROVEMENT PLAN

There was no discussion on this matter.

ENCROACHMENTS OF EASEMENTS OR OTHER REALTY INTERESTS, INCLUDING ACCEPT CONVEY, MODIFY, OR RELEASE ENCROACHMENT AGREEMENTS

There was no discussion on this matter.

REALTY INTEREST ACQUISITION AND CONVEYANCE, INCLUDING ACCEPT, CONVEY, MODIFY, OR RELEASE EASEMENTS, EASEMENT AGREEMENTS, ASSIGNMENTS OF EASEMENTS, AND DEEDS

Director Postle reported that Crown Central LLC has agreed to abandon its pipeline easement near the Second Source Line. He recommended that the Board authorize payment in the amount of \$2,500 to Crown Central LLC for its incurred costs. Director Postle moved to authorize payment to Crown Central LLC. Director Rush seconded the motion, which carried unanimously.

Ms. Sherborne reviewed with the Board the Amendment to Conveyance of Water Line Easement ("Amendment to Easement"). She explained that, pursuant to Amendment No. 1 to Interlocal Agreement with Harris County and Harris County Flood Control District, the Amendment to Easement adds Harris County Well No. 4411 (Bear Creek Pioneers Park East in Houston, Texas) to the Interlocal Agreement with Harris County and Harris County Flood Control District and to the Authority's groundwater reduction plan. Following discussion, Director Janneck moved to approve the Amendment to Easement. Director Postle seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT

Ms. Garcia 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. She then reviewed the following checks: (1) check no. 6362 in the amount of \$297.33 payable to Mark Janneck; (2) check no. 6363 in the amount of \$805.03 payable to Eric Hansen; (3) check no. 6364 in the amount of \$2,115.00 payable to Brown & Kornegay; (4) check no. 6365 in the amount of \$100.00 payable to Abstract Services of Houston; (5) check no. 6366 in the amount of \$4,968.97 payable to the NFBWA; check no. 6367 in the amount of \$24.00 payable to SIG/McDonald & Wessendorff; check no. 6368 in the amount of \$32,069.25 payable to Bissonnet; and check no. 6369 in the amount of \$2,500.00 payable to Crown Central, LLC. Director Burnett moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report, the above-mentioned checks, 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.

RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board reviewed the Authority's Investment Policy. The Board then considered amending the Authority's Investment Policy. Upon a motion made by Director Burnett and seconded by Director Rush, the Board voted unanimously to adopt the Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE AUTHORITY MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board then considered adopting a resolution that approves a list of authorized depository institutions and a list of qualified broker/dealers with whom the Authority may engage in investment transactions. Upon a motion made by Director Burnett and seconded by Director Postle, the Board voted unanimously to adopt the Resolution Adopting a List of Authorized Depository Institutions and a List of Qualified Broker/Dealers with Whom the West Harris County Regional Water Authority May Engage in Investment Transactions.

PENALTIES AND INTEREST FOR DELINQUENT FEES/CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

Ms. Garcia reviewed a request from Langham Creek Utility District for waiver of penalties and interest due to late payment of fees. Following review and discussion, Director Burnett moved to deny the request. Director Janneck seconded the motion, which carried unanimously.

OPERATOR'S REPORT

Mr. Wilson presented copies of the operator's report and reviewed it with the Board, a copy of which is attached.

Mr. Wilson requested that with respect to calls to locate Authority lines, the Board authorize the parameters to be changed with Texas Excavation Safety Systems, Inc to 100 feet on either side of the Authority lines. Following discussion, Director Cannon moved to change the parameters. Director Janneck seconded the motion, which carried unanimously.

APPROVE AMENDMENT TO CONTRACT WITH SWWC SERVICES, INC.

Mr. Wilson requested that the Board consider approving a Third Contract Amendment to the contract between the Authority and SWWC Services, Inc. (the "Amendment"). Following discussion, Director Rush moved to approve the Amendment as presented. Director Hansen seconded the motion, which carried unanimously.

AMENDMENT NO. 1 TO INTERLOCAL AGREEMENT WITH HARRIS COUNTY AND HARRIS COUNTY FLOOD CONTROL DISTRICT

Ms. Sherborne reviewed with the Board Amendment No. 1 to Interlocal Agreement with Harris County and Harris County Flood Control District ("Amendment No. 1"). She explained that the Amendment No. 1 provides for the credit for pumpage fees to be extended to Harris County Well No. 4411 (Bear Creek Pioneers Park East in Houston, Texas). Following discussion, Director Janneck moved to approve the Amendment No. 1. Director Postle seconded the motion, which carried unanimously.

CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY AND REQUEST BOARD APPROVAL OF A RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTERESTS TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS ALONG THE CONTRACT 34 ROUTE, THE CONTRACT 39 ROUTE, THE CONTRACT 40 ROUTE, AND THE CONTRACT 41 ROUTE AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

Director Hansen moved that the Board of Directors of the West Harris County Regional Water Authority, in a record vote applying to all units of property to be condemned, adopt a Resolution Authorizing Acquisition of Real Property Interests which authorizes the use of the power of eminent domain to acquire properties and property interests for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water at the general locations and along the general routes established for Contract 34, Contract 39, Contract 40, and Contract 41, as shown on Exhibit A to the Resolution, and delegating to the Authority's Chief Administrative Official for land and property acquisition the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests. Director Janneck seconded the motion, which carried unanimously.

STATUS OF GROUNDWATER REDUCTION PLAN ("GRP")

The Board took no action on this matter.

REGION H WATER PLANNING GROUP

Mr. Ahrens stated that he had nothing new to report.

AUTHORIZE DISTRIBUTION OF NOTICE REGARDING INCREASE IN PUMPAGE FEE AND SURFACE WATER FEE

The Board then considered authorizing distribution of a notice regarding a \$0.20 increase in its pumpage fee and a \$0.30 increase in its surface water fee to be adopted by the Board at its December 14, 2011, meeting. Following discussion, Director Janneck moved to authorize distribution of such notice. Director Nelson seconded the motion, which carried unanimously.

RENEW AUTHORITY INSURANCE

The Board reviewed the insurance proposals from SIG/McDonald & Wessendorff. Following discussion, Director Burnett moved to accept the proposals from SIG/McDonald & Wessendorff. Director Cannon seconded the motion, which carried unanimously.

CONVENE EXECUTIVE SESSION TO DISCUSS THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board did not executive session.

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

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
list of persons present at the October 12, 2011, meeting.....	1
engineer's report	2
bookkeeper's report	7
operator's report.....	7