

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

October 15, 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 4:00 p.m. on the 15th day of October, 2002, at the Ponderosa Volunteer Fire Department, 17061 Rolling Creek Drive, Houston, Texas, the regular 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, thus constituting a quorum. Also attending the meeting were: Mr. Ed Shackelford, P.E., General Manager for the Authority; Messrs. Alan Potok, P.E. and Michael Baugher, P.E. of Turner Collie & Braden, Inc., Program Manager for the Authority; Messrs. Bob Jones, P.E., Bradley Jenkins, P.E. and Jason Kelly, of Jones & Carter, Inc. ("Jones & Carter"), on-call engineering consultants for the Authority; Mr. J. E. Pate, P.E. of Pate Engineer, Inc. ("Pate"), on-call engineering consultants for the Authority; Mr. Dave Scholler, P. E. of Brown & Gay Engineers, Inc., on-call engineering consultants for the Authority; Mr. John Howell of The GMS Group, Inc., financial advisor for the Authority; Mr. Duncan Lamme of Legg Mason Wood Walker, Inc., financial advisor for the Authority; Ms. Amanda Waters of the 1960 Sun; Ms. Kim Canon of the Houston Chronicle; Ms. Pat Wisniewski, representing Senator Jon Lindsay; and Ms. Robin S. Bobbitt, attorney, 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.

PUBLIC COMMENT

Director Sigler deferred public comments to the end of the meeting.

DIRECTOR'S STATEMENT

Director Rendl then read a statement of apology to Mr. Shackelford concerning the events at the Board's October 7, 2002 meeting, a copy of which is attached. Director Rendl stated that he was unaware that Director Sigler had contacted Mr. Shackelford late on the day of the meeting to have discussion of the

Groundwater Transfer Projects (the "GTP") and the 2010 Integrated Water System Plan (the "IWSP") deferred.

Director Graham then stated that for the record, he was unaware that the two (2) deferred agenda items were not going to be discussed on October 7, 2002.

GROUNDWATER TRANSFER PROJECTS

Mr. Jones then presented a PowerPoint presentation on the proposed IWSP, Phase I Projects Analysis, a copy of which is attached hereto. The presentation covered information contained in the report prepared by Jones & Carter and Pate and distributed to the Board members prior to the October 7, 2002 meeting, a copy of which can be found in the Authority's files. A copy of the Jones & Carter response to certain questions about the recommendations on the implementation of the Phase I IWSP, along with a memorandum from Mr. Shackelford concerning the IWSP, are attached hereto. Mr. Jones noted that of the 54 districts located within the 2010 conversion area, 28 districts (46%) had responded and that 25 of such districts are potential participants in the Phase I IWSP, including 15 as buyers of water and ten (10) as sellers of water. Mr. Jones then identified each of the GTPs included in the Phase I IWSP and the projected costs of each project. Mr. Jones explained that the Blue Project would connect 11 districts at a cost of \$35,840,000, with avoided facility costs of \$6,028,000. Mr. Jones next reviewed the Red Project and explained that such project would connect nine (9) districts at a cost of \$33,110,000, with avoided facility costs of \$4,800,000. Mr. Jones went on to explain that the Green Project would connect two (2) districts at a cost of \$17,925,000, with avoided facility costs of \$2,559,000. Finally, Mr. Jones stated that the Aqua Project would connect three (3) districts at a cost of \$6,490,000, with avoided facility costs of \$1,800,000.

Mr. Jones next reviewed the avoided cost analysis, explaining that his team had run the cash flow model through 2034 and determined that every \$1 million of avoided facility costs enables the Authority to spend \$7 million in accelerated facility costs. Mr. Jones noted that the lines constructed for the proposed GTP are consistent with the routing for the 2010 surface water conversion system. Mr. Jones concluded his presentation by stating that there had been great response to the proposed IWSP in a short period of time and that it is anticipated that the avoided costs will only increase as additional districts are able to respond to the Authority. Mr. Jones added that the GTP allows the Authority and the districts to not only save money, but to put in the 2010 delivery system early. Mr. Jones ended his presentation with the recommendation that the Board authorize Mr. Shackelford to proceed with obtaining contractual commitments from the 25 potential buyer/seller districts and to proceed with the implementation of the GTP.

Mr. Shackelford then asked for questions from the Board.

Director Fessler asked how districts would need to modify their systems in order to participate in the GTP. Mr. Jones responded that the purpose of the GTP is to move groundwater around the Authority and that the districts are already set up to handle and distribute groundwater. Mr. Jones went on to explain that groundwater obtained from the participating districts can be mixed or blended with other groundwater without any significant problems. Mr. Jones added that connection to the Authority's transmission lines, plus some water plant modifications by each participating district, will be necessary.

Director Fessler asked if the seller districts would pump water into the integrated system at a pressure of 50 to 60 per square inch ("psi"). Mr. Jones responded that the water would be pumped into the system at the pressure level of the seller district, and that the pressure would then be elevated to 50 to 65 psi by Authority pumping stations, as needed. Mr. Jones added that his team had successfully run hydraulic tests on the model delivery system, and there appears to be no problem with meeting the system's pressure needs.

Director Sigler stated that based on the comparison of the avoided costs versus the accelerated costs, would it not be in the best interest of the Authority to go ahead with the construction of the entire 2010 delivery system. Mr. Jones acknowledged that there would be an economical advantage in constructing the entire 2010 system, but that the project is too large to undertake at one time. Mr. Jones added that the pricing policy adopted by the Authority will likely get more districts interested in early conversion to surface water.

Director Rendl agreed that Phase I of the IWSP would be a project of evolution that will present other opportunities for the Authority to put more of the 2010 delivery system into place.

Director Pulliam then asked if the proposed GTPs system should be more of a looped system. Mr. Jones explained that a looped system is not required since there would be multiple points of delivery into the proposed system. Mr. Jones went on to explain that the participating districts will retain enough groundwater capacity in their systems to use in the event of an emergency, such as the rupture of a line similar to what recently happened in the City of Houston (the "COH") this past week. Mr. Jones noted that the districts will feed to the system with 12 to 16 inch water lines. Mr. Jones added that while he believes that the Authority will build the 2010 delivery system early, such construction will likely be between now and 2006.

Director Sigler asked what percentage of the districts in the 2010 conversion area had responded to the IWSP. Mr. Jones reported that 46% of the 54 districts had responded and that he expected that the Authority will receive additional responses from more districts. Mr. Shackelford interjected that the \$93 million to be spent on the GTP represents approximately two-thirds (2/3) of the entire 2010 conversion costs.

Director Sigler then inquired if there was only one (1) regional water plant planned for the IWSP. Mr. Jones responded that initially, it appears that only one (1) regional facility will be needed to assure redundancy and provide adequate storage capacity in the system, but that by 2030, there may be a need for as many as three (3) regional plant facilities.

Director Graham commented that the Authority seems to be assuming a large liability by guaranteeing a water supply to districts through 2010. Mr. Jones concurred, but noted that the districts have a large amount of water to sell and that the Authority will need to enter contracts with the various buyer/seller districts.

Director Graham stated that he had a problem justifying the Green Project since it would connect only two (2) districts. Mr. Jones responded that any district that the IWSP would serve will be a benefit to

the entire Authority, whether it is in the 2010, 2020 or 2030 conversion area. Mr. Jones added that it is likely that more districts located on the west side of the Authority will want to purchase water from the Authority. Director Fessler asked whether accelerating water delivery to districts outside the 2010 conversion area will increase costs. Mr. Jones responded that in 2010, all districts will be able to participate in the non-depreciated asset credits, and it will not matter where they are located within the 2010 conversion area. Mr. Jones added that it is likely that the Authority's Groundwater Reduction Plan (the "GRP") will be amended numerous times as things change within the Authority.

Director Graham then noted that an oversupply of groundwater could exceed the Authority's GRP. Mr. Jones stated that if that were the case, it would be necessary to amend the GRP. Mr. Shackelford added that the Authority would be able to receive over-conversion credits from the Harris-Galveston Coastal Subsidence District (the "HGCSA") in that event.

Director Rendl then commented that it was interesting to look back over the past two (2) to three (3) years when the concept of the 30% conversion requirement by 2010 was unappealing and distasteful to the utility district community and now see the positive response prevalent regarding early conversion.

Director Graham inquired as to why the line sizes in the IWSP are different from those reflected in the Authority's GRP. Mr. Jones explained that the team began with the TC&B model of October, 2001 concerning the line sizes, but has since modified the model. Mr. Jones noted that the changes in the line sizing will have no impact on the HGCSA certification of the Authority's GRP. Mr. Shackelford added that the sizing of the lines and other engineering aspects will be resolved during the preliminary engineering process.

Director Sigler asked whether the Authority's GRP can be amended. Both Messrs. Jones and Shackelford responded that the GRP will likely be revised and amended over time, as such amendments become necessary.

Director Fessler then asked if the Project Manager had any comments concerning the proposed IWSP and the GTP.

Mr. Potok responded that he and Mr. Baugher had reviewed the Pate/Jones & Carter IWSP report and had met with Pate and Jones & Carter and submitted their comments on the report. Mr. Potok stated that TC&B had some concern regarding the changes in the line sizes and were not in complete agreement regarding the pressure differentials, but feel that workable solutions exist regarding both issues. Mr. Potok added that it may be possible to solve some of the water problems with a system that is less costly, but may short circuit the opportunity to serve other districts and solve other supply problems within the Authority. Mr. Potok noted that TC&B, as Program Manager, concluded early on that an accelerated system was the most cost effective for the Authority. Mr. Potok also expressed concern that if water is purchased by districts for only a portion of the year, water quality issues may arise in the system. Mr. Potok suggested that prior to the Authority entering contracts to purchase water from districts, testing may be necessary to determine if water can be moved at the seller's pressure during peak usage times. Mr. Shackelford noted that Pate/Jones & Carter had already run hydraulic tests on the model for the GTP. Mr.

Jones stated that hydraulic tests had in fact been run and that he would provide the Project Manager with the hydraulic data.

Director Sigler inquired regarding the total volume of water that is needed by the purchasing districts. Mr. Jones responded that it would be between four (4) and six (6) million gallons per day ("mgd") and possibly eight (8) mgd at peak usage times. Director Sigler then inquired regarding the estimated capacity of the proposed regional wells. Mr. Jones responded that the number of regional wells that may be needed will be a function of the number of wells within the Authority that may have to be replaced prior to conversion to surface water. Mr. Jones added that each well would have an estimated capacity of 1,500 gallons per minute or 2.1 mgd at peak usage.

Director Graham stated that he had a problem with the Green and Aqua Projects because they served so few districts. Mr. Jones explained that the districts in those projects either had some serious arsenic problems or will soon have to replace a well. Mr. Jones added that in the long run, the Green Project may ultimately save more money for the Authority than the other three (3) proposed projects. Director Rendl commented that there was nothing permanent about the line sizes and locations depicted for the 2010, 2020 and 2030 conversion areas and that such things are likely to change during the preliminary engineering process. Mr. Jones then explained that the proposed regional well in the green project would not be necessary if they are able to identify a seller in that area. Mr. Jones added that Northwest Harris County Municipal Utility District No. 5 has recently come forward as a potential seller, but the amount of water they have available has not yet been verified.

Mr. Jones noted that the GTP did not include the avoidance costs in connection with the Authority's contract to supply water to Emerald Forest Utility District. Mr. Jones stated that there will be a number of opportunities provided by the GTP and that it is possible that the Authority will start taking surface water as early as 2008 in order to avoid future capital costs.

Director Pulliam then noted that he was confused prior to the October 7th meeting concerning the change in the naming of the GTP and the IWSP. Mr. Shackelford stated that the GTP is the first phase of the IWSP, but that the overall IWSP is comprised of seven (7) or eight (8) components, as set forth in his memo to the Board, a copy of which is attached hereto.

Director Graham asked how agenda items C and D differed. Mr. Shackelford explained that agenda item C deals with the GTP previously referred to as the four (4) color coded projects, and that agenda item D deals with the remainder of the IWSP to serve the 2010 conversion area.

Director Pulliam then inquired as to the status of the proposed contracts between the Authority and the districts desiring to buy or sell water. Mr. Shackelford explained that Board action on agenda item C would authorize the General Manager to begin negotiating the buy/sell contracts with the districts that have submitted letters and resolutions of intent. Director Pulliam stated that he believed the Authority needed to have contracts with the buying/selling districts before the Board votes on the GTP. Mr. Shackelford noted that he did not currently have the Board's authorization to negotiate such contracts with the districts.

Mr. Shackelford then provided the following three (3) part recommendation to the Board: 1) that the Board accept the recommendations of the consulting team regarding the implementation of the GTP; 2) that the Board authorize the General Manager and Ms. Bobbitt to negotiate buy/sell contracts with the utility districts identified in the GTP report; and 3) that the Board authorize the General Manager to initiate professional engineering services for the GTP once professional engineering services agreements have been approved and executed by the Board. Mr. Shackelford noted that preliminary engineering will not start until the districts have entered into buy/sell contracts with the Authority. Mr. Shackelford pointed out that it may take three (3) to four (4) months to negotiate the buy/sell contracts with the districts and to execute professional engineering service agreements.

Director Rendl then moved that the Board accept the recommendations of the consulting team and Mr. Shackelford and to approve the GTP; to authorize the General Manager and Attorney to begin negotiating contracts with buyer/seller districts; and to authorize the General Manager to initiate preliminary and design phase engineering for the GTP once the Board approves and executes professional engineering service agreements for such work. The motion was seconded by Director Fessler. Before the Board could proceed with a vote, Ms. Gloria Malek of Northwest Harris County Municipal Utility District No. 10 called a point of order and objected to the Board voting on the motion prior to hearing public comments on the issue. Ms. Malek's sentiments were echoed by Ms. Sara Anderson of Smith Murdaugh Little & Bonham, LLP.

Director Sigler then opened the floor to discussion and public comment.

Ms. Malek asked who would be responsible for paying the debt service on the bonds issued by the Authority to fund the GTP. Mr. Shackelford responded that the Authority is required to notify the districts of the Authority's intent to issue bonds and give them an opportunity to issue their own debt for their pro rata share of the capital costs. Mr. Shackelford added that alternatively, districts would pay for debt issued by the Authority through the payment of pumpage fees. Mr. Jones explained that in the IWSP model, they assumed that early conversion, which will avoid future costs, is of a benefit to all of the districts within the Authority. Director Rendl stated that the entire 2010 delivery system must be built by 2010 and that all participants in the Authority's GRP will pay on an equal basis to accomplish the conversion.

Mr. Bill Papp of Harris County Water Control and Improvement District No. 132 stated that his district did not want to spend \$2 million on a new well that will have limited future use if they can receive groundwater from the GTP. Mr. Papp stressed that the GTP would save districts from making large cash outlays and allow for the Authority to start the conversion to surface water a little at a time. Mr. Papp stated that the utility district community was in error earlier to think that the Authority would not be able to put a viable early delivery plan together. Mr. Papp added that the Board must make its decision on the GTP to enable the districts to begin working on their financial models and addressing their water needs prior to the conversion to surface water.

Ms. Anderson, on behalf of several utility districts she represents, stated that the Authority was created to deliver surface water and, from her point of view, there had not been much discussion about that purpose tonight. Ms. Anderson went on to state that there had not been adequate communication from the Board about this issue. Ms. Anderson suggested that the Board improve its communications with the

districts that do not attend the Board's monthly meetings. Ms. Anderson stated that those districts receiving the benefits from the GTP should pay more than those not receiving any benefit.

Director Sigler responded that the GTP is being proposed to assist districts with immediate water needs, but that the end result would be the installation of a large portion of the 2010 delivery system. Director Sigler then inquired regarding the status of an early delivery of surface water from the COH. Mr. Shackelford replied that the earliest delivery of COH surface water would be in 2006. Director Sigler asked if the four (4) to six (6) mgd volume of water to serve the districts in the GTP could come from COH surface water. Mr. Shackelford stated that surface water would not be available from the COH Northeast Plant until 2006, and that the GTP is based on moving groundwater around areas within the Authority. Mr. Shackelford also noted that utilizing surface water now would likely mean paying for surface water at the COH ordinance rate and not at the rate currently under negotiation with the COH. Director Sigler inquired regarding the availability of water from the COH through the Jersey Village line. Mr. Shackelford responded that the contract currently under negotiation with the COH is based on delivery from the Northeast Plant, which is the most cost effective.

Director Fessler stated that most of the utility districts in Voting District 5 did not appear to be affected by the IWSP and questioned why they should be paying additional pumpage fees without receiving any benefit. Mr. Jones again explained that the GTP and the IWSP will eventually benefit all districts within the Authority by holding down construction costs between now and 2010 and reminded Director Fessler about the non-depreciated asset credits that districts will be able to receive.

Mr. Bob Bell of Fountainhead Municipal Utility District stated that without the GTP his district could go ahead with construction of a new well that would result in additional costs to all districts within the Authority.

Ms. Diane Flynn of Postwood Municipal Utility District then stated that she did not see any problem with the proposed GTP as long as all of the infrastructure that is constructed is used for the 2010 conversion system. Ms. Flynn commented that the GTP is a regional plan that benefits everyone within the Authority. Ms. Flynn stated the Authority is a community that must address the areas that have problems now.

Ms. Anderson then stated that she did not realize that the GTP infrastructure would be used in the 2010 conversion system and that such information addresses most of her concerns. Director Sigler responded that everything in the proposed GTP will be used for the 2010 conversion system. Director Rendl noted that the most recent round of Town Hall meetings made this point over and over and proceeded to call the question.

At 6:50 p.m., Director Sigler stated that a ten (10) minute break would be taken.

Director Sigler called the meeting back to order at approximately 7:05 p.m.

Director Pulliam asked if the GTP depended on a certain number of participating districts to be feasible. Mr. Jones responded that there has been significant response from districts, and that it is likely additional districts will decide to participate. Mr. Shackelford assured the Board that if anything happens to

negatively impact the GTP, he would so advise the Board and return to the Board with a revised recommendation.

Director Rendl again called the question. Director Sigler then called for a vote on the motion. The Board voted four (4) votes in favor and one (1) vote opposed, with Director Graham voting in opposition to Director Rendl's motion. Director Sigler then inquired if the motion could be rephrased to read that the Board was approving the "concept" of the GTP. Ms. Bobbitt then asked for clarification and suggested that the motion be amended to include the understanding that any change in the participation of buyer/seller districts be brought to the Board's attention. Director Rendl concurred with Ms. Bobbitt's suggestion. Director Sigler then questioned the motion. Ms. Bobbitt stated that the motion was a three (3) part motion and included acceptance of the recommendations of Pate/Jones & Carter and Mr. Jones to proceed with the GTP, to authorize the General Manager and Attorney to begin negotiating contracts with buyer/seller districts and to authorize the General Manager to initiate engineering services on the GTP once professional engineering service agreements are approved and executed by the Board. Mr. Shackelford stated that he would be glad to restate his recommendation to the Board.

2010 INTEGRATED WATER SYSTEM PLAN

Mr. Shackelford next reviewed with the Board his memorandum pertaining to the IWSP, a copy of which is attached hereto. Mr. Shackelford requested the Board's approval of the IWSP and authorization to initiate professional engineering services for the 2010 service area once professional engineering service agreements are approved and executed by the Board. Mr. Shackelford explained that there is a great deal of preliminary engineering that needs to be done to meet the HGCSO conversion mandate. Mr. Shackelford further noted that the preliminary engineering needed for the IWSP is the same as what is needed for the GTP. Director Rendl then made a motion to authorize the General Manager to initiate professional engineering services on the remainder of the 2010 service area upon approval and execution of professional engineering agreements by the Board. The motion was seconded by Director Fessler. Discussion then ensued.

Director Fessler asked if the funds for the proposed engineering services were already included in the budget. Mr. Shackelford responded that such funds were included both in the 2002 and 2003 budgets. Mr. Potok asked if this was an action concerning the Authority's GRP. Mr. Shackelford explained that the 2010 system is a component of the Authority's GRP, which they have been referring to as the IWSP. Mr. Potok suggested that the project continue to be referred to as the GRP. Mr. Shackelford stated that his intention was to avoid further confusion by using the IWSP term.

Director Pulliam then inquired about the status of the COH contract. Mr. Shackelford stated that there was not yet a final contract with the COH, but that by the time he obtains contracts for professional engineering services for the IWSP engineering, he anticipates having a COH contract in place.

Director Sigler then stated that he would like to table the motion. Ms. Bobbitt advised the Board that there is a motion pending that now requires action by the Board. Director Rendl made the point that Mr. Shackelford is asking the Board for the authority to proceed with his job and urged the Board to allow Mr. Shackelford to move forward. Mr. Shackelford noted that this action will begin to address the 2010

conversion system and allows him to take steps to meet the HGCSO mandates. Director Rendl then questioned why action on the matter should be tabled. Director Pulliam stated that the Authority does not yet have a water supply contract with the COH and, therefore, there does not appear to be a reason to go forward with engineering on the IWSP. Director Rendl stressed that the Authority has to have a water supply contract with some entity and must proceed with planning for the 2010 system.

Mr. Potok stated that the Authority's GRP has not yet been certified by HGCSO and, therefore, he did not see how the Board could not take any action on matters connected with the GRP. Director Rendl then asked why the Board should wait until the GRP is certified to begin the preliminary engineering.

Ms. Flynn then noted that when work begins work on the GTP, which she is assuming the Board will go forward with, the Authority will also need to be coordinating with the entire 2010 system. Director Sigler concurred with Ms. Flynn's statement. Ms. Malek then encouraged the Board to approve and go forward with the IWSP.

Mr. Shackelford then explained that agenda item D picks up the balance of the 2010 conversion system that was not incorporated in the GTP. Director Sigler asked why the two (2) agenda items were not combined. Mr. Shackelford stated that he used separate items to minimize confusion. The question was then called.

The Board voted two (2) votes in favor and three (3) votes opposed on Director Rendl's motion, with Directors Rendl and Fessler voting in favor and Directors Sigler, Graham and Pulliam voting in opposition to such motion.

STATUS OF COH CONTRACT

Mr. Shackelford then reported that the negotiating team is still working on the issue of future untreated water facilities capital costs with the COH. Mr. Shackelford noted that the next negotiation meeting with the COH is scheduled for October 17th. The Board then briefly discussed the possibility of the Authority purchasing extra capacity that may be available from the COH. Director Sigler stated that he was in favor of acquiring any additional water capacity that is available from the COH. Director Rendl pointed out that purchasing additional capacity would affect all of the participants in the Authority and that the Authority would begin to pay for capacity in 2010. Mr. Shackelford suggested that he and Mr. Howell further investigate the numbers for purchasing additional capacity.

PUBLIC COMMENT

Director Sigler then recognized Mr. George Ingram, Chairman of the Board of PureTex Water Works, Inc. ("PureTex"), who announced that PureTex was prepared to run a 90-inch transmission line coming into the COH from the west to a point of delivery at T.C. Jester and FM 1960 and create a "Water Bank" that could guarantee delivery of 450 million gallons per day beginning 2008. Mr. Ingram stated that the water would be delivered at 35 psi and that the water would be sold at a fixed price of \$0.86 per 1,000 gallons. Mr. Ingram then stated that the PureTex water would not require treatment and would pass the scrutiny of the Texas Commission on Environmental Quality and the Texas Water Development Board. Mr.

Ingram further reported that he had met with Mayor Lee P. Brown last week concerning the water available from PureTex. Mr. Ingram noted that the two (2) gentlemen with him were engineers with Binkley & Barfield, Inc., engineers for PureTex.

Mr. Papp then asked why the districts are just hearing about the PureTex proposal. Mr. Shackelford stated that Mr. Ingram had submitted a letter to the Authority in person at the September 14, 2002 meeting that had subsequently been provided to Mr. Baugher for evaluation. Mr. Shackelford stated that this was the first time he had heard about the rate of \$0.86 per 1,000 gallons and that no written proposal had been received from PureTex. Mr. Ingram noted that additional information about PureTex could be accessed online at www.puretewater.com.

There being no further business to come before the Board, the meeting was adjourned at 7:40 p.m.

PASSED, APPROVED AND ADOPTED this 4th day of November, 2002.

/s/Ron Graham

Secretary, Board of Directors

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