

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 27, 2002

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 7:00 p.m. on the 27<sup>th</sup> day of February, 2002, at the Ponderosa Fire Station, 17061 Rolling Creek, 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:

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

All members of the Board were present, except Director Fessler, thus constituting a quorum. Also attending the meeting were: Mr. Ed Shackelford, P.E., General Manager for the Authority; Ms. Lisa Sagstetter, Administrative Assistant for the Authority; Ms. Cyndi Plunkett, Financial Assistant for the Authority; Ms. Barbara Payne of Payne Communications, communications coordinator for the Authority; Mr. David Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineering consultants for the Authority; and Ms. Robin S. Bobbitt and Mr. Andrew P. Johnson, attorneys, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, attorneys for the Authority. Numerous members of the public were also present at the meeting. A copy of the sign-in sheets for those in attendance 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.

Director Sigler called the meeting to order and explained that this was one of three (3) workshops to be held to educate the members of the Board on various Authority matters. Notebooks containing workshop information and materials were provided to each member of the Board prior to the meeting.

REVIEW OF TEXAS OPEN MEETINGS ACT PROVISIONS

Ms. Bobbitt first presented a general overview of the Texas Open Meetings Act (the "Open Meetings Act") to the Board and distributed a copy of a memorandum prepared for the Board in June 2000 concerning provisions of the Open Meetings Act, a copy of which is attached hereto. Ms. Bobbitt stressed that there are significant penalties for knowingly and intentionally violating the provisions of the Open Meetings Act. Ms. Bobbitt noted that the Board members would be given a 2002 Open Meetings Act Handbook from the Texas Attorney General's office once the books are received.

## REVIEW OF TEXAS PUBLIC INFORMATION ACT PROVISIONS

Ms. Bobbitt next reviewed the Texas Public Information Act (the "Public Information Act") and explained that most of the Authority's records are open and available to the public, with certain statutory exceptions. Ms. Bobbitt stated that she prefers to have a written request from anyone requesting information from the Authority under the Public Information Act. Ms. Bobbitt noted that the Board members would also be given a 2002 Public Information Act Handbook from the Attorney General's office once they are received.

## REVIEW OF H. B. 2965 AND H. B. 1110

Ms. Bobbitt then reviewed H. B. 2965, the enabling legislation of the Authority, a copy of which is included in the workshop notebook. Ms. Bobbitt briefly reviewed the history of the creation of the Authority and how it evolved to deal with the Harris-Galveston Coastal Subsidence District (the "HGCSO") 1999 Regulatory Plan for the conversion to surface water in the north Harris County area. Ms. Bobbitt noted several items in H. B. 2965 that should be considered for revision in the next legislative session, including the requirement that an election be held for all five (5) Board members after a decennial census or a change in the boundaries of the Authority.

Ms. Bobbitt continued with a review of H. B. 1110 noting that such bill added a definition of the groundwater reduction plan (the "GRP"), enhanced the Authority's ability to prepare, implement and enforce the GRP, extended the Authority's powers of eminent domain and enabled split districts to be excluded from the boundaries of the Authority.

## REVIEW OF PUMPAGE FEES/IMPORT FEE ORDER

Mr. Johnson then explained that because the Authority has no taxing authority, its sole source of revenue is from the collection of pumpage fees from the well owners within the boundaries of the Authority. Mr. Johnson stated that the Authority's current pumpage fee is \$0.25 per 1,000 gallons of water pumped.

Mr. Johnson then reviewed the history of the import fee concept. Mr. Shackelford explained that although controversial, the import fee concept is designed to protect the Authority against a loss of revenue if utility districts opt to join the City of Houston's GRP or decide to import water from another source located outside the boundaries of the Authority. Mr. Johnson added that if districts bring water from outside the Authority, revenue will be lost and have to be spread over fewer entities in the Authority without the use of the import fee.

## REVIEW AND SUMMARY OF TEXAS WATER CODE PROVISIONS APPLICABLE TO THE AUTHORITY

Ms. Bobbitt then presented an overview of the various provisions in the Texas Water Code that are applicable to the Authority, specifically the provisions of Chapter 49.

## REVIEW AND DISCUSS AMENDED AND RESTATED PROCEDURAL RULES OF THE AUTHORITY

Ms. Bobbitt next continued with a detailed review and discussion of the Authority's Amended and Restated Procedural Rules (the "Procedural Rules"), a copy of which is included in the workshop notebook. Ms. Bobbitt stated that there were several items that the Board may want to revise in the future with regard to expense reimbursements. Ms. Bobbitt also reviewed the Code of Ethics contained in the Procedural Rules. Ms. Bobbitt noted that she would provide the Board with a copy of a speech on the duties and responsibilities of directors that she delivered last summer at the Association of Water Board Directors - Texas Conference.

Ms. Bobbitt then addressed Director Graham's request that the Board consider reimbursement of travel expenses for Mr. Shackelford's spouse. Ms. Bobbitt referred to a memorandum prepared by her office on such matter, a copy of which is attached hereto. Ms. Bobbitt stated that based on her firm's review and research of statutory provisions, Attorney General opinions and Ethics Commission opinions, it is not appropriate for the Authority to reimburse the General Manager or a Board member for travel expenses incurred for a spouse when traveling on Authority business. Ms. Bobbitt added that only if a public purpose for the spouse's travel can be established may such travel expenses be reimbursed by a governmental entity.

Discussion concerning possible amendments to the Procedural Rules was deferred until a later meeting.

## REVIEW OF POLICIES AND PROCEDURES FOR PUBLIC COMMENT

Ms. Bobbitt next reviewed the Board's Policies and Procedures for Public Comment (the "Policies and Procedures"), a copy of which is included in the workshop notebook. Ms. Bobbitt explained that the Policies and Procedures were prepared based on policies of other governmental entities in the area. A brief discussion concerning the Policies and Procedures then ensued.

## REVIEW OF AUDIT PROCEDURES

Mr. Shackelford next reviewed the Audit Procedures, a copy of which is included in the workshop notebook. Mr. Shackelford explained that such procedures enable the Authority to confirm and verify compliance with the Pumpage Fee Order and enable the Authority to carry out random audits of the self-reporting pumpage data submitted by well owners within the Authority. Mr. Shackelford then reviewed some of the details of the Audit Procedures.

## REVIEW OF MISCELLANEOUS OFFICE/ADMINISTRATIVE MATTERS

Mr. Shackelford next discussed items in the workshop notebook behind Tab 8 which deal with miscellaneous office/administrative matters, including insurance policies, employee handbook, benefit program, office lease, etc. Mr. Shackelford then reviewed the directory of Authority Board members and consultants, the organizational chart, employee handbook, employee healthcare summary, retirement and

vacation benefits with the Board. In addition, Mr. Shackelford discussed the lease for the Authority's office and property insurance matters.

#### REVIEW OF BOOKKEEPING/FINANCE MATTERS

Ms. Plunkett then reviewed with the Board the monthly financial report that was presented at the February 12, 2002 meeting and the Authority's budget for the fiscal year ending December 31, 2002, copies of which are included behind Tab 9 of the workshop notebook. Ms. Plunkett noted that the Authority had an operating account into which the pumpage fees were deposited and an administrative account for office expenses. Ms. Plunkett added that both accounts are at Klein Bank.

#### REVIEW OF CONSULTANT LIST, COMMITTEES AND WORKING GROUPS

Mr. Shackelford then reviewed a list of the Authority's consultants and descriptive summaries and membership information concerning the Communications Group, Water Users Advisory Group and Import Fee Committee, copies of which are included behind Tab 10 of the workshop notebook.

Ms. Bobbitt then recommended that discussion of the miscellaneous legal issues related to the powers and duties of the Authority be deferred until a later meeting of the Board.

There being no further business to come before the Board, the meeting was adjourned at 9:04 p.m.

PASSED, APPROVED AND ADOPTED this 2<sup>nd</sup> day of April, 2002.

/s/Ron Graham

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Secretary, Board of Directors

(SEAL)