

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

March 9, 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 9th day of March, 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 Weppler	Director
Karla Cannon	Director
John Nelson	Director

and all of the above were present, except Director Nelson, 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; and 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 February 16, 2011, meeting. Following discussion, Director Burnett moved to approve the minutes of the February 16, 2011, meeting as submitted. The motion was seconded by Director Hansen and passed by unanimous vote.

QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question from a director from Beechnut Municipal Utility District regarding the conservation trailer, Ms. Payne stated that any school district within the Authority can request the use of the conservation trailer.

CUSTOMER APPEALS REGARDING PAYMENT, SERVICE, OR OTHER MATTERS

There was no action on this matter.

WEBSITE

Ms. Payne reported that the newsletter and the "Rising Cost of Water" have been finalized.

CONSULTANT INVOICE REVIEW

The Board reviewed the report regarding the semi-annual test of consultant invoices for the period October 1, 2009, to March 31, 2010.

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 January is approximately 103% of that for last year at this date. Mr. Ahrens reported that approximately 14.27 million gallons per day ("MGD) of surface water was purchased from the City of Houston (the "City") during February.

Mr. Ahrens reported that the Program Manager attended the March 9, 2011, Coastal Water Authority ("CWA") meeting. He stated that the next CWA meeting is scheduled for April 13, 2011.

Mr. Ahrens reported that the 2011 Texas Commission on Environmental Quality Environmental Trade Fair & Conference will be held May 3-4, 2011, in Austin, Texas and the 15th Annual Water Reuse and Desalination Research Conference will be held May 16-17, 2011, in Las Vegas, Nevada. Following discussion, Director Rush moved to authorize any interested board members to attend the conferences. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens then reported that DEC received a letter, dated March 2, 2011, from Hawkins Lease Service, Inc. regarding a fuel surcharge.

Mr. Ahrens requested that the Board authorize SWWC to read the surface water meters once a month when the monthly samples for disinfection residuals are collected. Following discussion, Director Wepler moved to authorize SWWC to read the surface water meters once a month. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens then reviewed a draft letter to be sent to the five well owners in the Fort Bend Subsidence District ("FBSD") that are part of the Authority's Groundwater Reduction Plan regarding the Authority's reimbursement of FBSD permit fees. Following discussion, Director Wepler moved to authorize the letters to be sent to the

five well owners in the Fort Bend Subsidence District. Director Rush seconded the motion, which carried unanimously.

Mr. Ahrens reported that the photogrammetric (aerial) surveying is complete and the route surveying is underway along Segment B of the Second Source alignment.

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.

Mr. Ahrens also reported that the Authority's GIS is being updated to include the well data that was recently acquired by the Authority as part of the Harris Galveston Subsidence District's ("HGSD") annual meter reading report.

Mr. Ahrens then reported that the Program Manager attended the HGSD's Regulatory Planning meeting on February 15, 2011.

Mr. Ahrens reported that the Permit Reconciliation Process was submitted on February 28, 2011, for the 2009-2010 permit term.

Mr. Ahrens then reported that the Program Manager is in the process of preparing the Authority's 2010 Groundwater Pumpage Report. He stated that the Groundwater Pumpage Report is prepared in accordance with the Harris Galveston Subsidence District's ("HGSD") Rule 6.2(b) and is due to the HGSD by March 15, 2011.

Mr. Ahrens also reported that the Program Manager will submit an application in March, 2011 for the Over-Conversion Credits acquired by the Authority during the 2009-2010 permit term.

REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens then recommended that Harris County Municipal Utility District No. 70 ("MUD 70") be reimbursed in the additional amount of \$7,460.24. Following discussion, Director Hansen moved to approve the reimbursement costs as full and final payment, subject to execution of a receipt and release by MUD 70. Director Janneck seconded the motion, which carried by a vote of seven for the motion with Director Weppler abstaining.

Mr. Ahrens reported that Harris County Municipal Utility District No. 238 ("MUD 238") submitted a request for additional reimbursement. He stated that he has requested supplemental data from MUD 238's engineer.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING

Mr. Ahrens reported that the TWDB Board approved the Authority's Water Infrastructure Funds ("WIF") application for the Second Source Line project in the

amount of \$13,660,000. Mr. Ahrens then reported that there is a possibility that the Authority will not receive the Water Infrastructure Funds funding because of State budget cuts.

STATUS OF WATER LINE PROJECTS

Mr. Ahrens provided an update regarding the status of Contract 20, Contract 19A and the hot box repairs, the ground storage tanks' and Pump Station No. 1 Security/CCTV contracts.

Mr. Ahrens requested that the Board authorize Director Parker to execute a Bond Control Notice letter regarding payments under the construction contract for Contract 19A, as requested by the contractor for Contract 19A. Following discussion, Director Rush moved to authorize Director Parker to execute a Bond Control Notice letter. Director Wepler seconded the motion, which carried unanimously.

PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 14 in the amount of \$109,260.00 for the ground storage tanks' project, Pay Estimate No. 8 in the amount of \$36,361.25 for the hot box repairs, and Pay Estimate No. 12 and Final in the amount of \$38,643.14 for Contract 20. He then recommended that the Board accept Contract 20. Upon a motion made by Director Wepler and seconded by Director Janneck, the Board voted unanimously to approve the above mentioned pay estimates and accept Contract 20.

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 start of construction for the early delivery projects for Contracts 22A-1, 22A2 and 22B have been delayed from November 2010 to November 2011.

Mr. Ahrens discussed Addendum No. 2 to the contract with V&A Consulting Engineers, Inc. Director Cannon moved to approve Addendum No. 2 to the contract with V&A Consulting Engineers, Inc. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens then requested approval of work authorization no. 7 for V&A Consulting Engineers, Inc. in the amount of \$39,000.00 for the annual inspection of the Authority's cathodic protection system including pipeline systems 1, 2, 3, 4, 5, 6, 7A, 7B, 8, 9, 10, 11, 12B, 14A, 14B, 17A, and 20 and Pump Station No. 1, work authorization no.

8 for V&A Consulting Engineers, Inc. in the amount of \$9,000.00 for quarterly monitoring of the rectifiers for pipeline systems 1, 2, 3, 4, 5, 6, 7A, 7B, 8, 9, 10, 11, 12B, 14A, and 17A and Pump Station No. 1, work authorization no. 9 for V&A Consulting Engineers, Inc. in the amount of \$11,000.00 for annual maintenance services of the Authority's corrosion control system including pipeline systems 1, 2, 3, 4, 5, 6, 7A, 7B, 8, 9, 10, 11, 12B, 14A, 14B, 17A, and 20 and Pump Station No. 1, and work authorization no. 55 for Weisser Engineering Company in the amount of \$59,625.00 to prepare survey exhibits, metes and bounds descriptions and set iron rods for 75 Exxon Mobil Corporation fee tracts. Following discussion, Director Rush moved to approve work authorization no. 7 for V&A Consulting Engineers, Inc., work authorization no. 8 for V&A Consulting Engineers, Inc., work authorization no. 9 for V&A Consulting Engineers, Inc., and work authorization no. 55 for Weisser Engineering Company. Director Hansen seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

APPROVE FILING OF STATE ENERGY CONSERVATION OFFICE FORM REGARDING ELECTRICITY USAGE

Mr. Ahrens then requested that the Board approve filing of the State Energy Conservation Office form regarding electricity usage. Following discussion, Director Burnett moved to approve filing of the State Energy Conservation Office form regarding electricity usage. Director Hansen seconded the motion, which carried unanimously.

CAPITAL IMPROVEMENT PLAN ("CIP")

Mr. Ahrens reported that the first draft of the 2020 CIP was presented to the Design Committee on December 7, 2010.

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. 5988 in the amount of \$598.74 payable to Mark Janneck; (2) check no. 5989 in the amount of \$159.88 payable to John Nelson; (3) check no. 5990 in the amount of \$525.47 payable to George Rush; (4) check no. 5991 in the amount of \$4,200.60 payable to Brown & Kornegay LLP; (5) check no. 5992 in the amount of \$1,947.27 payable to Klotz Associates; (6) check no. 5993 in the amount of \$15,889.77 payable to Terracon; (7) check no. 5994 in the amount of \$17,751.11 payable to Joyce, McFarland + McFarland LLP; (8) check no. 5995 in the amount of \$38,643.14 payable to Cravens Partners, Ltd.; (9) check no. 5996 in the amount of \$1,219.82 payable to Gurrola Reprographics, Inc.; (10) check no. 5997 in the amount of \$9,375.00 payable to Cobb Fendley; (11) check no. 5998 in the amount of \$7,460.24 payable to MUD 70; and (12) check no. 5999 in the amount of \$3,874.27

payable to Gary Grote. 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 seven 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

The Board took no action on this matter.

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.

RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTERESTS

The Board took no action on this matter.

STATUS OF GROUNDWATER REDUCTION PLAN ("GRP")

The Board took no action on this matter.

REALTY INTERESTS IN CONNECTION WITH WATER LINE PROJECTS

The Board discussed granting a consent to encroachment to Nirmal Sing Thind. Following discussion, Director Wepler moved to authorize execution of a consent to encroachment to Nirmal Sing Thind. Director Cannon seconded the motion, which carried unanimously.

REGION H WATER PLANNING GROUP

Mr. Ahrens reported that the Program Manager will attend the Region H Water Planning Group meeting on March 23, 2011.

INSURANCE PROPOSAL

The Board reviewed the insurance proposal from Anco-McDonald Waterworks Insurance Services, L.L.C. ("Anco") for additional pollution coverage. Following discussion, Director Burnett moved to accept the proposal from Anco. Director Rush seconded the motion, which carried by a vote of seven for the motion with Director Wepler voting against the motion.

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 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 6:47 p.m.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 7:13 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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