

MINUTES OF MEETING OF BOARD OF DIRECTORS
February 16, 2000

THE STATE OF TEXAS §
COUNTY OF HARRIS §
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY §

The Board of Directors (the "Board") of North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, at the Ponderosa Fire Station, 17061 Rolling Creek, Houston, Texas, on February 16, 2000, at 7:00 p.m.; whereupon the roll was called of the directors, to-wit:

Alan J. Rendl, President
Jim Burke, Vice President
Lenox A. Sigler, Secretary
Jim Pulliam, Treasurer
Dwight "Clint" Moore, Assistant Secretary

All members of the Board were present. Also attending portions of the meeting were Myrtle Cruz of Myrtle Cruz, Inc., temporary bookkeepers for the Authority; Joseph T. Wozny and Paul Kipp of WSBC Civil Engineers, Inc. ("WSBC"), temporary engineers for the Authority; Alan Potock of Turner, Collie & Braden; Dale Brown, City Manager of Jersey Village; Oliver Pennington and Carla A. Christensen, of Fulbright & Jaworski LLP, temporary attorneys for the Authority; and members of the public.

The meeting was called to order and, in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as Exhibit "A", the following business was transacted:

1. **Minutes.** Proposed minutes of the meeting of February 1, 2000, previously distributed to the Board, were presented for review and approval. Upon motion by Director Burke, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes as presented.
2. **Public Comments.** There were no public comments at this time.
3. **Review of Financial Statements and Approval of Bills.** The President recognized Ms. Cruz, who presented to and reviewed with the Board the bookkeeper's report, including the billing and collection report, a copy of which is attached hereto as Exhibit "B." Upon motion by Director Burke, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of the checks presented therein.

4. **Receive Committee Reports and take action as necessary.**

a) **Report of collection efforts for non-paying well owners.** Director Pulliam presented to and reviewed with the Board a report on the collection efforts for non-paying well owners, a copy of which is attached hereto as Exhibit "C." Director Pulliam stated that since the Boards of Municipal Utility Districts ("MUDS") (rather than the operators or bookkeepers of the MUDS whose names and/or the addresses he now has) have the power to issue the checks for paying the Authority's groundwater fee assessment, he will need a list of all the non-paying MUDS and the names and phone numbers of their Presidents. Director Pulliam stated that Mr. Houston of the Subsidence District is currently preparing a list of the names and phone numbers of all the non-paying MUD Presidents.

Director Rendl noted that Fountainhead Municipal Utility District ("Fountainhead MUD") was not originally billed a groundwater assessment fee by the Temporary Authority. Director Rendl stated that when Fountainhead MUD was billed by the Authority, it was billed based on the District's total pumpage. Director Rendl further stated that Fountainhead MUD currently has two wells and only one of Fountainhead's wells is within the Authority. In response to an inquiry, Mr. Houston stated that the Subsidence District doesn't have a record of the pumpage for each specific well in a MUD. Discussion ensued. Mr. Pennington stated that House Bill 2965 allows the Authority to charge groundwater assessment fees to only those wells which are located within the Authority. Mr. Pennington also stated that a MUD such as Fountainhead MUD, with one well located within the Authority and one located outside the Authority, may enter into an agreement with the Authority to pay for and receive Authority planning benefits for both wells. A Director of Fountainhead noted that the Fountainhead MUD Board of Directors meeting is on February 17, 2000, and that the Board will discuss such item and report back to the Authority. No action was taken on this item.

Director Pulliam also presented to and reviewed with the Board a pumping fee assessment and collection schedule, including a penalty and interest schedule, a copy of which is included in Exhibit "C." Discussion ensued. It was the consensus of the Board to further review the assessment and collection schedule and for Mr. Pennington to research the terms of the penalty and interest schedule adopted by the Temporary Authority.

b) **Report on Jersey Village situation and City of Houston Interconnect proposals to Jersey Village.** Director Pulliam presented to and reviewed with the Board a report on the Jersey Village ("JV") water supply problems and the City of Houston Interconnect proposals to JV, copies of which are included in Exhibit "C." Director Pulliam noted that JV had been working with the City of Houston to secure water for almost one year before the Authority was formed. Director Pulliam reported that JV is very interested in working with the Authority and would eventually like to obtain a written proposal from the Authority to supply water to JV. Director Pulliam stated that JV's proposed plan includes connecting to the City of Houston's 24" water pipeline along the east boundary of JV and running such line (with a 21" plastic pipe) north to connect to JV's well no. 1 and a new 500,000 gallon ground storage tank. Discussion ensued. Director

Pulliam stated that WSBC is currently investigating if there are any other MUDS with extreme water supply problems.

Mr. Wozny presented to and reviewed with the Board a proposal prepared by WSBC to define the scope of services required in order to develop the appropriate solution(s) for JV's problem as well as any other MUDS with similar problems. Mr. Wozny stated that it will cost approximately \$44,000 in engineering fees to determine possible solutions for the problems of JV. It was the consensus of the Board to not approve the proposal submitted by WSBC for the JV investigative study for \$44,000.

At this time, the President recognized the City Manager of Jersey Village, Mr. Dale Brown. Mr. Brown reported that JV's City engineer has been investigating JV's water system and the problems therewith and has developed construction plans for the proposed construction of an interconnect pipeline with the City of Houston. It was the consensus of the Board for Mr. Brown to have the JV City engineer contact Mr. Wozny of WSBC and for Mr. Wozny to review JV's interconnect construction plans and to report his findings to the Board.

c) **Report on other alternatives available to help Jersey Village.** Director Pulliam presented to and reviewed with the Board a report on other alternatives available to help JV, a copy of which is included in Exhibit "C." Director Pulliam stated that the best alternative available to assist JV with its water problems is to construct an interconnecting water pipeline with the City of Houston. Director Pulliam also suggested that the Board consider that treated wastewater or "gray water", which is normally dumped into bayous, be re-used to irrigate JV's public property (golf courses, parks, etc.). Director Pulliam stated that if JV implemented such program it would receive ground water credits from the Subsidence District due to the fact that the amount of gray water which would be re-used would offset the ground water which was used for such purposes. Discussion ensued. No action was taken on this item at this time.

d) **Report on communication plans for Authority.** The President reported that the Authority has completed and mailed its first newsletter to all current MUD directors, well owners, and MUD consultants. The President also reported that the Authority is continuing its efforts to develop a website on which to post the Authority's agendas, minutes, and other useful information for members of the public.

At this time the President announced that the Authority will be holding a special meeting on Tuesday, February 22, 2000 at 7:00 to accept comments from the public regarding the ground water withdrawal fees.

e) **Report on status of temporary phone line.** The President reported that the Northwest Chamber of Commerce has agreed to continue answering the Authority's phone line for another month.

f) **Report on status of temporary post office box.** Director Sigler stated that the contract for the post office box which the Authority is currently utilizing will expire on March 1, 2000. Director Sigler suggested that the Authority obtain a post office box at the U.S. Post Office on Walters Road. It was the consensus of the Board to obtain a post office box for Authority use on Walters Road and to retain the current post office box for six months.

g) **Report on status of temporary banking arrangements.** It was the consensus of the Board to continue banking at Klein Bank until the Authority has established a permanent office and address.

h) **Report on status of Workshop session to be held February 18-19, 2000.** Director Burke reported that on February 18-19, 2000, the Authority will be holding a special workshop for the Directors of the Authority to get acquainted, to discuss policies with respect to the selection of consultants, to develop an ethics policy, and to discuss Open Records and Meetings Laws. Director Burke stated that no official action will be taken at the workshop.

5. **Consider WSBC Temporary Contract effective from February 1, 2000.** It was noted that the Board tabled this item from the last Board meeting, pending the Directors' review of the Temporary Contract. Mr. Pennington presented to the Board proposed language to be included in consultant contracts, a copy of which is attached hereto as Exhibit "D." Upon motion by Director Burke, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the contract with WSBC Civil Engineers for Interim Program Management and Engineering Services, provided the contract includes the proposed contract language submitted by F&J.

6. **Consider engineering project relating to Jersey Village.** It was noted by the President that such matter has previously been discussed.

7. **Consider Requests For Qualifications for certain requested engineering services.** It was noted by the President that such item has previously been addressed.

8. **Consider process to publish and receive statements of interest and qualifications for bookkeeper and auditor.** Upon motion by Director Burke, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to authorize Directors Burke and Pulliam to prepare a notification letter to have published in the Houston Chronicle "Classifieds" section notifying all interested parties that the Authority is receiving statements of interest and qualifications for bookkeeper and auditor.

9. **Consider Subsidence District Proposal regarding MUD billing services.** At this time the President recognized Mr. Houston of the Harris-Galveston Coastal Subsidence District ("Subsidence District"). Mr. Houston stated that the Subsidence District is willing to prepare and enter into an Interlocal Agreement with the Authority to provide billing services for the Authority, which would include collecting and verifying data from well permittees within the

Authority, preparing the fee statements, and delivering the fee statements to well permittees. Mr. Houston stated that such services could be provided by the Subsidence District to the Authority for approximately \$4,500 per year. Mr. Houston stated that the Subsidence District would like to offer an additional service, if so desired by the Authority, of having Subsidence District field representatives verify the meter readings on wells. The Board directed Mr. Houston to present a written agreement for the Board's review and approval at the March 7, 2000 Board of Directors meeting.

10. **Consider process of publishing RFQ's for general engineering services and legal services.** It was the consensus of the Board to defer discussion of this item until the Special Workshop to be held February 18-19, 2000.

11. **Consider lease of temporary office space.** Mr. Wozny presented to and reviewed with the Board an Office Proposal for the Authority which was prepared by Caldwell Watson Real Estate Group, a copy of which is attached hereto as Exhibit "E." Discussion ensued regarding a permanent office and meeting location for the Authority. It was the consensus of the Board for Directors Rendl and Sigler to research the costs and review the possible locations for a permanent office and meeting location and to report their findings to the Board at the next meeting.

The President stated that the Ponderosa Fire Station has been reserved for the first and third Tuesdays of every month for the rest of the year for the Authority's meetings. It was the consensus of the Board to consider at the Board's next meeting a payment to the Ponderosa Fire Station for maintenance of the facilities.

12. **Review and modify as necessary WSBC draft presentation regarding withdrawal rate alternatives and comparisons for February 22, 2000 public comments meeting.** The President recognized Mr. Wozny, who reviewed with the Board a draft presentation regarding the rate alternatives and comparisons for the February 22, 2000 public comments meeting, a summary of which is attached hereto as Exhibit "D." Mr. Potock then reviewed with the Board an overview of the project approach. Mr. Potock stated that factors such as population growth, employment projections, and water demand were used to project the future water demands for the area within the Authority. Mr. Potock noted that approximately 64 million gallons per day ("mgd") are currently pumped within the Authority and in 2030 approximately 100 mgd will be pumped within the Authority. Mr. Wozny then reviewed with the Board the Authority's options for payment of a surface water supply.

13. **Review topics for discussion at Workshop Session to be held.** It was noted that such item was previously discussed.

14. **Consider time and location of next meeting.** The President noted that the

Special Workshop will be held at the Greenspoint Wyndham Hotel, which is within the Authority, on February 18-19, 2000.

The President stated that the Special Meeting to consider ground water withdrawal fees will be held at Northwoods Presbyterian Church on FM 1960, which is within the Authority, on February 22, 2000 at 7:00 p.m.

15. **Consider Resolution Establishing a Meeting Place.** It was the consensus of the Board to adopt a Resolution Establishing the Greenspoint Wyndham Hotel and Northwoods Presbyterian Church as Meeting Locations within the Authority.

16. **Other matters.** There were no other matters to discuss at this time.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned.

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The forgoing minutes were passed and approved by the Board of Directors on March 7, 2000.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(DISTRICT SEAL)