

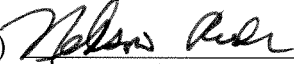
CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS                                    §  
   §  
COUNTIES OF HARRIS AND FORT BEND       §

I, the undersigned officer of the Board of Directors of the West Harris County Regional Water Authority, do hereby certify as follows:

1. The Board of Directors of the West Harris County Regional Water Authority convened in special session on the 14th day of September, 2011, inside the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to-wit:

- |                     |                          |
|---------------------|--------------------------|
| Bruce Parker        | President                |
| George L. Rush, Jr. | Vice President           |
| Douglas C. Postle   | Secretary                |
| Stacey L. Burnett   | Assistant Vice President |
| Eric Hansen         | Assistant Secretary      |
| Larry Weppler       | Director                 |
| Mark Janneck        | Director                 |
| Karla Cannon        | Director                 |
| Johnny Nelson       | Director                 |

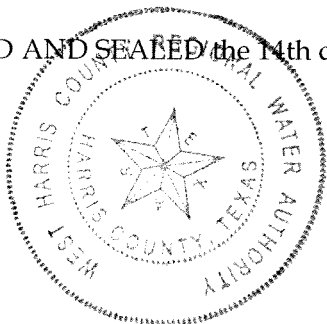
and all of said persons were present except Director(s) , thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

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

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 14th day of September, 2011.



  
Secretary, Board of Directors

(SEAL)  
349638

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

WHEREAS, West Harris County Regional Water Authority (the "Authority") has been legally created by Special Act (the "Act") of the legislature of the State of Texas for the purpose, among others, of causing the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs; and

WHEREAS, the Act further provides that the Authority may provide for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan ("GRP") and facilitate compliance with applicable subsidence district regulations;

WHEREAS, the Harris Galveston Subsidence District ("HGSD") and Fort Bend Subsidence District ("FBSD") have adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water or wastewater treatment plant effluent);

WHEREAS, in order to facilitate compliance with HGSD and FBSD regulations, the Authority is incurring significant costs to acquire treated surface water facilities and capacity, to deliver treated surface water to certain participants in its GRP, and to operate and maintain surface water facilities (collectively, "Surface Water Costs");

WHEREAS, the Board has determined that encouraging use of untreated surface water ("Untreated Surface Water") for non-potable purposes and reuse of wastewater treatment plant effluent ("Effluent") for non-potable purposes is beneficial and necessary: (i) to cause the reduction of groundwater withdrawals and the conservation, preservation, protection, and recharge of groundwater reservoirs; (ii) to comply with HGSD and FBSD regulations; (iii) to reduce the Surface Water Costs to be incurred by the Authority; and (iv) for the Authority's GRP; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WEST HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

Section 1: The recitals and facts set forth above are hereby found to be true and correct.

Section 2: The Authority hereby adopts a policy that it may, at its option, enter into written contracts ("Contracts") with owners of water well or water plant facilities ("Owners") to provide, among other terms, that:

- (i) Owners who implement an Untreated Surface Water use system or an Effluent reuse system (referred to herein individually or collectively as the "System") will receive a per 1,000 gallon credit ("Credit") for each 1,000 gallons of metered Untreated Surface Water or Effluent used by the Owner, to

be applied against monthly groundwater pumpage fees, surface water fees, or any other fees due the Authority by such Owners;

- (ii) the Credit shall equal 50% of the then-current Authority GRP Fee, as defined in the Authority's Amended Rate Order (for example, if in the first year that the Credit is in place under a Contract, the GRP Fee equals \$1.75 per 1,000 gallons, then the Credit shall equal \$0.875 per 1,000 gallons for that year; if in the second year that the Credit is in place under a Contract, the GRP Fee equals \$2.00 per 1,000 gallons, then the Credit shall equal \$1.00 per 1,000 gallons for that year; etc.)
- (iii) the Credit will remain in effect for up to a ten-year period, as determined by the Contract;
- (iv) any portion of the Credit not used in a particular month will carry over to the following month(s), without interest, until exhausted;
- (v) the amount of the Credit shall not exceed the construction costs of the System, as determined by the Authority; provided, however, in determining such construction costs, the Authority shall exclude surveying, engineering, land acquisition, financing, and other costs that are not direct construction costs;
- (vi) HGSD or FBSD conversion credits, if any, associated with the use of Untreated Surface Water or reuse of Effluent (the "Conversion Credits") during the life of the System (as modified or improved) will belong to the Authority for the benefit of the Authority's GRP;
- (vii) Owner, at Owner's sole cost, will be responsible to meter the Untreated Surface Water or Effluent used in the System and provide all meter reading data or other information to the Authority, and to otherwise cooperate with the Authority, in order for the Authority to obtain all Conversion Credits from the HGSD or FBSD; and
- (viii) Owner, at Owner's sole cost, will be responsible to comply with all applicable federal, state, and local regulations regarding permitting, construction, operation, maintenance, repair, or improvement of the System.

Section 3: Notwithstanding any provision hereof, the Authority reserves the right to: (i) refrain from entering into a Contract with any person or entity for any reason whatsoever (including, without limitation, that the System was in existence prior to the date this Resolution was adopted); (ii) include any terms or provisions in a Contract that are agreed to in writing by the Owner and the Authority, even if such terms or provisions are inconsistent with this Resolution; and (iii) modify this Resolution at any time.

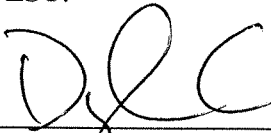
Section 4: This Resolution supersedes and replaces the Authority's Resolution Adopting Wastewater Treatment Plant Effluent Reuse Policy dated September 12, 2007.

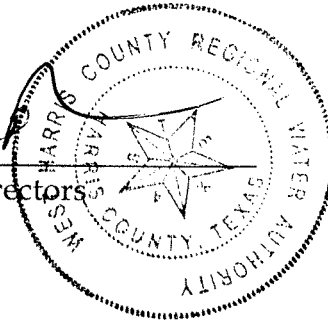
[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 14th of September, 2011.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors



(SEAL)

347772