

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

September 14, 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 10th day of August, 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 Directors Nelson, Hansen and Rush, 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; Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC; Barbara Payne of Payne Communications; and Alex Garcia, 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 August 10, 2011, meeting. Following discussion, Director Postle moved to approve the minutes of the August 10, 2011, meeting as submitted. The motion was seconded by Director Burnett and passed by unanimous vote.

QUESTIONS AND FEEDBACK FROM THE PUBLIC

In response to a question regarding recent news reports about City of Houston (the "City") wells with radiation, Mr. Ahrens stated that this radiation is sometimes found in ground water, not surface water.

## WEBSITE AND CONFERENCE

Ms. Payne reported that she is working on the newsletter. She stated that the newsletter would reflect specific information regarding the Authority as well as general water conservation information. Ms. Payne then requested that the Board authorize payment for distribution and printing at a cost not to exceed \$62,000.00. Following discussion, Director Burnett moved to authorize payment for distribution and printing of the newsletter at a cost not to exceed \$62,000.00. Director Janneck seconded the motion, which carried unanimously.

Ms. Payne also reported that a conservation workshop is scheduled for September 20, 2011, at 9:30 a.m. at Harris County Municipal Utility District No. 81.

Ms. Payne then reported that a townhall meeting will be scheduled in the near future.

Ms. Payne then discussed a video file that could be purchased and added to the Authority's website at an estimated cost of \$2,500.00. She stated that the video file would focus on water conservation. Following discussion, Director Weppler moved to authorize the purchase of the video file. Director Cannon seconded the motion, which carried unanimously.

## CONSULTANT INVOICE REVIEW

The Board reviewed the reports regarding the semi-annual test of consultant invoices for the period April 1, 2010, through September 30, 2010, and October 1, 2010, through March 31, 2011.

## ENGAGE AUDITOR TO PREPARE CONSULTANT INVOICES REVIEW FOR THE PERIOD APRIL 1, 2011 THROUGH SEPTEMBER 30, 2011

Ms. Gibson reviewed with the Board a proposal from McCall Gibson Swedlund Barfoot PLLC to prepare consultant invoices review for the period April 1, 2011 through September 30, 2011. Following discussion, Director Burnett moved to engage McCall Gibson Swedlund Barfoot PLLC to prepare consultant invoices review for the period April 1, 2011 through September 30, 2011. Director Janneck 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 2011 through July is approximately 127% of that for last year at

this date. Mr. Ahrens reported that approximately 27.04 million gallons per day (“MGD”) of surface water was purchased from the City of Houston (the “City”) during August.

Mr. Ahrens reported that the Texas Commission on Environmental Quality (“TCEQ”) issued a notice of violation regarding a monitoring matter. He stated that SWWC complied with the TCEQ’s sampling requirements before the notice of violation was sent to the Authority and that the TCEQ is expected to remove the violation.

Mr. Ahrens reported that the proposed Grand Parkway crosses the Authority’s former Exxon easement. He stated that the Harris County Toll Road Authority (“HCTRA”) has agreed to allow the Authority to relocate its easement alignment across the Grand Parkway right-of-way. Mr. Ahrens also reported that the draft Easement Exchange Agreement was submitted to the HCTRA for review.

Mr. Ahrens reported that the Program Manager attended the September 14, 2011, Coastal Water Authority (“CWA”) meeting.

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 future RePumping Station has been approved by the City of Houston (the “City”).

M. Ahrens reported that the plat for the Authority’s Central Pump Station will be prepared in the near future.

Mr. Ahrens stated that the City reported that Lake Houston is down 7.7 feet below normal pool and the City is supplementing the water supply from Lake Conroe.

Mr. Ahrens reported that the Program Manager requested authorization to submit the renewal application for the Authority’s Aggregated Water Well Permit for the 2011-2012 permit term. Mr. Ahrens then requested that the Board approve a check in the amount of \$13,250.00 for the permit filing fee. Following discussion, Director Wepler moved to authorize submission of the renewal application for the Authority’s Aggregated Water Well Permit for the 2011-2012 permit term and to approve the check in the amount of \$13,250.00. Director Postle seconded the motion, which carried unanimously.

Mr. Ahrens then reported that the Program Manager requested authorization to submit the permit amendment application for the Authority's Aggregated Water Well Permit for the 2010-2011 permit term. Mr. Ahrens then requested that the Board approve a check in the amount of \$19,875.00 for the permit filing fee. Following discussion, Director Weppler moved to authorize submission of the permit amendment application for the Authority's Aggregated Water Well Permit for the 2010-2011 permit term and to approve the check in the amount of \$19,875.00. Director Cannon seconded the motion, which carried unanimously.

Mr. Ahrens also reported that the Program Manager requested that the Board authorize Harris County Well No. 5668 (Mary Jo Peckham Park in Katy, Texas) to be included in the Authority's groundwater reduction plan. Following discussion, Director Cannon moved to include Harris County Well No. 5668 (Mary Jo Peckham Park in Katy, Texas) into the Authority's groundwater reduction plan. Director Weppler seconded the motion, which carried unanimously.

Mr. Ahrens then reported that the Program Manager requested that the Board authorize Harris County Well No. 4411 (Bear Creek Pioneers Park East in Houston, Texas) to be included in the Authority's groundwater reduction plan. Mr. Ahrens stated that the Interlocal Agreement with Harris County would need to be amended. The Board deferred action on this matter.

In response to a question regarding amending district drought contingency plans, Mr. Ahrens stated that he is not recommending specific drought triggers for districts. He noted that some districts are revising their triggers to be based on the flow figures as opposed to water well run time.

#### REIMBURSEMENT TO DISTRICTS FOR SURFACE WATER CONVERSION COSTS

Mr. Ahrens then recommended that Addicks Utility District ("Addicks") be reimbursed in the amount of \$225,000. Following discussion, Director Weppler moved to approve the reimbursement costs, subject to execution of a receipt and release by Addicks. Director Postle seconded the motion, which carried unanimously.

#### TEXAS WATER DEVELOPMENT BOARD ("TWDB") FINANCING

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

#### STATUS OF WATER LINE PROJECTS

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

Mr. Ahrens reported that bids were received on September 7 and 8, 2011, for Contracts 22A-1, 22A2, 22B, and 22C. He stated that letters will be sent to the developers indicating their shares and when their deposit needs to be received by the

Authority. Mr. Ahrens then stated that bids will be awarded at the Authority's November meeting.

#### PAY ESTIMATES AND CHANGE ORDERS

Mr. Ahrens recommended approval of Pay Estimate No. 5 in the amount of \$82,611.99 for the Contract 19A contract. Upon a motion made by Director Weppler and seconded by Director Cannon, 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 discussed engineering contracts for Contracts 39 and 40. Following discussion, Director Cannon moved to authorize negotiations with Binkley & Barfield, Inc. as the engineers for Contract 39, and Edminster, Hinshaw, Russ and Associates, Inc. as the engineers for Contract 40. Director Weppler seconded the motion, which carried by a vote of five for the motion with Director Postle abstaining.

Mr. Ahrens then discussed the Assignment of the Master Services Agreement for right-of-way acquisition services with Top Results Title Services, LP. He stated that Top Results Title Services, LP would be assigning the Master Services Agreement to Title Houston Holdings Ltd. d/b/a Abstract Services of Houston. Director Postle moved to approve the Assignment of Master Services Agreement. Director Burnett seconded the motion, which carried unanimously.

Mr. Ahrens reported that the Program Manager approved work authorization no. 7 for Lina T. Ramey & Associates, Inc. in the amount of \$1,495.00 for survey services to revise the Tract C survey exhibit to remove the temporary construction easement notes, work authorization no. 8 for Top Results Title Services. in the amount of \$275.00 for abstracting services and an updated title report, and work authorization no. 4 for Rapid Research, Inc. in the amount of \$500.00 for abstracting services and updated abstract certificates for five easement parcels.

Mr. Ahrens then requested approval of the following work authorizations for Title Houston Holdings, Ltd.: (1) work authorization no. 9 in the amount of \$1,375.00 for abstracting services for five easement parcels along the Contract 39 alignment; (2) work authorization no. 10 in the amount of \$1,925.00 for abstracting services for seven easement parcels along the Contract 40 alignment; (3) work authorization no. 11 in the amount of \$3,300.00 for abstracting services for 12 easement parcels along the Contract 41 alignment; and (4) work authorization no. 12 in the amount of \$2,750.00 for abstracting services for 10 easement parcels along the Contract 34 alignment. Following

discussion, Director Postle moved to approve work authorization nos. 9, 10, 11, and 12 for Title Houston Holdings, Ltd. Director Weppler seconded the motion, which carried unanimously.

Mr. Ahrens also requested approval of work authorization no. 1 for Fox & Bubela, Inc, in the amount of \$2,000.00 for appraisal services along the Second Source Alignment, Segment 2 between Stockdick Road and the west boundary of Mason Lakes Subdivision, Section 2. Following discussion, Director Postle moved to approve work authorization no. 1 for Fox & Bubela, Inc. Director Weppler 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

The Board discussed granting a consent to encroachment to Barker Cypress Municipal Utility District. Following discussion, Director Burnett moved to authorize execution of a consent to encroachment to Barker Cypress Municipal Utility District. Director Janneck seconded the motion, which carried by a vote of five for the motion with Director Weppler abstaining.

The Board discussed granting a consent to encroachment to HEB Grocery Co. Following discussion, Director Janneck moved to authorize execution of a consent to encroachment to HEB Grocery Co., subject to final approval by Director Parker. 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. Ms. Garcia pointed out that check no. 6286 would be voided. She then pointed out that check no. 6302 would be voided and a new check written payable to Fulbright & Jaworski. She then reviewed the following checks: (1) check no. 6309 in the amount of \$3,230.00 payable to Fulbright & Jaworski; (2) check no. 6310 in the amount of \$316.25 payable to Karla Cannon; (3) check no. 6311 in the amount of \$66,858.00 payable to AECOM; (4) check no. 6312 in the amount of \$141.53 payable to Mark Janneck; and (5) check no. 6313 in the amount of \$225,000 payable to Addicks Utility District. 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, except check no. 6296 payable to Jones & Carter, Inc. Director Janneck seconded the motion, which carried by a vote of five for the motion

with Director Postle abstaining. Director Cannon moved to approve check no. 6296 payable to Jones & Carter, Inc. Director Postle seconded the motion, which carried by a vote of five for the motion with Director Wepler abstaining. A copy of the bookkeeper's report is attached.

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

The Board deferred action on this matter.

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

The Board deferred action on this matter.

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. Ms. Garcia stated that she will verify the due date. The Board deferred action on this matter.

OPERATOR'S REPORT

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

Director Wepler requested that invoices be attached to the report for work performed outside the base fee.

APPROVE AMENDMENT TO CONTRACT WITH SWWC SERVICES, INC.

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

ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REALTY INTERESTS

The Board took no action on this matter.

STATUS OF GROUNDWATER REDUCTION PLAN ("GRP")

The Board took no action on this matter.

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

The Board took no action on this matter.

REGION H WATER PLANNING GROUP

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

RESOLUTION ADOPTING UNTREATED SURFACE WATER USE AND WASTEWATER TREATMENT PLANT EFFLUENT REUSE POLICY

The Board discussed adopting a Resolution Adopting Untreated Surface Water Use and Wastewater Treatment Plant Effluent Reuse Policy. After review and discussion, Director Weppler moved that the Board adopt the Resolution Adopting Untreated Surface Water Use and Wastewater Treatment Plant Effluent Reuse Policy. Director Burnett seconded the motion, which carried unanimously.

ADOPT RESOLUTION DESIGNATING CHIEF ADMINISTRATION OFFICIAL

Next, the Board discussed adopting the Resolution Designating Chief Administration Official, which reflects designating Director Postle as the Chief Administration Official. Director Burnett moved that the Board adopt the Resolution. Director Janneck seconded the motion, which carried unanimously.

ADOPT THIRD AMENDED RESOLUTION ESTABLISHING COMMITTEES

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

ADOPT RESOLUTION EXPRESSING INTENT TO REIMBURSE

The Board considered adopting a Resolution Expressing Intent to Reimburse. After review and discussion, Director Wepler moved that the Authority adopt the Resolution Expressing Intent to Reimburse. The motion was seconded by Director Postle and 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.

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Secretary, Board of Directors

(SEAL)

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