

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
January 9, 2006

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, at 7:00 p.m. on the 9th day of January, 2006, at the Authority's office located at 3648 FM 1960 West, Houston, Texas, a public meeting place within the boundaries of the Authority; whereupon, the roll was called of the duly constituted officers and members of the Board, to-wit:

Kelly P. Fessler	President
Ron Graham	Vice President
Alan J. Rendl	Secretary
James D. Pulliam	Treasurer
Lenox A. Sigler	Assistant Secretary

All members of the Board were present except Director Fessler, thus constituting a quorum. Also attending the meeting were: Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Anthony Crisci, P.E., Construction Coordinator for the Authority; Mr. Showri Nandagiri, P.E., Engineering Coordinator for the Authority; Ms. Cynthia Plunkett, Financial Assistant for the Authority; Ms. Lisa Randecker, Executive Assistant for the Authority; Ms. Barbara Payne of Payne Communications, communications coordinator for the Authority; Messrs. Tom Rolen, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden ("TCB"), Engineer Manager for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Messrs. David Scholler, P.E. and Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Buddy Barnes, P.E. of Carter & Burgess, Inc., a subcontractor to AEI Engineering, Inc. ("AEI") for Authority Projects 6 and 6A; Mr. David Krukewitt, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI, on-call engineers for the Authority; Mr. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Scott A. Sulski of Fugro Consultants LP, on-call engineers for the Authority; Mr. Gary Myers, P.E. of Edwards and Kelcey, Inc., on-call engineers for the Authority; Mr. Mark Breeding of Andrews Kurth LLP, right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Mike Voinis, P.E. of Cobb Fendley & Associates, Inc., ROW/easement acquisition consultants for the Authority; Messrs. Jim Gillam, Gary Mechler, Pat Myers and Leroy Mensik of Severn Trent Environmental Services, Inc. ("Severn Trent"), operators for the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, general counsel and co-bond counsel for the Authority. Numerous members of the public and other consultants to the Authority were also present at the meeting. Copies of the sign-in sheets for those in attendance are attached hereto.

WHEREUPON, the meeting was called to order and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

BOARD MEMBER COMMENTS

Director Graham then wished all in attendance at the meeting a Happy New Year.

STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION COORDINATOR

A copy of Ms. Payne's PowerPoint presentation for tonight's meeting is attached hereto.

Ms. Payne first reported that the Authority's website had 41,811 hits for the month of December. Ms. Payne then noted that there are four (4) new water conservation brochures available for use by the utility districts.

Ms. Payne next reported that the Authority's Mobile Teaching Lab is now located at the newly constructed parking pad at the Harris County Water Control and Improvement District No. 132 ("HC 132") Water Conservation Garden. Ms. Payne extended special thanks to Mr. Bill Papp of HC 132, Mr. Don White of Advantage Water Management for transporting the Authority's Mobile Teaching Lab to various community and local events and Severn Trent for donating the trailer. Ms. Payne noted that she has recently scheduled a workshop session for 72 science teachers from Humble Independent School District regarding the use of the Authority's water conservation materials.

Ms. Payne next announced that Ms. Nikki Wynn, author of Journey to Pansophigus, has been spotlighted by Klein Independent School District as an alumni career "poster girl". Concerning the distribution of the September publication of Waterlines, Ms. Payne reported that the mailing had generated several requests for the Journey to Pansophigus materials by home school teachers, private school teachers and the new North Fort Bend County Water Authority.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto.

Mr. Schindewolf noted that January 7th was his third year anniversary as General Manager of the Authority.

STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Breeding was then called upon by Mr. Schindewolf to present a brief status report on the various ROW/easement acquisitions by the Authority.

Concerning Project 6B, Mr. Breeding reported that two (2) condemnation cases have been settled since last month and there are only three (3) pending condemnation cases remaining.

UPDATE ON 2010 WATER DISTRIBUTION AND TRANSMISSION SYSTEM - PHASE 1
GROUNDWATER TRANSFER PROJECTS

Mr. Schindewolf then complimented all of the Authority's construction consultants and contractors on the great jobs they are doing. Mr. Schindewolf then called on Mr. Rolen to review the status of the various Groundwater Transfer Projects (the "GTP"), as outlined below.

ENGINEER MANAGER'S REPORT

Mr. Rolen then presented the Engineer Manager's Report, a copy of which is attached hereto.

Mr. Rolen first reported that the Project 5B contractor, Calco Contracting Ltd. ("Calco"), has substantially completed the project and acceptance of the project by the Authority will be placed on the February agenda.

Concerning Project 1A, Mr. Rolen reported that Jalco, Inc. ("Jalco") has completed the installation of pipe, completed the tunneling and completed testing of the water line. Mr. Rolen noted that the line is ready to deliver water.

Mr. Rolen next reported that Triple B Services, L.L.P. has completed installation of the remaining 2,162 feet of 16-inch pipe, finished connecting to the district and started testing the line on Project 1A-2.

Mr. Rolen went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has completed installation and testing of the lines. Mr. Rolen noted that the contractor is in the process of completing the final punch list items and cleaning up the site.

Mr. Rolen then reported that R&B Group, Inc. has completed the modifications to the water well, installed both booster pump motors, completed the tank foundation and is erecting the ground storage tank and working on site work for Project 1C-2.

Concerning Project 4, Mr. Rolen reported that Texas Sterling Construction L.P. has substantially completed the project and a recommendation to accept the project will be given soon.

Mr. Rolen went on to report that the Project 5A contractor, Friedel Drilling Company, has completed both water wells and is waiting to receive Texas Commission on Environmental Quality (the "TCEQ") approval of the project.

Mr. Rolen next reported that E. P. Brady Ltd. ("E. P. Brady"), contractor for Project 5C, has begun the clearing and grubbing work and delivery of the pipe is scheduled for the middle of February, 2006.

Mr. Rolen then noted that the Project 6 contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott"), has substantially completed the project. Mr. Rolen noted that the dual 60-inch lines under Louetta Road have been tied into the existing 48-inch water line along Louetta Road.

Concerning Project 6A, Mr. Rolen reported that C.E. Barker, Ltd. has completed the installation of the 30-inch pipe and 36-inch pipe and is working on testing of the lines and clean-up work on the project.

Mr. Rolen next reported that E. P. Brady has completed 1,330 feet (98%) of the tunnel construction on Project 6B, Contract 1, and completed installation of 20-inch pipe. Mr. Rolen noted that the contractor has had to deal with a lot of groundwater intrusion, which has caused delay of the project, but reported that the contractor had begun pushing pipe today.

Concerning Project 7A, Mr. Rolen reported that Calco has substantially completed the project and is working on project clean-up.

Mr. Rolen next reported that Calco has remobilized since the holidays and has started construction of the tunnel shaft at FM 1960 on Project 7A-1.

Mr. Rolen went on to report that D.L. Elliott, the contractor for Project 7B, has completed all of the tunneling work and installation of the 42-inch and 48-inch pipe on such project. Mr. Rolen noted that the contractor is finalizing the connections to the districts and has tested 50% of the lines.

Mr. Rolen then reported that Jalco, the contractor for Project 7C, Contract 1, has completed installation of the pipe, is testing the pipe and completing connections to the districts.

Mr. Rolen next stated that Ramos Industries, Inc., contractor for Project 7C, Contract 2, has installed all the water lines, tested approximately 50% of the water line and is completing the connection to the district.

Mr. Rolen then reported that the pre-construction meeting for the Authority's Supervisory Control and Data Acquisition ("SCADA") is scheduled for January 10, 2006, and issuance of a Notice to Proceed on such project is scheduled for January 16, 2006.

Mr. Rolen noted that to date, the Authority has installed a total of 26.9 miles of pipe ranging in size from 12-inch to 60-inch.

Concerning other activities, Mr. Rolen reported that engineering design efforts continue on Projects 3, 4A, 5C, 6B-2 and 15A, and the 2010 transmission line. Mr. Rolen stated that during the prior month, the Engineer Manager has also worked on other items, including assisting with ROW/easement acquisitions, providing construction administration and project representation on construction projects, secured necessary approvals from the TCEQ to use the projects in the GTP South System, worked with the TCEQ to facilitate approval to use the relevant projects in the GTP West System, assisted with the evaluation of responses received to the Authority's Request for Proposals to Provide Contract Operational and Maintenance Services to the Authority, assisted with the negotiations of an Operations Services Agreement, assisted in evaluating the possible purchase of the former Hewlett Packard water well and assisted the Authority with monitoring and discharging its responsibilities concerning the Greens Road Water Line Project.

Concerning the Greens Road Water Line Project, Mr. Rolen reported that the installation of the water line is complete and that the line has been tested and disinfected and that the City of Houston essentially put the line in service last week.

Director Sigler asked who the first buyer of water on the GTP West System would be. Mr. Rolen stated that Malcomson Road Utility District and then Charterwood MUD would be the initial buyers on such system.

Mr. Schindewolf then explained that at the December meeting, the Board had authorized the General Manager to negotiate and enter into an Operations Services Agreement. Mr. Schindewolf reported that four (4) operations firms attended the Pre-Submittal Conference held on December 5, 2005 and two (2) proposals were submitted to the Authority, including one (1) from Severn Trent and one (1) from ECO Resources, Inc./Aqua Services LP. Mr. Schindewolf stated that a selection committee composed of Mr. Rolen and Mr. Stan Williams of TCB and Mr. Nandagiri reviewed the proposals and had recommended that the Authority enter into a Professional Services Agreement with Severn Trent. Mr. Schindewolf went on to explain that on January 2, 2006, the Authority entered in to a Professional Services Agreement with Severn Trent for Contract Operational and Maintenance Services for the GTP System. Mr. Schindewolf the introduced Messrs. Gillam, Mechler, Myers and Mensik of Severn Trent to the Board. A copy of the Professional Services Agreement with Severn Trent is attached hereto.

ATTORNEY'S REPORT

Ms. Bobbitt reviewed the timeline for the upcoming Directors Election scheduled for Saturday, May 13, 2006. Ms. Bobbitt noted that the Order Calling Directors Election would be presented for adoption at the February meeting. Ms. Bobbitt further reported that Ms. Regina Adams and Ms. Dold will be attending a meeting on January 10, 2006 hosted by the Harris County Election Department to discuss the rental and use of direct recording electronic voting systems ("DRES").

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Graham then asked for approval of the minutes of the regular meeting of December 5, 2005, previously distributed to the Board. Upon motion by Director Sigler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of December 5, 2005, as written.

FINANCIAL ASSISTANT'S REPORT

Director Graham then recognized Ms. Plunkett, who reviewed the Authority's Financial Report with the Board, including the monthly investment report, the checks being presented for payment and the budget comparison for the month ending November 30, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for 11 months reflects that the Authority is approximately \$1,285,323 under budget for the fiscal year ending December 31, 2005.

Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Financial Report, the monthly investment report and the checks being presented for payment.

CONFIRM UPCOMING MEETING DATE

Director Graham then stated that the next regular meeting of the Board will be held on Monday, February 6, 2006, at 7:00 p.m.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 6th day of February, 2006.

/s/Alan J. Rendl

Secretary, Board of Directors

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