

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 28, 2001

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in special session, open to the public, at 12:00 noon on the 28<sup>th</sup> day of December, 2001, at the Authority's office 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:

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, thus constituting a quorum. Also attending the meeting were: Mr. Ed Shackelford, P.E., General Manager for the Authority; Mr. Gary Smith, P. E. of ARCADIS WSBC, Program Manager for the Authority; Ms. Barbara Payne of Payne Communications, communications coordinator for the Authority; Ms. Cyndi Plunkett, Financial Assistant for the Authority; Ms. Paris Achen, reporter for the 1960 Sun; Ms. Kim Canon, reporter for the Houston Chronicle; Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov LLP, attorneys for the Authority; and several members of the public. A copy of the sign-in sheets for those in attendance at the meeting is 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.

REVIEW PETITIONS FOR CONSENT TO INCLUDE ADDITIONAL LAND INTO THE AUTHORITY

Ms. Bobbitt then presented and reviewed with the Board, a list of the ten (10) petitions received to date from utility districts desiring to be included within the Authority, a copy of which is attached hereto. Ms. Bobbitt noted that five (5) Petitions for Consent to Include Additional Land into the Authority were being presented today for the Board's acceptance, including: Westador Municipal Utility District, Harris County Fresh Water Supply District No. 61, Harris County Municipal Utility District No. 248, CNP Utility District, Harris County Municipal Utility District No. 109 and North Park Public Utility District. The Board briefly reviewed the Authority's current boundary map to determine the location of the petitioning utility districts. Mr. Shackelford reported that he has also been visiting with representatives of Harris County Municipal Utility District No. 132 concerning inclusion in the Authority, but that such entity has not yet made a decision on the matter. 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 accept the five (5) petitions outlined above.

Mr. Shackelford then explained that he had also received letters of intent to join the Authority from Reliant Energy ("Reliant") relating to the T. H. Wharton Electric Generating Station and from Mr. Eli Sasson of the Greens Road Mobile Home Community ("Greens Road"), copies of which are attached hereto. Mr. Shackelford explained that Reliant is interested in being part of the Authority's groundwater reduction plan (the "GRP"), but is not able to finalize the terms of their participation by year-end. Mr. Shackelford went on to explain that it is hoped that a determination on Reliant's participation in the GRP can be made by March 1, 2002. Mr. Shackelford added that Greens Road is also wanting to be included in the Authority's GRP and has agreed to provide the Program Manager with all of the necessary information on the Greens Road well as soon as possible. Following a brief discussion, Mr. Shackelford recommended that the Board accept the letters of intent from Reliant and Greens Road. 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 accept such letters of intent.

#### ADOPT ORDER ADDING LAND AND REDEFINING BOUNDARIES OF THE AUTHORITY

Ms. Bobbitt then presented an Order Adding Land and Redefining Boundaries of the Authority and explained that the Order would encompass the ten (10) utility districts that have petitioned to be included within the boundaries of the Authority. The Board inquired whether Ms. Bobbitt is expecting any additional districts to petition the Authority before the December 31, 2001 deadline. Mr. Shackelford stated that he has had discussions with several other entities, but that no additional petitions have been received to date. Ms. Bobbitt noted that any petitions received after today and before the December 31<sup>st</sup> deadline would be considered at the Board's January 8, 2002 meeting. Upon motion by Director Pulliam, seconded by Director Moore, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Adding Land and Redefining Boundaries of the Authority, a copy of which is attached hereto.

#### REVIEW AND DISCUSS IMPOSITION OF IMPORT FEES

Mr. Shackelford next reminded the Board that at the meeting of December 11, 2001, the Board had voted to implement the imposition of import fees effective January 1, 2001. Mr. Shackelford went on to explain that he had recently met with Mr. Dale Brown, City Manager of the City of Jersey Village ("Jersey Village") to further discuss water supply issues related to Jersey Village and the Authority. A copy of Mr. Shackelford's letter to Mr. Brown outlining the Authority's proposal options to Jersey Village is attached hereto. Mr. Shackelford expressed his hope that certain issues can be favorably resolved with Jersey Village within the next sixty (60) to ninety (90) days. Director Burke suggested that the Board consider suspending the collection of import fees for ninety (90) days.

#### EXECUTIVE SESSION

Director Rendl then adjourned the regular meeting at 12:20 p.m. and announced that the Board would convene in executive session pursuant to Sections 551.071(1)(A) and 551.071(2), Texas

Government Code, as amended, to consult with its attorneys regarding pending or contemplated litigation and matters covered by the attorney-client privilege. All of the Board members, Mr. Shackelford, Ms. Bobbitt and Ms. Dold attended the executive session.

Director Rendl then reconvened the meeting in open session at 12:30 p.m., at which time the following action was taken by the Board. 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 leave the imposition of the import fees in place with a January 1, 2002 effective date, but to suspend the collection of the import fees until the end of the second quarter of 2002.

#### ADOPT AMENDED AND RESTATED ORDER ESTABLISHING WELL PUMPAGE FEES AND WATER IMPORT FEES

Ms. Bobbitt then explained that with the implementation of the import fees, the Board needs to amend the Pumpage Fee Order to include rules and regulations for the levy and collection of import fees. Upon motion by Director Sigler, seconded by Director Burke, after full discussion and the question being put to the Board, the Board voted unanimously to adopt an Amended and Restated Order Establishing Well Pumpage Fees and Water Import Fees for Fiscal Year Ending December 31, 2002 and Adopting Rules and Regulations Concerning Measuring Well Pumpage and Water Import Fees and Collecting Same, a copy of which is attached hereto.

#### UPDATE OF FEBRUARY 2, 2002 DIRECTORS ELECTION

Ms. Bobbitt next reported that the drawing to determine the order of the candidates' names on the ballot for the upcoming Directors Election had been held at 11:45 a.m. prior to the special meeting. Ms. Bobbitt then announced the results of the drawing. A copy of the drawing results is attached hereto. The Board requested that the results of the drawing be posted on the Authority's Web site. Ms. Bobbitt then reported that she and Ms. Dold had met with Mr. Tony Sirvello of the Harris County Elections Department on December 20, 2001 to plan for the upcoming election. Ms. Bobbitt reported that the Harris County Commissioners Court (the "Commissioners Court") would act on the Authority's agreement with Harris County (the "County") to conduct the directors election at its meeting on January 8, 2002. Ms. Bobbitt briefly explained that there would be five (5) early voting polling places within the Authority and qualified voters from any of the five (5) single-member voting districts can vote at any of the early voting polling locations. Ms. Bobbitt then explained that on election day, qualified voters must vote at polling places designated for each precinct within each single-member voting district. Ms. Bobbitt stated that there will be four (4) election day polling places designated in Voting Districts No. 1, 3, 4, and 5 and five (5) election day polling places in Voting District No. 2. Ms. Bobbitt noted that the time schedule for the election was very tight and that the Commissioners Court is scheduled to approve the new County voting precincts on January 15, 2002 and that early voting for the Directors Election begins on January 16, 2002.

Ms. Bobbitt added that the Board must canvass the results of the February 2, 2002 Directors Election no later than February 8, 2002 and suggested that a special meeting be held at the offices of the Authority at 8:00 a.m. on Friday, February 8, 2002. The Board concurred with Ms. Bobbitt's suggestion.

TEXAS WATER DEVELOPMENT BOARD TIME EXTENSION REQUEST

Mr. Shackelford then presented a time extension request from the Texas Water Development Board (the "TWDB") regarding the Authority's 2001 Planning Facilities Grant for the Board's approval, a copy of which is attached hereto. Mr. Shackelford noted that the current contract expired on December 31, 2001 and recommended the Board approve the time extension request. Upon motion duly made and seconded, after full discussion and the question being put to the Board, the Board voted unanimously to approve the time extension request. Ms. Bobbitt added that the item will be included on the Consent Agenda for ratification at the Board's January 8, 2002 meeting.

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

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of March, 2002.

/s/Ron Graham

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Secretary, Board of Directors

(SEAL)

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