

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
November 7, 2005

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 7th day of November, 2005, 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:

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

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: 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 Rolen, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden ("TCB"), Engineer Manager for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. David Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. David Krukewitt, P.E. of Jones & Carter, 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. Ralph Cox, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to TCB and project representative for Projects 1A and 1C; Mr. Mark Breeding of Andrews Kurth LLP, right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Mike Voinis of Cobb Fendley & Associates, Inc., ROW/easement acquisition consultants for the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Johnson Radcliffe"), general counsel and co-bond counsel for the Authority. Numerous members of the public and other consultants to the Authority were also present at the meeting. Copies of the sign-in sheets for those in attendance are 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 Rendl then announced that Mr. Ralph Hague, a director of Westador Municipal Utility District for over 35 years, celebrated his 90th birthday on November 1st. The Board and the audience applauded and congratulated Mr. Hague regarding his recent birthday.

BUDGET MATTERS

Mr. Schindewolf noted that the meeting packet contained his memorandum regarding the 2006 budget for the fiscal year ending December 31, 2006 (the "2006 Budget") and the 2006-2007 Capital Improvement Plan (the "2006-2007 CIP"), a copy of which is attached hereto.

ADOPTION OF 2006 BUDGET

Mr. Schindewolf stated that the 2006 Budget and the 2006-2007 CIP had been presented and discussed in detail at the October 24, 2005 Budget Workshop and was also presented at the Public Hearing held at 6:30 p.m. of this same evening. He then recommended Board adoption and approval of the 2006 Budget. A brief discussion then ensued regarding the proposed 2006 Budget. Upon motion by Director Sigler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to adopt and approve the 2006 Budget. A copy of the 2006 Budget is attached hereto, the complete detail of which can be found in the Authority's files.

APPROVAL OF 2006-2007 CIP

Mr. Schindewolf then recommended approval of the 2006-2007 CIP and adoption of a Resolution Approving and Implementing CIP for 2006-2007. Upon motion by Director Pulliam, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 2006-2007 CIP as presented and to adopt a Resolution Approving and Implementing CIP for 2006-2007. Copies of the Resolution and the 2006-2007 CIP are attached hereto.

STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION COORDINATOR

A copy of Ms. Payne's PowerPoint presentation for tonight's meeting is attached hereto.

Ms. Payne first reported that the Authority's website had 44,732 hits for the month of October and nearly one-half (1/2) million hits over the past 12 months. Ms. Payne further noted that the September issue of the Waterlines publication was mailed out to 123,000 families located within the boundaries of the Authority. Director Sigler commended Ms. Payne and her staff for their work on the Waterlines and stated that the most recent edition is particularly good.

Ms. Payne extended special thanks to Johnson Radcliffe for becoming a sponsor for the Authority's Water Conservation program by purchasing 1,000 copies of the Journey to Pansophigus for distribution to local schools. Ms. Payne added that Johnson Radcliffe's name has been added to the list of sponsors reflected, on the side panel of the Mobile Teaching Lab. Ms. Payne also extended thanks to Don White of Advantage Water Management for transporting the Authority's Mobile Teaching Lab to various community and local events. Ms. Payne reported that the "Stop the Drop" link on the Authority's website offers information concerning sponsorships. Ms. Payne added that the Mobile Teaching Lab has been reserved for numerous community and local events.

Ms. Payne then reported that she had met with the heads of the Science and Social Studies departments of seven (7) local independent school districts on November 3, 2005, and noted that the Authority's water conservation education program has been enthusiastically received by the educators. Ms. Payne added that the school districts have requested that the Authority provide workshops to train their teachers and parents to use the Authority's water conservation education program in their schools. Director Rendl noted that he had attended the meeting on November 3rd and that it was a very successful meeting. Ms. Payne added that Director Rendl had delivered his "Cost of Water" speech to several groups during the past month. Ms. Payne also reported that the Mobile Teaching Lab was recently featured at the Timber Lane Utility District's Annual Fall Festival and estimated that between 500 and 600 people had visited the Mobile Teaching Lab.

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 reported that he, Mr. Steve Bresnen, Ms. Sagstetter, Ms. Payne and Director Rendl have been holding briefing sessions for area legislators and candidates for the Senate District 7 position. Mr. Schindewolf noted that Mr. Rolan has been spending a great deal of time working with the various utility districts on the Buy/Sell Agreements.

STATUS OF ROW/EASEMENT ACQUISITIONS

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

Concerning Project 6B, Mr. Breeding reported that the ROW/Easement Acquisition Team had favorably settled a large condemnation case regarding the Marriott Hotel on Louetta Road, a property that had been in receivership. Mr. Breeding noted that the ROW/Easement Acquisition Team is down from ten (10) pending cases to four (4) cases, three (3) of which are scheduled to go to hearing this month.

Director Graham reported that Mr. Dale Collins, a resident within the Authority, had contacted him regarding a ROW acquisition/construction matter near Malcomson Road in connection with Project 6B-2. Mr. Schindewolf responded that Mr. Rolan had met with Mr. Collins to discuss his concerns.

UPDATE ON 2010 WATER DISTRIBUTION AND TRANSMISSION SYSTEM - PHASE 1 GROUNDWATER TRANSFER PROJECTS

Mr. Schindewolf noted that the Authority is very close to substantial completion on a number of the Authority's construction contracts and called on Mr. Rolan to review the status of the various Groundwater Transfer Projects (the "GTP"), as outlined below.

ENGINEER MANAGER'S REPORT

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

Concerning Project 1A, Mr. Rolen reported that Jalco, Inc. ("Jalco") has completed the installation of the large diameter pipe and completed the tunneling work on such project. Mr. Rolen noted that Jalco is continuing with cleanup and has completed testing of the water line.

Mr. Rolen next reported that the Notice to Proceed was effective October 26, 2005 on Project 1A-2, and that Triple B Services, L.L.P. will start work on such project this week.

Mr. Rolen went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has completed installation and testing of the lines. Mr. Rolen noted that the contractor is in the process of completing the final punch list items noted during the final walkthrough.

Mr. Rolen then reported that R&B Group, Inc. is working on the modifications to the existing driveway, the addition of the new driveway, site drainage, the tank foundation and modifications to the water well for Project 1C-2.

Concerning Project 4, Mr. Rolen reported that Texas Sterling Construction L.P. has completed the installation of the water line and is currently working on completing various punchlist items.

Mr. Rolen went on to report that the Project 5A contractor, Friedel Drilling Company ("Friedel"), completed the development of the water well in the Jasper aquifer and is waiting for the delivery of the pump and motor. Mr. Rolen added that Friedel is in the process of developing the second well in the Evangeline aquifer. Mr. Rolen noted that Friedel also has completed the installation of the portion of the 16-inch well collection line on the well site and is working on the electrical service, chlorine building and site drainage.

Mr. Rolen next reported that the Notice to Proceed for Project 5B with Calco Contracting Ltd. ("Calco") was effective October 24, 2005, and such contractor has begun to install the 16-inch well collection line.

Mr. Rolen then noted that the Project 6 contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott"), has completed the installation of pipe and testing of the line and is working on clean-up items and landscaping for such project. Mr. Rolen noted that the contractor is also in the process of connecting the dual 60-inch lines under Louetta Road to the existing 48-inch water line along Louetta Road.

Concerning Project 6A, Mr. Rolen reported that C.E. Barker, Ltd. has installed the final 21 feet of 30-inch pipe, installed 1,720 feet of 12-inch pipe, and installed 3,351 feet of 36-inch pipe to date on such project. Mr. Rolen added that the contractor is working on the connections to the district systems and clean-up work on the project.

Mr. Rolen next reported that E. P. Brady Ltd. ("E. P. Brady") has completed 326 feet of tunneling on Project 6B-1 and will begin installation of 20-inch pipe this week.

Concerning Project 7A, Mr. Rolen reported that Calco has completed the installation of all the 16-inch, 20-inch, 24-inch, 30-inch and 42-inch water lines for such project. Mr. Rolen added that Calco has completed 50% of the water line testing.

Mr. Rolan next reported that the Notice to Proceed was given on October 31, 2005 to Calco regarding Project 7A-1.

Mr. Rolan went on to report that D.L. Elliott, the contractor for Project 7B, has completed all of the tunneling work and installed an additional 2,641 feet of 42-inch pipe. Mr. Rolan noted that the contractor is working on connections to the districts and testing of the lines.

Mr. Rolan then reported that Jalco, the contractor for Project 7C, Contract 1, has installed a total of 2,046 feet of 12-inch pipe, installed a total of 75 feet of 16-inch pipe, installed 300 feet of 30-inch pipe, installed 168 feet of 36-inch pipe, installed 42 feet of 42-inch pipe, installed an additional 123 feet of 54-inch pipe and completed a total of 2,560 feet of tunneling on such project.

Mr. Rolan next stated that Ramos Industries, Inc., contractor for Project 7C, Contract 2, has installed the final 357 feet of 24-inch pipe, installed 142 feet of 16-inch pipe and has completed the tunneling work on such project. Mr. Rolan noted that the contractor is also working on the connection to the district systems.

Mr. Rolan noted that to date, the Authority has installed a total of 24.3 miles of pipe.

Mr. Rolan went on to report that ten (10) bids were received on October 25, 2005 for Project 5C, and three (3) bids were received on November 3, 2005 for the Authority's Supervisory Control and Data Acquisition ("SCADA") system, both of which items will be discussed in more detail later in the meeting.

Concerning other activities, Mr. Rolan reported that engineering design efforts continue on Projects 3, 4A, 5C, 6B-2 and 15A, the 2010 transmission line and the SCADA system. Mr. Rolan stated that during the prior month, the Engineer Manager has also worked on other items, including assisting with ROW/easement acquisitions, providing construction administration and project representation on construction projects, attending various utility district meetings to discuss the status of the GTP, continuing efforts to gather information for the Buy/Sell Agreements and drafting final versions of Buy/Sell Agreements for transmittal to utility districts and drafted the proposed 2006-2007 CIP.

Concerning the Greens Road Water Line Project, Mr. Rolan reported that 95% of the water line has been installed on such project. Mr. Rolan noted that the City of Houston continues to report that the projects are progressing on or very close to schedule.

Directors Rendl then commended Mr. Rolan, his staff and all of the construction contractors for their excellent performance. Mr. Rolan stated that Mr. Villarreal has done a great job on managing the various construction projects.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she did not have anything to report tonight.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Fessler then asked for approval of the minutes of the regular meeting of October 3, 2005 and the special budget workshop meeting of October 24, 2005, each previously distributed to the Board. 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 minutes of the regular meeting of October 3, 2005 and the special meeting of October 24, 2005, as written.

FINANCIAL ASSISTANT'S REPORT

Director Fessler then recognized Ms. Plunkett, who reviewed the Authority's Financial Report with the Board, including the monthly investment report, the checks being presented for payment and the budget comparison for the month ending September 30, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for nine (9) months reflects that the Authority is approximately \$1,097,566 under budget for the fiscal year ending December 31, 2005.

Upon motion by Director Sigler, seconded by Director Pulliam, 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 checks being presented for payment.

GENERAL MANAGER'S ACTION ITEMS

ADOPT ORDER ESTABLISHING WELL PUMPAGE FEES AND WATER IMPORTATION FEES FOR THE FIRST, SECOND AND THIRD QUARTERS OF 2006 FISCAL YEAR AND ADOPTING RULES AND REGULATIONS CONCERNING MEASURING WELL PUMPAGE AND WATER IMPORTATION AND COLLECTING FEES (THE "ORDER")

Mr. Schindewolf then referred to his memorandum to the Board in the meeting packet concerning the 206 Budget and pumpage fees, a copy of which is attached hereto. Mr. Schindewolf recommended that the current pumpage fee of \$0.59 per 1,000 gallons of water usage be extended for an additional three (3) months through September 30, 2006. Mr. Schindewolf noted that beyond September 30, 2006, the pumpage fee will need to be adjusted, but that the specific amount of any increase in the pumpage fee is not yet known. Mr. Schindewolf stated that he would have a recommendation for consideration by the Board by mid-year of 2006 in order for the utility districts to have adequate notice of the increase.

Upon motion by Director Rendl, seconded by Director Sigler, after full discussion and the question being put before the Board, the Board voted unanimously to adopt the Order, a copy of which is attached hereto.

AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 5C

Mr. Schindewolf then reported that ten (10) bids were received on October 25, 2005 for construction of Project 5C, which includes construction of dual 60-inch water lines from the Authority's Louetta Regional Water Plant to Louetta Road. Mr. Schindewolf reported that the

lowest qualified bidder for such project was E. P. Brady, the contractor on Project 6B-1, with a bid in the amount of \$1,890,357.50. Copies of the bid tabulations and Mr. Schindewolf's letter recommending award of the contract to E. P. Brady are attached hereto. Upon motion by Director Pulliam, 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 5C to E. P. Brady.

AWARD CONTRACT FOR SCADA SYSTEM - PROJECT 101A

Mr. Schindewolf next reported that three (3) bids were received on November 3, 2005 for the Authority's SCADA System known as Project 101A. Mr. Schindewolf reported that the lowest qualified bidder for such project was Mercer Controls, Inc. ("Mercer") with a bid in the amount of \$1,011,000.00. Copies of the bid tabulations and Mr. Schindewolf's letter recommending award of the contract to Mercer are 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 award the contract for the SCADA System - Project 101A to Mercer.

APPROVE AND AUTHORIZE EXECUTION OF LEASE AGREEMENT

Mr. Schindewolf then explained that Tab 11 of the meeting packet includes a copy of the proposed Lease Agreement By and Between Harris County Water Control and Improvement District No. 132 ("HCWCID 132") and the Authority (the "Lease"), a copy of which is attached hereto. Ms. Bobbitt explained that the Lease is necessary in order to provide a parking location for the Authority's Mobile Teaching Lab at the HCWCID 132 water conservation garden site when it is not being utilized at a school or a community event. Upon motion by Director Rendl, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the Board and General Manager to execute the Lease.

APPROVE AND AUTHORIZE SUBMISSION OF VOTING RIGHTS ACT LETTER TO U.S. DEPARTMENT OF JUSTICE

Ms. Bobbitt then reported that the Authority is required to submit a Voting Rights Act letter to the U.S. Department of Justice (the "Justice Department") asking for pre-clearance of the establishment of procedures affecting voting within the Authority. Ms. Bobbitt noted that because the Authority adopted a Resolution Authorizing Change of Biennial Director Election pursuant to the provisions of House Bill 57 of the 79th Texas Legislative, Regular Session 2005, which amended Section 41.001 of the Texas Election Code regarding uniform election dates and designating only two (2) uniform election dates in the State of Texas, including the second Saturday of May and the first Tuesday after the first Monday in November, the submission to the Justice Department is necessary. Upon motion by Director Rendl, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize the submission of the Voting Rights Act letter to the Justice Department, a copy of which is attached hereto. Ms. Bobbitt noted that any other changes in the Authority's voting procedures will also need to be submitted to the Justice Department.

CONFIRM UPCOMING MEETING DATE

Director Fessler then stated that the next regular meeting of the Board would be held on Monday, December 5, 2005, at 7:00 p.m.

PUBLIC COMMENT

Director Fessler recognized Ms. Gloria Malek of Northwest Harris County Municipal Utility District No. 10, who asked why the Authority's Waterlines publication was mailed to residents outside the boundaries of the Authority, including residents of Waller and Montgomery Counties. Ms. Payne explained that bulk postal items can mean that items are delivered to places outside of the targeted area.

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

PASSED, APPROVED AND ADOPTED this 5th day of December, 2005.

/s/Alan J. Rendl

Secretary, Board of Directors

(SEAL)

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