

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
June 7, 2004

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 7<sup>th</sup> day of June, 2004, 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:

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

All members of the Board were present, except Director Rendl, thus constituting a quorum. Also attending the meeting were: Mrs. Kelly Fessler; Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Anthony Crisci, P.E., Construction 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 Inc., Engineer Manager for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Dave Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Duane Hengst, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Ms. Nancy Blackwell, P.E. of AEI Engineering, Inc., on-call engineers for the Authority; Mr. Gary Myers, P.E. of Epsilon Engineering, Inc., on-call engineers for the Authority; Mr. John Peyton, P.E. of Cobourn Linseisen & Ratcliff, Inc., on-call engineers for the Authority; Mr. Mark Breeding of Andrews & Kurth L.L.P., right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Leonard B. Boschetti of Universal Field Services, Inc., ROW/easement acquisition consultants to the Authority; Messrs. Allen Watson, P.E. and Thurman Black of Cobb Fendley & Associates, Inc., ROW/easement acquisition consultants to the Authority; Mr. Gene Shepherd of RBC Dain Rauscher Inc., financial advisor to the Authority; Mr. Jason King, staff writer for The 1960 Sun; and Mr. Andrew P. Johnson, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), general counsel for the Authority. Numerous members of the public and other consultants to the Authority 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.

## BOARD MEMBER COMMENTS

Director Pulliam delivered several opening remarks and reported that he, Directors Rendl, Graham and Sigler, Mr. Schindewolf, Mr. Crisci and Mr. Rolan had toured the Coastal Water Authority facilities on Friday, May 7, 2004.

## PUBLIC COMMENT

Mr. Jim Hetzel, speaking on behalf of White Oak Bend Municipal Utility District, Northwest Harris County Municipal Utility District No. 9 and Louetta North Public Utility District, inquired if Mr. Schindewolf could arrange for utility district directors to take a tour of the Northeast Water Purification Plant (the "NEWPP"). Mr. Schindewolf stated that he would contact the general manager of the NEWPP and see if a special tour could be arranged.

## REPORTS

### STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION COORDINATOR

Ms. Payne first reported that the Authority's Website had 57,746 hits for the month of May.

Ms. Payne next reported that she was scheduling a third working luncheon to be hosted by the Authority's Water Conservation Committee on Wednesday, July 21, 2004, with the theme "Train the Trainers". Ms. Payne noted that on July 20, 2004, leak detection equipment, borrowed from the Texas Water Development Board, will be taken to one (1) of the six (6) area independent school districts to test for water leaks at a school site. Ms. Payne went on to explain that the results of the tests will be discussed at the working luncheon the following day.

Concerning community outreach, Ms. Payne reported that she is continuing to schedule speaking opportunities for Director Rendl and Mr. Schindewolf.

Ms. Payne next reported that the Authority's new water conservation brochure entitled "Learn To Use Water Wisely" and a children's coloring book entitled "The frog does not drink up the pond in which he lives..." have been completed and are available to the community as water conservation resources. Copies of the brochure and coloring book are attached hereto.

Ms. Payne then reported that the City of Houston and the Houston Area Water Corporation (the "HAWC") will offer a water education program at the HAWC offices at the NEWPP.

Director Sigler then asked if the utility districts distribute water conservation brochures in their monthly water bills. Ms. Payne responded that some utility districts include water conservation brochures in their monthly utility bills and noted that many utility districts have comprehensive water conservation programs. Director Pulliam asked where the Authority's water conservation resource center is located. Ms. Payne stated that there is a resource bookcase located at the rear of the Authority meeting room.

## GENERAL MANAGER'S REPORT

Mr. Schindewolf first presented a PowerPoint tour of the NEWPP compiled by Ms. Payne from photographs and information acquired during the Authority's tour of the NEWPP on April 30, 2004. Mr. Schindewolf briefly explained the water treatment process utilized at the NEWPP. Upon conclusion of the presentation, Mr. Schindewolf suggested that any utility district directors who are still interested in touring the NEWPP facilities should e-mail his office.

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto. Mr. Schindewolf noted that the meeting packets contained various items of correspondence received during the month, copies of which are attached hereto.

## STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Breeding was then called upon by Mr. Schindewolf to present a status report on ROW/easement acquisitions by the Authority. Mr. Schindewolf noted that the ROW/easement acquisition team was doing an excellent job for the Authority.

Mr. Breeding then briefly reviewed the status of the condemnation cases the Authority has pending and related court hearings. Mr. Breeding reported that there is one (1) pending condemnation case in connection with Project 1C concerning the Champion Shopping Center on Bammel N. Houston Road and that the case is scheduled for trial on July 17, 2004.

Mr. Breeding went on to report that two (2) of the three (3) properties with pending condemnations in connection with Project 1A were close to being settled, and that a right of entry had been given to the Authority on the third pending case.

Concerning Project 6, Mr. Breeding reported that there were three (3) pending condemnations, two (2) of which are expected to settle and one (1) that will probably be litigated.

Mr. Breeding then reported that the ROW/easement acquisition team has completed negotiations with CenterPoint Energy ("CenterPoint") concerning the easements needed for Project 1B. Mr. Breeding reported that the easement from Harris County Water Control and Improvement District No. 116 ("HC 116") has been approved, but that the right of entry is still needed in order to proceed with work on HC 116's water plant site.

Concerning Project 4, Mr. Breeding stated that a right of entry had been given on two (2) pending condemnation cases and noted that he anticipates that the third pending condemnation case will be litigated.

Concerning Project 1A1, Mr. Breeding reported that the ROW/easement acquisition team has filed condemnation cases on a shopping center, a Sonic Restaurant and a car wash located on Veterans Memorial.

Mr. Breeding then reported that with regard to Project 1C1, the surveys and appraisals are in the process of being prepared and that negotiations for the necessary easements have begun, but noted that the project still has several title and engineering issues that need to be resolved.

Mr. Breeding concluded his report, noting that Project 6A includes parcels owned by CenterPoint that include eight (8) underlying fee owners, and that Project 7A has 20 property owners to contact regarding acquisition of easements.

Director Pulliam asked if Mr. Breeding reported that there was one (1) condemnation case pending in Project 1C. Mr. Breeding stated that was correct and briefly outlined the condemnation process, and noted that the Authority had not disturbed the flow of traffic when it bored under the driveways of the property involved in the condemnation suit, and that he does not anticipate any adverse decision against the Authority in the case.

#### ENGINEER MANAGER'S REPORT

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

Concerning Project 1C, Mr. Rolan reported that the project was substantially complete with the exception that the contractor must reapply the hydromulching in order to establish grass growth.

Mr. Rolan next reported that a Notice to Proceed had been issued to Jalco, Inc. ("Jalco"), effective April 19, 2004, for the construction of Project 1A. Mr. Rolan noted that Jalco has received the pipe for the project and has begun tunneling in three (3) locations.

Mr. Rolan next reported that four (4) bids ranging from \$7,539,068 to \$8,846,042 were received on May 13, 2004 for Project 6. Mr. Rolan explained that D.L. Elliott Enterprises, Inc. ("D.L. Elliott") had submitted the low bid in the amount of \$7,539,068. Mr. Rolan then stated that based on the assumption that the contract would be awarded to the low bidder at tonight's meeting, a pre-construction conference had been scheduled for the project later this week. Mr. Rolan explained that Project 6 includes the installation of approximately 10,000 feet of 48-inch pipe to be laid along Louetta Road from west of the railroad and from the termination point of Project 4 to just west of Jones Road.

Concerning Project 1B, Mr. Rolan reported that the project has been advertised and that bids will be taken on Thursday, July 1, 2004. Mr. Rolan noted that the Board will review the bids and award the construction contract for Project 1B at its July 8, 2004 meeting.

Mr. Rolan next noted that the engineers were proceeding well with the feasibility study on placing the Authority's transmission lines in the CenterPoint easement/fee strip along and north of Beltway 8.

Mr. Rolan then reported that discussions were ongoing with Harris County concerning the proposed alignments for Projects 7A, 7B and 7C.

Director Pulliam then thanked Mr. Rolan for an outstanding report.

#### ATTORNEY'S REPORT

Mr. Johnson reported that he is continuing to work on issues regarding the Regulations for Buy/Sell Agreements for Implementation of the Groundwater Transfer Projects (the "GTP"). Mr. Johnson also noted that JRPB had reviewed the payment and performance bonds in connection with the construction contracts for Project 6.

## **CONSENT AGENDA**

Director Pulliam then reviewed with the Board the items reflected on the Consent Agenda. Director Pulliam explained that this portion of the agenda deals with routine matters of the Board, and that no separate discussion of such items will occur unless a Board member or a member of the public requests that an item be moved to the regular portion of the agenda.

Director Pulliam stated that there was only one (1) item on the Consent Agenda, such item being the approval of the minutes of the regular meeting of May 3, 2004, previously distributed to the Board. Upon motion by Director Sigler, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consent Agenda item.

## **REGULAR AGENDA**

### **FINANCIAL ASSISTANT'S REPORT**

Director Pulliam then recognized Ms. Plunkett, who reviewed the Financial Report with the Board, including the monthly investment report, the checks being presented for payment and the budget comparison for the month ending April 30, 2004, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for four (4) months reflects that the Authority is approximately \$1,010,914 under budget for the current fiscal year. Upon motion by Director Fessler, 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 payment of the checks being presented for payment.

## **GENERAL MANAGER'S ACTION ITEMS**

### **AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 6 OF PHASE 1 GTP**

Mr. Schindewolf then explained that as discussed earlier in the meeting, four (4) bids had been received on May 13, 2004 for the construction of Project 6, which includes the installation of approximately 10,000 feet of 48-inch water line to be laid along Louetta Road from west of the railroad and from the termination point of Project 4 to just west of Jones Road. Mr. Schindewolf reiterated that the low bidder on the project was D.L. Elliott, based on a low bid of \$7,539,068, and recommended that the Board approve the award of the construction contract to D.L. Elliott. Upon motion by Director Sigler, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to award the construction contract for Project 6 to D.L. Elliott and to authorize execution of the construction contracts for such project. Copies of Mr. Schindewolf's letter recommending award of the contract and the bid tabulation are attached hereto. Mr. Schindewolf then introduced Mr. Daryl Elliott of D.L. Elliott to the Board.

## **NEXT MEETING**

Director Pulliam then stated that due to the July 4<sup>th</sup> holiday being taken on July 5<sup>th</sup>, the next regular meeting of the Authority would be held on Thursday, July 8, 2004, at 7:00 p.m. at the Authority's offices.

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

PASSED, APPROVED AND ADOPTED this 8<sup>th</sup> day of July, 2004.

/s/Kelly P. Fessler

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Secretary, Board of Directors

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