

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
March 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 7<sup>th</sup> day of March, 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: 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. Al Hernandez P.E. of HBC/Terracon, on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Buddy Barnes, P.E. of Carter & Burgess, Inc., a subcontractor to AEI Engineers, Inc. for Projects 6 and 6A; Mr. W. John Seifert, Jr., P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, Inc., on-call engineers for the Authority; Messrs. Dave Scholler, P.E. and Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Ms. Aimee Sanderson, EIT of Jones & Carter, Inc. ("Jones & Carter"), on-call engineers for the Authority; Mr. Stephen Ratcliffe, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Messrs. Efrain Him, P.E. and Sanjay Ram, P.E. of ARCADIS, on-call engineers for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to TC&B and project representative for Projects 1A and 1C; Messrs. John Peyton, P.E. and Kyle Bertrand, P.E. of Cobourn Linseisen & Ratcliff, Inc., on-call engineers for the Authority; Mr. Scott A. Sulski, P.M. of Fugro Consultants LP, 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; Messrs. Gene Shepherd and Duncan Lamme of RBC Dain Rauscher Inc., financial advisors for the Authority; Mr. J. Art Morales of Banc of America Securities LLC, co-managing underwriter for the Authority; Mr. C. Terrell Palmer of First Southwest Company, co-senior managing underwriter for the Authority; Mr. Craig A. Brast of UBS Financial Services Inc., co-senior managing underwriter for the Authority; Ms. Kentesheia L. Dockery, staff writer for The 1960 Sun; and Ms. Robin S. Bobbitt, 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. 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.

### PUBLIC COMMENTS

The Board then recognized Mr. Jim Hetzel, P.E of Koehn & Associates Engineers, Inc., representing Louetta North Public Utility District, Northwest Harris County Municipal Utility District No. 9 and White Oak Bend Municipal Utility District, who stated he had a question concerning the proposed amended Regulations for Buy/Sell Agreements for Implementation of the Groundwater Transfer Program (the "GTP") (the "GTP Rules and Regulations") and the proposed Buy/Sell Agreements. Mr. Schindewolf then requested that Mr. Hetzel contact Mr. Andrew Johnson of JRPB with his question.

### REPORTS

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

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

Ms. Payne first reported that the Authority's website had 47,273 hits for the month of February. Ms. Payne noted that an animated goldfish bowl had been added to the website home page to serve as a link to a stormwater pollution message. Ms. Payne reminded the utility district board members in attendance at the meeting that the Authority had several water conservation brochures that could be ordered to mail to district residents. Ms Payne noted that Ms. Lisa Sagstetter, at the Authority's office, is the person to contact regarding the water conservation brochures.

Ms. Payne went on to report that Mr. Schindewolf spoke at the CIGNAT-2005 10<sup>th</sup> Annual Conference and that Director Rendl spoke at the Northwoods Presbyterian Men's Group and will speak at the HMW Special Utility District meeting on Tuesday, March 8, 2005.

Concerning the ADVENTURES IN WATERWORLD mobile teaching lab, Ms. Payne reported that the trailer to be used for the mobile teaching lab will be delivered next week. Ms. Payne also reported that the Teacher's Resource Guide for the project is now approximately 95% complete. Ms. Payne noted that the Student workbook entitled "SAVING HOME", which features young amphibians and reptiles in danger of losing their home because of the lack of water, ties to the lab contents and experiments.

### GENERAL MANAGER'S REPORT

Mr. Schindewolf next reviewed the General Manager's Report with the Board, a copy of which is attached hereto. Mr. Schindewolf also noted that the meeting packets contained various items of correspondence received during the month, copies of which are attached hereto. Mr. Schindewolf reported that the Interlocal Cost Sharing Agreement by and between the City of

Houston, Texas (the "City") and the Authority regarding the Greens Road Water Line Project had been approved by the City Council on March 2, 2005.

### 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 first reported that the ROW/Easement Acquisition Team had made great progress on Projects 7A, 7B and 7C and commended the Harris County Flood Control District (the "HCFCD"), Harris County Infrastructure Department and Klein Independent School District for their cooperative work with the Authority.

Mr. Breeding next reported that a high profile condemnation hearing regarding land for Project 1C-1 had resulted with an award of only \$11,000 to the property owner.

Concerning Project 6A, Mr. Breeding reported that all rights of entry for such project have now been acquired.

Mr. Breeding then noted that all necessary easements and rights of entry had been acquired for Project 7A. Mr. Breeding further reported that the ROW/Easement Acquisition Team is trying to save a grove of trees along this route.

Mr. Breeding next reported that there are several condemnation cases pending concerning Project 7B that he expects to settle. Mr. Breeding also reported that Project 7C has been the most difficult of the projects to date. Mr. Breeding noted that Harris County has agreed to allow the Authority to use additional HCFCD ROW for a portion of the transmission line for Project 7C.

Mr. Breeding concluded his report by stating that the ROW/Easement Acquisition Team continues to hold conference calls every Tuesday and is working very hard to meet its deadlines.

### ENGINEER MANAGER'S REPORT

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

Concerning Project 1A, Mr. Rolen reported that Jalco, Inc. had installed approximately 90% of the pipe on such project, including an additional 758 feet of pipe installation, and that approximately 94% of the tunneling on such project is complete, including an additional 120 feet of tunneling being completed. Mr. Rolen also reported that the repairs to Walters Road were nearly complete.

Concerning Project 6, Mr. Rolen reported that the contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott") had completed the tunneling and installed an additional 1,376 feet of 48-inch pipe, for a total of 9,458 feet of pipe being installed to date.

Mr. Rolen went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has installed a total of 8,012 feet of pipe, that 70% of the water line down Wunderlich is complete, and that approximately 25% of the tunneling under F.M. 1960 is complete on such project to date.

Concerning Project 4, Mr. Rolan reported that Texas Sterling Construction L.P. had completed a total of approximately 1,152 feet of tunneling, that approximately 3,264 feet of 48-inch pipe had been installed, and that 90% of the pipe is now installed.

Mr. Rolan then reported that Triple B Services, L.L.P. had installed the final 1,403 feet of 16-inch pipe for a total of 3,043 feet and that testing of the line had been successfully completed.

Concerning Project 1C-1, Mr. Rolan reported that Calco Contracting, Ltd. has completed 50% of the clearing, 92 feet of tunneling and that open cut pipe installation is scheduled to begin on March 14, 2005.

Mr. Rolan went on to report that on March 1, 2005, five (5) bids ranging from \$267,550.00 to \$549,950.00 had been received for the Project 5 pilot test hole to be located at the Louetta Regional Water Plant (the "Louetta Plant"). Mr. Rolan noted that the low bidder on such project was Friedel Drilling Company ("Friedel"). Mr. Rolan stated that the pilot test hole will be drilled to a depth of approximately 2,100 feet and will go through the Jasper and Evangeline aquifers. Mr. Rolan noted that the project is to be completed within 63 calendar days.

Mr. Rolan next reported that also on March 1, 2005, six (6) bids ranging from \$2,246,524.02 to \$3,865,700.00 had been received for Project 6A. Mr. Rolan explained that the low bidder for the project was C.E. Barker, Ltd. ("C.E. Barker") with a bid of \$2,246,524.02. Mr. Rolan noted that the project is specified for completion in 210 calendar days.

Mr. Rolan then reported that on February 24, 2005, six (6) bids ranging from \$7,651,547.68 to \$8,767,863.00 were received for Project 7B. Mr. Rolan stated that the low bidder on such project was D.L. Elliott, with a low bid of \$7,651,547.68. Mr. Rolan noted that the project is specified for completion in 200 calendar days. Mr. Rolan also reported that the pipe and potable water valve contracts approved at the February meeting for Project 7B would be assigned to D.L. Elliott.

Mr. Rolan next reported that design efforts were continuing on Projects 1C-2, 4A, 6B, 7A, 7A-1, 7C and 15A and for the wells to be located at the proposed Louetta Plant.

Mr. Rolan stated that Jones & Carter had been working with the Authority to split Project 7C into two (2) separate construction contracts.

Mr. Rolan then noted that the team has also been working on the acquisition of easements for Projects 7A, 7B and 7C and the Louetta Plant and assisted in the follow-up and finalization of the acquisition of easements for Projects 1C, 1C-1, 1A, 1B, 4, 6 and 6A.

Mr. Rolan added that they had assisted with the finalization of the Interlocal Agreement by and among the Authority, Charterwood Municipal Utility District, and V&W Partners, Ltd. concerning the Louetta Plant.

Mr. Rolan noted that they had participated in continued discussions with the Texas Commission on Environmental Quality (the "TCEQ") and various utility district engineers to gather additional information for use in the development and implementation of the Authority's GTP and inclusion in the respective Buy/Sell Agreements.

Mr. Rolan also reported that a draft of the Master Storm Water Quality Management Plan had been submitted to the Authority for review.

Director Pulliam then stated that there are 299 days remaining in 2005 to meet the deadline for providing water to districts by January 1, 2006, and commended Mr. Rolan on his work.

#### GENERAL MANAGER'S REPORT (CONTINUED)

Mr. Schindewolf then proceeded to outline the highlights of his and Mr. Bresnen's meeting with Mr. Glenn Shankle, Executive Director of the TCEQ on February 23, 2005 and another meeting that Mr. Rolan and other engineers with TC&B had with a number of his high level TCEQ staff members on February 25, 2005. Mr. Schindewolf noted that based on the positive progress with the TCEQ, he is proposing a special meeting on Monday, March 21, 2005, with the primary agenda item for such meeting to be the Board's review and adoption of the amended GTP Rules and Regulations. Copies of the correspondence regarding the discussions with the TCEQ are attached hereto. Mr. Schindewolf further reported that on March 3, 2005, the Authority had sent out letters and copies of the proposed GTP Rules and Regulations to the board presidents, attorneys and engineers of all the potential buyer and seller utility districts. Mr. Schindewolf also noted that a memorandum regarding the proposed amended GTP Rules and Regulations prepared by Mr. Johnson of JRPB had been included in the packet, and that all comments on the GTP Rules and Regulations should be submitted in writing to the attention of Mr. Johnson by no later than March 15<sup>th</sup>. Mr. Schindewolf reiterated that Mr. Hetzel's inquiry would be given to Mr. Johnson for a response.

Mr. Schindewolf next directed the Board's attention to Tab 4 of the meeting packet with the Tentative Schedule of Events (the "Schedule") regarding the pending issuance of the Authority's Senior Lien Revenue Bonds, Series 2005 (the "Bonds"), a copy of which is attached hereto. Mr. Schindewolf called on Mr. Shepherd, who reviewed the Schedule with the Board. Mr. Shepherd explained that at the April 4<sup>th</sup> meeting, the Board would be asked to approve the 2004 audit report, the Bond Resolution and related financing documents, including the Preliminary Official Statement, appoint a Pricing Committee and authorize the Financing Team to move forward with the sale of the Bonds. Director Fessler asked who would serve on the Pricing Committee. Ms. Bobbitt stated that two (2) Board members would serve on the Pricing Committee with the Financing Team.

#### ATTORNEY'S REPORT

Ms. Bobbitt stated she had nothing additional to report.

#### REGULAR AGENDA

##### APPROVAL OF THE MINUTES

Director Fessler then asked for approval of the minutes of the regular meeting of February 7, 2005, previously distributed to the Board. 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 minutes of the regular meeting of February 7, 2005, as written.

Approval of the minutes of the special meeting of February 21, 2005 was deferred.

## 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 January 31, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the first month of the year reflects that the Authority is approximately \$132,870 under budget for the fiscal year ending December 31, 2005.

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.

Concerning capital contributions, Ms. Plunkett reported that a total of 23 Capital Contribution Intent Resolutions had been received and that eight (8) Capital Contribution Contracts would be presented for the Board's approval later in the meeting.

## GENERAL MANAGER'S ACTION ITEMS

### AWARD CONTRACT FOR CONSTRUCTION OF PROJECTS 6A, 7B and 5

Mr. Schindewolf then recommended award of the following contracts:

- 1) C.E. Barker for construction of Project 6A in the amount of \$2,246,524.02;
- 2) D.L. Elliott for construction of Project 7B in the amount of \$7,651,547.68; and
- 3) Friedel for the Project 5 pilot test hole at the Louetta Plant in the amount of \$267,550.00.

Copies of correspondence regarding Mr. Schindewolf's recommendation that the Board award the construction contracts listed above 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 contract for Project 6A to C.E. Barker.

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 award the contract for Project 7B to D.L. Elliott.

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 award the contract for the Project 5 pilot test hole at the Louetta Plant to Friedel.

APPROVE CAPITAL CONTRIBUTION CONTRACTS

Mr. Schindewolf then referred the Board to Tab 11 of the meeting packet and noted that Ms. Plunkett had prepared a status report on the 23 utility districts that had submitted Capital Contribution Intent Resolutions. Ms. Plunkett reported that there were eight (8) Capital Contribution Contracts being presented for the Board's approval tonight, including contracts from Bilma Public Utility District, Faulkey Gully Municipal Utility District, Harris County Municipal Utility District No. 16, Meadowhill Regional Municipal Utility District, Northwest Harris County Municipal Utility District No. 24, West Harris County Municipal Utility District No. 9, West Harris County Municipal Utility District No. 10, and West Harris County Municipal Utility District No. 11, copies of which are attached hereto. Upon motion by Director Graham, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve the eight (8) Capital Contribution Contracts.

CONFIRM UPCOMING MEETING DATES

Director Fessler then stated that the next regular meeting of the Board would be held on Monday, April 4, 2005, and noted that a special meeting has been scheduled for Monday, March 21, 2005.

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

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of April, 2005.

/s/Alan J. Rendl

---

Secretary, Board of Directors

(SEAL)