

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
July 11, 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 11th day of July, 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 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; Mr. Showri Nandagiri, P.E., Engineering Coordinator for the Authority; Ms. Cynthia Plunkett, Financial 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. Tom Matkin, P.E. of AEI Engineering, Inc. ("AEI"), on-call engineers for the Authority; Mr. Buddy Barnes, P.E. of Carter & Burgess, Inc., a subcontractor to AEI for Projects 6 and 6A; Messrs. Sanjay Ram, P.E. and Chetan Vyan, 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; Ms. Aimee Sanderson of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., 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. Nick Aschliman, P.E. of Fugro Consultants LP, on-call engineers for the Authority; 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, 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 COMMENTS

Director Pulliam then announced that Governor Rick Perry had vetoed House Bill 2667 on June 17, 2005 and extended thanks to the numerous persons who had helped with getting the bill

vetoed. A copy of Director Pulliam's remarks is attached hereto. Director Pulliam next reported on the 2005 Mid-Year Conference of the Texas Water Conservation Association (the "TWCA") and reported that he had executed a letter from the TWCA to Congressman John J. Duncan, Chairman of the Subcommittee on Water Resources and Environment, requesting that a Texas Environmental Infrastructure Program be included in the Water Resources Development Act and asking that the initiative be funded. A copy of such letter is attached hereto.

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 Mr. Schindewolf had made a presentation at the July 8, 2005 International Right Of Way Association Chapter 8 meeting and noted that she is preparing the next article for the neighborhood newsletters and the September issue of Waterlines.

Ms., Payne stated that summer is a great time to send out water conservation materials to customers in the billing statements and encouraged interested districts to contact Ms. Lisa Sagstetter of the Authority regarding such materials.

Ms. Payne next reported that the Authority's website had 57,175 hits for the month of June. Ms. Payne also reported that the Authority's On Campus Water Conservation video had been distributed to the Facility Managers of the six (6) independent school districts located within the Authority. Ms. Payne then announced that the Authority's mobile teaching lab would be parked outside the Authority's offices at the September meeting and reported that the inaugural school visit for the mobile teaching lab would be at a nearby school. Ms. Payne added that dates and details for the inaugural visit will be posted on the "Stop The Drop" page of the Authority's website.

Director Sigler asked if the water conservation materials are distributed to all of the utility districts within the Authority. Ms. Payne stated that the Authority has never done a mass mailing of the water conservation materials, but that the materials can be ordered on the Authority's website. Ms. Payne also noted that a utility district's distribution of such material is a qualifier for the Association of Water Board Directors - Texas Water Smart Program.

GENERAL MANAGER'S REPORT

Mr. Schindewolf next reviewed the General Manager's Report with the Board, a copy of which is attached hereto.

STATUS OF BUY/SELL AGREEMENTS

Mr. Schindewolf first reported that on June 9, 2005, letters were sent out to all prospective Buyer/Seller districts that had previously indicated a desire to participate in the Authority's Groundwater Transfer Program (the "GTP"). A copy of such letter is attached hereto. Mr. Schindewolf reported that 16 districts had requested a representative of the Authority to attend their meetings and that Mr. Rolen has attended 10 such meetings, to date.

Mr. Schindewolf further reported that he has been in communication with Mr. Steve Bresnen concerning the 79th Legislative Special Session.

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 6, Mr. Breeding reported that a settlement had been reached with the landowner of the shopping center on Louetta Road regarding the parking lot and curb matter.

Mr. Breeding noted that the court had awarded a modest settlement sum in its final judgment on the Champions Shopping Center in connection with Project 1C.

Mr. Breeding then reported that the ROW/Easement Acquisition Team had acquired several parcels in connection with Project 6B-1 and noted that a condemnation hearing on one (1) parcel had been set for July 27, 2005. Concerning 6B-2, Mr. Breeding reported that the ROW/Easement Acquisition Team is moving forward to acquire the other parcels.

Mr. Breeding concluded his report and stated that the ROW/Easement Acquisition Team is currently meeting all of the acquisition deadlines.

Director Graham asked about the status of the Newsom vs. Malcomson Road Utility District lawsuit. Mr. Breeding briefly reviewed the matter and stated that the Authority will proceed with condemnation of the necessary parcel.

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

Mr. Schindewolf reported that due to a very dry month, a great deal of progress had been made on the Authority's various Groundwater Transfer Projects. Mr. Schindewolf then called on Mr. Rolen to review the status of the various projects.

ENGINEER MANAGER'S REPORT

Mr. Rolen then presented the Engineer Manager's Report, a copy of which is attached hereto. Mr. Rolen noted that Project 5, which included the pilot test hole work, is being recommended for acceptance at tonight's meeting and further noted that Triple B Services, L.L.P. and Calco Contracting, Ltd. ("Calco") have substantially completed Projects 1A-1 and 1C-1, respectively.

Concerning Project 1A, Mr. Rolan reported that Jalco, Inc. ("Jalco") has installed approximately 15,641 feet (98%) of the pipe on such project to date.

Mr. Rolan went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has installed an additional 225 feet of 24-inch water line and is preparing to test the lines, complete connections to the utility district and begin clean-up and restoration work.

Mr. Rolan then reported that a Notice to Proceed is scheduled to be issued this week for Project 1C-2.

Concerning Project 4, Mr. Rolan reported that Texas Sterling Construction L.P. has completed the installation of large diameter pipe and the testing of the water line and is currently working on project cleanup, landscaping restoration and connections to the utility districts.

Mr. Rolan next reported that a Notice to Proceed was issued on June 20th and that the contractor for Project 5A has mobilized and started construction on the water well in the Jasper aquifer.

Mr. Rolan then noted that the Project 6 contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott"), has completed installation of pipe and testing of the line and is working on clean-up on such project. Mr. Rolan noted that the contractor is awaiting delivery of pipe and fittings to permit the installation of the dual 60-inch lines under Louetta Road.

Concerning Project 6A, Mr. Rolan reported that C.E. Barker, Ltd. has installed 1,690 feet (86%) of 12-inch pipe and completed an additional 73 feet of tunneling on such project. Mr. Rolan stated that installation of the 36-inch water line has begun.

Mr. Rolan next reported that a Notice to Proceed on Project 6B-1 is scheduled to be issued this week.

Concerning Project 7A, Mr. Rolan reported that Calco has now installed 4,615 feet (73%) of 24-inch water line and 1,333 feet (42%) of 16-inch water line.

Mr. Rolan then reported that D.L. Elliott, the contractor for Project 7B, has completed an additional 435 feet of tunneling, installed 1,732 feet of the 48-inch water line and installed 1,147 feet of 42-inch water line.

Mr. Rolan next reported that Jalco, the contractor for Project 7C, Contract 1, has completed 99% of the clearing on such project, installed 4,837 feet (91%) of 54-inch water line, 40 feet (33%) of 60-inch water line, 2,760 feet (31%) of 36-inch water line and completed a total of 691 feet (30%) of tunneling on such project.

Mr. Rolan then reported that Ramos Industries, Inc., contractor for Project 7C, Contract 2, has installed approximately 5,910 feet (75%) of 24-inch water line and has completed 606 feet (40%) of the tunneling work on the project.

Concerning major activities, Mr. Rolan reported that engineering design efforts continue on Projects 1A-2, 3, 4A, 5B, 5C, 6B-2, 7A-1 and 15A. Mr. Rolan stated that during the prior month,

the Engineering Manager has assisted with ROW/easement acquisitions, provided construction administration and project representatives on construction projects, continued with discussions concerning the proposed purchase of the former Hewlett Packard water well, attended various utility district meetings to discuss the status of the GTP projects, and continued efforts to gather information for the Buy/Sell Agreements.

Concerning the Greens Road Water Line Project, Mr. Rolan reported that the installation of pipe has begun on all four (4) projects and that to date, 10,431 feet of pipe has been installed. Mr. Rolan noted that the City of Houston (the "City") has reported that the projects are generally progressing on schedule and that real estate acquisition is proceeding satisfactorily.

Mr. Rolan then noted that at the Board's last meeting, a question was asked about whether districts will have to switch to the chloramine disinfection process prior to receiving City water and that he had simply responded with a "No", which needs further clarification. Mr. Rolan then provided the following clarification:

- There is no current requirement for those districts that participate in the GTP to convert to chloramine disinfection in order to participate.
- The Authority does not currently plan to require any districts to convert to chloramine disinfection any sooner than is necessary to effectively implement the use of surface water.
- It is anticipated that districts which receive surface water under the Authority's Groundwater Reduction Plan will be required to provide chloramine disinfection.
- From a practical and operational standpoint, those districts will in all likelihood convert to chloramine disinfection prior to the actual receipt of surface water.

ATTORNEY'S REPORT

Ms. Bobbitt then reviewed her memorandum regarding the 2006 Director Election Date pursuant to House Bill 57 of the 79th Legislative Session, a copy of which is attached hereto. Ms. Bobbitt noted that there are now only two (2) uniform election dates in the State of Texas – the second Saturday in May and the first Tuesday after the first Monday in November. Ms. Bobbitt explained that Section 2.06 entitled "Election Dates" of the Authority's creation legislation (House Bill 2965, House Bill 1110 and Senate Bill 1725) states: "On the first uniform election date of the calendar year in each subsequent even-numbered year, the appropriate number of directors shall be elected to the Board." Ms. Bobbitt stated that the Board's next Director Election would be held on May 13, 2006. Ms. Bobbitt further reported that the Authority will adopt a Resolution Authorizing Change of Biennial Director's Election Date at a future meeting. Ms. Bobbitt also noted that the dates for early voting and canvassing have been changed slightly.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Fessler then asked for approval of the minutes of the regular meeting of June 6, 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 June 6, 2005, as written. Approval of the minutes of the special meeting of June 20, 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 May 31, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for five (5) months reflects that the Authority is approximately \$571,642 under budget for the fiscal year ending December 31, 2005.

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

GENERAL MANAGER'S ACTION ITEMS

ACCEPTANCE OF PROJECT 5 PILOT TEST HOLE AT LOUETTA REGIONAL WATER PLANT

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Friedel Drilling Company ("Friedel") under their contract with the Authority for Project 5 Pilot Test Hole at the Louetta Regional Water Plant at a final contract amount of \$243,659 and to authorize final payment to the contractor. Mr. Schindewolf noted that the initial contract bid was in the amount of \$267,550. 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 authorize final acceptance and approve final payment to Friedel. Copies of Mr. Schindewolf's letter and Pay Estimate No. 3 and Final are attached hereto.

CONFIRM UPCOMING MEETING DATES

Director Fessler then stated that the next regular meeting of the Board would be held on Monday, August 1, 2005.

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

PASSED, APPROVED AND ADOPTED this 1st day of August, 2005.

/s/Alan J. Rendl

Secretary, Board of Directors

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