

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

March 1, 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 1st day of March, 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, thus constituting a quorum. Also attending the meeting were: Senator Jon Lindsay; Judge Tony Lindsay, Judge of the 280th District Court; Mrs. Kelly Fessler, Nicole Fessler and Given Fessler; Mrs. Jim Pulliam; Mr. Jimmie Schindewolf, P.E., General Manager 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; Mr. Tom Rolen, P.E. of Turner Collie & Braden Inc. ("TC&B"), Engineer Manager for the Authority; Ms. Nancy Blackwell, P.E. of AEI Engineering, Inc., on-call engineers for the Authority; Mr. Stephen Yu, P.E. of Epsilon Engineering, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Stephen Ratcliffe, 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; Mr. John Seifert, P.E. of LBG-Guyton Associates, 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. Bill Fendley of Cobb Fendley & Associates, Inc., ROW/easement acquisition consultants to the Authority; Mr. Jason King, staff writer for The 1960 Sun; and Ms. Robin S. Bobbitt 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.

Mr. Schindewolf first acknowledged the attendance of Senator Jon Lindsay and Judge Tony Lindsay at the meeting.

SWEARING IN CEREMONY OF DIRECTORS PULLIAM AND FESSLER

Judge Tony Lindsay was then called upon to administer the oaths of office to Directors Pulliam and Fessler. Copies of the oaths of office and statements of elected officers are attached hereto.

Senator Lindsay and Judge Lindsay then exited the meeting at 7:10 p.m.

PUBLIC COMMENT

There were no public comments.

REPORTS

STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION COORDINATOR

Ms. Payne reported that the Authority's Website had 53,500 hits for the month of February and was extremely active.

Ms. Payne went on to report that the Water Users Advisory Group ("WUAG") had met last week and called upon Mr. David Schnitzer of Northwest Harris County Municipal Utility District No. 22 to present a report on the WUAG meeting. Mr. Schnitzer then reported on the WUAG meeting and concluded his report by encouraging people to attend the WUAG meetings and to bring their ideas and suggestions to the meetings or to email ideas and suggestions to the WUAG via the Authority's Website.

Ms. Payne then reported that Mr. Schindewolf and Director Rendl had given several community presentations on the Authority's behalf during the prior month.

Ms. Payne further reported that she and Ms. Lisa Sagstetter took the Authority's information display booth to the Cypress Creek United Civic Associations' annual meeting on Saturday, February 28, 2004, and had the opportunity to talk with a large number of people about the Authority.

Ms. Payne extended special thanks to the utility district attorneys for submitting the completed water conservation information questionnaires to the Water Conservation Committee (the "Committee"). Ms. Payne added that all of the Authority's water conservation brochures have been reprinted and are available for use by districts.

As previously reported, Ms. Payne stated that on Thursday, March 4, 2004, the Committee will host a working luncheon for six (6) area school district superintendents, which will also include Mr. Ron Neighbors of the Harris-Galveston Coastal Subsidence District, Mr. Kevin Ward of the Texas Water Development Board, Mr. Schindewolf and Director Rendl.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then briefly reviewed the General Manager's Report with the Board, a copy of which is attached hereto. Mr. Schindewolf noted that the Board's meeting packets contained various correspondence items, 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 the ROW/easement acquisitions. Mr. Breeding briefly reviewed the status of the condemnation cases the Authority has pending and related court hearings. Mr. Breeding stated that a settlement had been reached with the Chelsea Shopping Center in connection with Project 1B, and that other easement acquisitions in connection with such project were continuing. Concerning Project 6, Mr. Breeding reported that after long negotiations with Hewlett-Packard, a settlement had been reached and the easements were in the process of being acquired. Mr. Breeding noted that there were three (3) properties with pending condemnations.

Mr. Breeding further reported that construction of Project 1C was progressing well with one (1) condemnation still pending. Mr. Breeding also noted that Project 4 was currently the most problematic project due to the underlying fee ownership of the proposed easement tracts by CenterPoint Energy and the surface ownership by residents. Mr. Breeding added that an easement will also be needed from Burlington Northern Railroad and explained that such entity typically is only willing to provide a license rather than a permanent easement, which will be an issue for the Authority.

Mr. Schindewolf then updated the Board on the status of the 2010 Water Distribution and Transmission System, Phase 1 Groundwater Transfer Projects (the "GTP"). Mr. Schindewolf reported that the first advertisement for bids for Project 1A was published on Friday, February 27, 2004, and that bids for such project will be taken on March 25th. Mr. Schindewolf added that he hopes to have the award of the contract for such project on the April 5th agenda.

ENGINEER MANAGER'S REPORT

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

Concerning Project 1C, Mr. Rolan reported that construction this month had been slow due to wet weather delays and noted that approximately 4,200 feet of pipe have been installed to date. Mr. Rolan stated that a sketch detailing the pipe location was attached to his report. Mr. Rolan reported that the contractor for such project will begin boring under Greens Bayou later this week.

Mr. Rolan stated that approval of the plans for Project 1A had been received from the City of Houston (the "City") and that the project is in the bid advertisement process, as previously reported by Mr. Schindewolf. Mr. Rolan added that preliminary alignment alternatives for Projects 6A, 7A, 7B and 7C had been submitted to and approved by Mr. Schindewolf, and that TC&B is scheduling meetings with Harris County to secure approvals on the alignments. Mr. Rolan noted that all components of the GTP, except Project 6B, were now under design or construction.

Mr. Rolen added that he is continuing his discussions with the City concerning the purchase of water and with Hewlett-Packard concerning the potential use of their well for a portion of the GTP.

ATTORNEY'S REPORT

Ms. Bobbitt then reported on the Regulations for Buy/Sell Agreements for Implementation of the GTP (the "Regulations"). Ms. Bobbitt explained that a meeting was held with a large number of the utility district attorneys on Wednesday, February 11, 2004, at the offices of JRPB to discuss the Regulations and any further revisions which may be appropriate. Ms. Bobbitt added that Mr. Johnson is in the process of revising the Regulations based on the comments received at such meeting and will then disseminate the revised Regulations to the attorneys.

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 one (1) item on the Consent Agenda, such item being the approval of the minutes of the regular meeting of February 2, 2004, previously distributed to the Board.

Upon motion by Director Graham, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the item on the Consent Agenda.

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 January 31, 2004, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for one (1) month reflects that the Authority is approximately \$156,456 under budget for the current fiscal year.

Concerning the capital contribution credits, Ms. Plunkett explained that many of the districts that made capital contributions to the Authority last year did not take their first quarterly credit against their pumpage fees for the fourth quarter of 2003. Ms. Plunkett stated that the bookkeepers for these districts were notified by the Authority of the matter by letter dated February 13, 2004, and that the districts will receive a refund from the Authority for the appropriate credit amount. A copy of such letter is attached to the Financial Assistant's Report.

Ms. Plunkett also reported that she had sent a letter to the Greenspoint Plaza Inn to ascertain whether the owner still desires to be included in the Authority's Groundwater Reduction Plan.

Ms. Plunkett stated that she had been informed that such entity is in bankruptcy and that the owner does not wish to be included in the Authority's boundaries at this time.

Upon motion by Director Sigler, seconded by Director Fessler, 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.

GENERAL MANAGER'S ACTION ITEMS

ADOPT ORDER ADDING LAND AND REDEFINING BOUNDARIES OF THE AUTHORITY

Ms. Bobbitt then explained that the Authority had previously approved Petitions for Addition of Land into the Authority from Northwest Pines Mobile Home Park on July 7, 2003, Atascocita Acres subdivision on July 7, 2003, Lochinvar Golf Club on September 8, 2003 and Mobile Home Estates subdivision on February 2, 2004, and stated that it is now appropriate for the Authority to take official action to add the properties to the Authority's boundaries. 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 adopt the Order Adding Land and Redefining Boundaries of the Authority and authorize the filing of such Order in the Real Property Records of Harris County, a copy of which is attached hereto.

NEXT MEETING

Mr. Schindewolf then stated that the next regular meeting of the Authority would be held on Monday, April 5, 2004, at 7:00 p.m. at the Authority's offices.

PUBLIC COMMENT

Director Pulliam then recognized Mr. Garey Nelson of Bilma Public Utility District ("Bilma PUD"). Mr. Nelson asked how much of the water to be purchased for the GTP is needed for water quality and water quantity problems and how much is needed to provide for new development. Director Rendl responded that most of the water to be purchased by the Authority for the GTP is not for new development, but for providing a supply of water to districts with water quality and quantity problems. Mr. Rolan concurred with such response.

Director Pulliam next recognized Mr. Mark Stoenner of Bilma PUD, who asked for a list of the six (6) school district superintendents who were going to attend the Committee's working luncheon on March 4, 2004. Ms. Payne responded that the superintendents from the Spring, Aldine, Cypress-Fairbanks, Klein, Tomball and Humble school districts will be in attendance. Director Rendl added that he is looking forward to the opportunity to meet with the superintendents.

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

PASSED, APPROVED AND ADOPTED this 5th day of April, 2004.

/s/Kelly P. Fessler

Secretary, Board of Directors

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