

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
August 2, 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 2nd day of August, 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: Mrs. Kelly Fessler; Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Anthony Crisci, P.E., Construction Coordinator for the Authority; Mr. Showri Nandagiri, P.E., Engineering 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 Rolan, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden Inc. ("TC&B"), Engineer Manager for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, 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, Messrs. Larry Wepler, P.E. and Timothy Talaga, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Sanjay Ram, P.E. of ARCADIS, on-call engineers for the Authority; Mr. David Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. W. John Seifert, Jr., P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Scott A. Sulski, P.E. of Fugro Consultants LP, on-call engineers for the Authority; Mr. Ralph Cox, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. Brian Cunningham of Project Surveillance, a subcontractor to TC&B and project representative for Projects 1A and 1C; Mr. Mark Breeding of Andrews & Kurth L.L.P., right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Glen Rhoden, Energy Manager of Cypress-Fairbanks Independent School District ("Cy-Fair ISD"); and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, 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 regarding the interesting information concerning water conservation that is available from the office of the Texas Cooperative Extension - Harris County, located at 3033 Bear Creek Drive.

## REPORTS

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

Ms. Payne first reported that the Authority's Website had 65,478 hits for the month of July.

Ms. Payne next introduced Mr. Rhoden and thanked him for arranging to make Yeager Elementary School ("Yeager") in the Cy-Fair ISD available for Mr. Bill Hoffman with the City of Austin to test the school campus for water leaks in connection with the third working luncheon hosted by the Authority's Water Conservation Committee on Wednesday, July 21, 2004. Ms. Payne reported that 25 people attended the working luncheon. Ms. Payne also reported that no water leaks were found at Yeager.

Concerning community outreach, Ms. Payne reported that the Authority's water conservation booth was set up at the Lowe's Customer Appreciation Day in Tomball on July 23, 2004 and had generated a lot of interest.

Ms. Payne next reported that there would be a grand opening ceremony at the end of August at Harris County Water Control and Improvement District No. 132's Water Conservation Garden, located at the north end of Cypresswood Drive. Ms. Payne stated that she would post the event time and directions regarding the event on the Authority's Website.

## GENERAL MANAGER'S REPORT

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.

Concerning the budget and Capital Improvement Program for the fiscal year ending December 31, 2005, Mr. Schindewolf announced that a Budget Workshop would be held on Monday, September 20, 2004, at 6:00 p.m., that a Budget Public Hearing would be held on Monday, October 4, 2004, at 6:00 p.m. and that the budget for the fiscal year ending December 31, 2005 would be presented for the Board's approval at the regular meeting of Monday, October 4, 2004, at 7:00 p.m.

Mr. Schindewolf noted that construction of Project 1C had been completed and would be accepted by the Board later in the meeting.

## STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Breeding was then called upon by Mr. Schindewolf to present a status report on the various ROW/easement acquisitions by the Authority.

Mr. Breeding then briefly reviewed the status of the condemnation cases the Authority has pending and the 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 has been scheduled for mediation on October 28, 2004. Mr. Breeding also noted that the Vinson & Elkins L.L.P. attorney for this case is handling three (3) other of the Authority's pending condemnation cases.

Mr. Breeding went on to report that the three (3) pending right-of-entry cases had been settled in connection with Project 1A.

Concerning Project 6, Mr. Breeding reported that there are 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 the acquisition of all the necessary easements for Project 1B and construction on such project is under way.

Concerning Project 4, Mr. Breeding stated that the ROW/easement acquisition team has resolved all issues along the CenterPoint Energy ("CenterPoint") corridor, that a right-of-entry had been granted by Burlington Northern Railroad ("Burlington Northern"), and that the ROW/easement acquisition team has almost completed acquisition of the necessary easements from Burlington Northern. Mr. Breeding noted that the Authority would award the construction contract for Project 4 later in tonight's meeting.

Concerning Project 1A1, Mr. Breeding reported that a condemnation hearing is scheduled for August 19, 2004, and that the ROW/easement acquisition team is working with the landowner on the last parcel of land to be acquired.

Mr. Breeding then reported that with regard to Project 1C1, the ROW/easement acquisition team was working with the landowners to acquire the necessary easements. Director Rendl inquired if the east/west section of this project would be where the main transmission line will be placed. Mr. Breeding and Mr. Rolan stated that the transmission line would be located just north of the CenterPoint easement.

Mr. Breeding then reported that the surveys were completed for the Project 6A easement tracts, and that Cobb Fendley & Associates, Inc. is in the process of gathering title information on each of the tracts, which includes numerous parcels owned by CenterPoint.

Concerning Projects 7A, 7B and 7C, Mr. Breeding reported that there are over 20 different property owners to contact regarding the acquisition of the necessary easements for such projects. Mr. Breeding added that the ROW/easement acquisition team is completing surveying and title searches for such projects, and that the engineers have reached a general agreement with Harris County (the "County") regarding the alignment for the projects.

Mr. Breeding stated that the ROW/easement acquisition team is pushing hard on all of the easement acquisitions and holding conference call meetings every Tuesday.

## ENGINEER MANAGER'S REPORT

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

Concerning Project 1C, Mr. Rolen reported that the project is complete and ready for the Board's acceptance. Mr. Rolen noted that Texas Sterling Construction, L.P. ("Texas Sterling") completed the project on time and under budget.

Mr. Rolen next reported that on Project 1A, Jalco, Inc. ("Jalco") had installed approximately 3,770 feet of 36-inch pipe and has initiated and/or completed boring work at eight (8) locations. Mr. Rolen stated that Jalco will begin installing 42-inch pipe next month.

Concerning Project 6, Mr. Rolen reported that the contractor has cleared approximately 50% of the easement along the south side of Louetta Road and excavation of Pilot Gully is under way.

Mr. Rolen next reported that the pre-construction conference for Project 1B was held on July 22, 2004 and that the Notice to Proceed was issued on August 2, 2004.

Mr. Rolen next reported that eight (8) bids ranging from \$5,831,664 to \$7,016,851 were received on July 27, 2004 for Project 4. Mr. Rolen stated that Texas Sterling had submitted the lowest qualified bid on such project in the amount of \$5,831,664. Mr. Rolen explained that Project 4 includes the installation of approximately 13,600 feet of 48-inch line.

Mr. Rolen then reported that a general agreement had been reached with representatives of the County concerning the proposed alignments for Projects 7A and 7C and that the design engineers were back at work on such projects.

Mr. Rolen concluded his report by noting that discussions are continuing with various utility district engineers to gather additional information for use in the development and implementation of the Authority's Groundwater Transfer Program (the "GTP") and inclusion in the respective Buy/Sell Agreements.

## ATTORNEY'S REPORT

Ms. Bobbitt reported that she had been working with Mr. Schindewolf on several administrative matters during the month and had nothing further to report.

Director Graham inquired as to the status of Mr. Johnson's work on the Buy/Sell Agreements. Ms. Bobbitt reported that Mr. Schindewolf and Mr. Rolen are continuing to work through various issues with the Texas Commission on Environmental Quality in connection with the GTP, and that Mr. Johnson is working on revisions to the form of the Buy/Sell Agreement and revisions to the GTP Rules/Regulations. Mr. Schindewolf stated that he anticipates being able to finalize the GTP Rules/Regulations and the form of the Buy/Sell Agreement within the next 60 days.

## 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 July 8, 2004, previously distributed to the Board. Upon motion by Director Sigler, seconded by Director Rendl, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consent Agenda item. It was noted that approval of the execution of the executive session minutes of July 8, 2004 would be placed on the September meeting 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 June 30, 2004, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for six (6) months reflects that the Authority is approximately \$1.4 million under budget for the current fiscal year.

Director Graham then asked if Consumers Water Corporation and Suburban Utility Company were making their monthly payments to the Authority in accordance with the Settlement Agreement. Ms. Plunkett responded that such entities were continuing to make their monthly payments and had paid their current pumpage fees.

Upon motion by Director Rendl, 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 4 OF PHASE 1 GTP**

Mr. Schindewolf then explained that as discussed earlier in the meeting, eight (8) bids had been received on July 27, 2004 for the construction of Project 4, which includes the installation of approximately 13,600 feet of 48-inch water line to be laid along a CenterPoint easement between Paragon Court and Louetta Road. Mr. Schindewolf reiterated that the lowest qualified bid on the project had been submitted by Texas Sterling in the amount of \$5,831,664. Upon motion by Director Rendl, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to award the construction contract for Project 4 to Texas Sterling and to authorize execution of the 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. Pat Manning of Texas Sterling to the Board.

#### **ACCEPTANCE OF PROJECT 1C**

Mr. Schindewolf then reported that Project 1C was complete and recommended that the Board authorize final acceptance of the work performed by Texas Sterling under their contract with

the Authority for construction of the 20-inch water line from Northwest Harris County Municipal Utility District No. 24 to Richey Road and that the Board approve the final contract amount of \$1,128,563. A copy of Mr. Schindewolf's letter of recommendation regarding acceptance of the project is attached hereto. Upon motion by Director Graham, seconded by Director Rendl, after full discussion and the question being put to the Board, the Board voted unanimously to accept Project 1C for operation and maintenance, to acknowledge the commencement of the one (1) year warranty period on the project and to approve the final contract amount. Director Fessler asked for clarification on the one (1) year warranty period. Mr. Rolan explained that the contractor is responsible for the workmanship on the project for a one (1) year period after completion and acceptance of the project.

#### AMENDMENT TO GROUNDWATER REDUCTION PLAN ("GRP")

Mr. Schindewolf then reported that the Authority's GRP should have been amended at the time that the Board adopted an Order Adding Land and Redefining Boundaries on March 1, 2004 in connection with the inclusion of the Northwest Pines Mobile Home Park, Atascocita Acres subdivision, Lochinvar Golf Club and Mobile Home Estates subdivision in the Authority's boundaries. Mr. Schindewolf noted that Mr. Ron Neighbors, General Manager of the Harris-Galveston Coastal Subsidence District (the "HGCSO"), has requested that the Authority amend its GRP to reflect the addition of such entities. Copies of Mr. Schindewolf's correspondence and proposed Amendment No. 1 to the Authority's GRP are attached hereto. Upon motion by Director Sigler, seconded by Director Rendl, after full discussion and the question being put to the Board, the Board voted unanimously to approve Amendment No. 1 to the Authority's GRP and authorize submission of such Amendment to the HGCSO.

#### AUTHORIZE GENERAL MANAGER TO EXECUTE LETTERS OF UNDERSTANDING OR SIMILAR DOCUMENTS WITH MUNICIPAL UTILITY DISTRICTS AND/OR OTHER INTERESTED PARTIES CONCERNING ACTIONS TO BE TAKEN TO FACILITATE THE IMPLEMENTATION OF THE GTP

Mr. Schindewolf next reported that Mr. Rolan has recommended that the General Manager be authorized to execute letters of understanding or similar documents with municipal utility districts and/or other interested parties concerning actions to be taken to facilitate the implementation of the Authority's GTP. A copy of Mr. Rolan's letter concerning such matter is attached hereto. Upon motion by Director Rendl, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to so authorize the General Manager.

Director Graham asked if this authorization had anything to do with making the decision of whether to run water transmission lines to utility district water tanks. Mr. Rolan responded that providing Mr. Schindewolf with the authority to negotiate letters of understanding with districts in connection with the GTP would enable the Engineering Manager and the General Manager to proceed with all of the necessary front-end work and evaluations in connection with the GTP between the meetings of the Board.

NEXT MEETING

Director Pulliam then stated that the next regular meeting of the Authority would be held on Monday, September 13, 2004, at 7:00 p.m., rather than on the Labor Day holiday.

PUBLIC COMMENT

Mr. Bob Koperwhats of Harris County Water Control and Improvement District No. 91, asked to be heard. Mr. Koperwhats stated that he did not understand the three (3) to two (2) vote concerning the renewal and extension of Mr. Schindewolf's contract with the Authority following the executive session held on July 8, 2004. Director Pulliam acknowledged that there had been discussions over the terms of the contract, but that the Board was entirely pleased with Mr. Schindewolf's performance as General Manager of the Authority.

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

PASSED, APPROVED AND ADOPTED this 13<sup>th</sup> day of September, 2004.

/s/Kelly P. Fessler

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Secretary, Board of Directors

(SEAL)

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