

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
August 1, 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 1st day of August, 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 Rolen, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden ("TCB"), Engineer Manager for the Authority; Mr. Jim Dannenbaum, 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; Mr. Tom Matkin, P.E. of AEI Engineering, Inc. ("AEI"), on-call engineers for the Authority; Mr. Mike Bagstad, P.E. of Carter & Burgess, Inc., a subcontractor to AEI for Authority Projects 6 and 6A; Messrs. Sanjay Ram, P.E. and Chetan Vyan, P.E. of ARCADIS G&M, Inc., on-call engineers for the Authority; Mr. Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Dave 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. Brian Cunningham of Project Surveillance, Inc., a subcontractor to TCB and project representative for Projects 1A and 1C; Mr. Scott A. Sulski, 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; 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, 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 Fessler first announced that today is Mrs. Schindewolf's birthday.

Director Pulliam then read excerpts from an article about water from the July, 2005 issue of Scientific American. A copy of Director Pulliam's comments 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 the Authority's website had 46,381 hits for the month of July. Ms. Payne encouraged people to visit the www.StoptheDrop.org page of the website.

Concerning the Authority's Water Conservation Education Program, Ms. Payne reported that a preview of the program will be presented to representatives of the six (6) area independent school districts located within the Authority on September 22, 2005. Ms. Payne also announced that the Authority's Mobile Teaching Lab will be on-site at the Board's September meeting. Ms. Payne also reported on a new cooperative effort with the West Harris County Regional Water Authority to provide water conservation materials to schools in the Cy-Fair Independent School District.

Ms. Payne next discussed the exciting interactive computer water cycle program that will be available online and distributed to teachers in a CD format to be used as a classroom teaching tool.

Ms. Payne then reported that she is preparing the September issue of Waterlines and has written an article for the newsletter regarding the Authority's ongoing construction projects.

Director Rendl then expressed thanks to Ms. Payne for her hard work on the Authority's behalf.

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 the Authority has received invitations from 22 utility districts for a representative to attend their board meetings. Mr. Schindewolf noted that Mr. Rolan has attended 17 meetings to date.

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.

Mr. Breeding reported that the ROW/Easement Acquisition Team was working against August 1st and August 15th deadlines to complete the acquisition of various parcels needed for Project 6-B-1 and was also working on acquiring parcels for Project 6B-2.

Concerning Project 7A-1, Mr. Breeding reported that three (3) of four (4) major parcels had been acquired and noted that the ROW/Easement Acquisition Team is trying to resolve issues with a CVS store without initiating eminent domain proceedings.

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

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

Mr. Schindewolf then called on Mr. Rolen to review the status of the various Groundwater Transfer Projects ("GTP").

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 1C-1 is being recommended for acceptance by the Authority at tonight's meeting, and that Project 1A-1 would be recommended for acceptance at the September meeting.

Concerning Project 1A, Mr. Rolen reported that Jalco, Inc. ("Jalco") has installed approximately 15,641 feet (98%) of the pipe, and the tunnel installation is complete on such project to date. Mr. Rolen noted that the delivery of pipe and fittings to allow installation of the last segment of pipe is scheduled for mid-August.

Mr. Rolen went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has installed 5,864 feet of 24-inch water line and is in the process of testing the lines. Mr. Rolen added that the contractor has completed the restoration and resurfacing of Wunderlich Road, which now looks better than before the construction began.

Mr. Rolen then reported that a Notice to Proceed to R&B Group, Inc. was issued on July 18, 2005 for Project 1C-2.

Concerning Project 4, Mr. Rolen reported that Texas Sterling Construction L.P. has completed the installation of 14,602 feet 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. Rolen went on to report that the Project 5A contractor has completed the test hole for the water well in the Jasper Aquifer and started the installation of the 18-inch casing. Mr. Rolen also reported that the contractor has begun the mobilization of the second drilling rig to start drilling the water well in the Evangeline Aquifer.

Mr. Rolen 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. Rolen noted that the contractor will begin work on the tunnel to permit installation of the dual 60-inch lines under Louetta Road in August.

Concerning Project 6A, Mr. Rolen reported that C.E. Barker, Ltd. has installed 1,690 feet (86%) of 12-inch pipe, completed a total of 416 feet of tunneling and installed a total of 496 feet of 36-inch pipe on such project.

Mr. Rolen noted that a Notice to Proceed to E. P. Brady Ltd. for Project 6B-1 was issued on July 18, 2005.

Concerning Project 7A, Mr. Rolen reported that Calco Contracting Ltd. ("Calco") has now installed 95% of 24-inch water line, 45% of 16-inch water line and 809 feet of 20-inch water line on such project.

Mr. Rolen then reported that D.L. Elliott, the contractor for Project 7B, has completed an additional 252 feet of tunneling, installed 1,427 feet of the 48-inch water line and installed 1,794 feet of 42-inch water line.

Mr. Rolen went on to report that Jalco, the contractor for Project 7C, Contract 1, has installed 4,837 feet (91%) of 54-inch water line, 2,786 feet (63%) of 36-inch water line and completed a total of 1,435 feet (60%) of tunneling on such project.

Mr. Rolen then reported that Ramos Industries, Inc., contractor for Project 7C, Contract 2, has installed approximately 7,069 feet (90%) of 24-inch water line and has completed 197 feet (55%) of the tunneling work on such project.

Mr. Rolen next reported that five (5) bids were received on July 28, 2005 ranging from \$659,068.28 to \$972,674.50 for construction of Project 7A-1 and reported that the low bidder, Metro City Construction, LLP, had withdrawn its bid earlier today. Mr. Rolen noted that Mr. Schindewolf would discuss the matter further in the meeting.

Concerning other activities, Mr. Rolen reported that engineering design efforts continue on Projects 1A-2, 3, 4A, 5B, 5C, 6B-2, 15A and the 2010 transmission line. Mr. Rolen stated that during the prior month, the Engineer Manager has assisted with ROW/easement acquisitions, provided construction administration and project representatives on construction projects, attended various utility district meetings to discuss the status of the GTP, continued efforts to gather information for the Buy/Sell Agreements, and submitted draft Buy/Sell Agreements to 17 utility districts.

Concerning the Greens Road Water Line Project, Mr. Rolen reported that the installation of pipe has begun on all four (4) segments and that to date, 35% of the pipe has been installed on such project. Mr. Rolen noted that the City of Houston has now completed acquisition of real estate for the project.

Director Sigler asked if pressure testing had detected any leaks in the Authority's newly installed water lines. Mr. Rolen stated that several leaks had been detected and repaired. Director Fessler asked where the Authority acquires water for the testing work. Mr. Rolen explained that the water for the testing is purchased from adjacent utility districts. Director Sigler added that Wunderlich Road looks great. Mr. Rolen thanked the Board for the positive comments concerning the construction projects.

ATTORNEY'S REPORT

Ms. Bobbitt noted that Tab 4 of the Meeting Packet included her summary memorandum regarding the 79th Legislative Session, a copy of which is attached hereto. Ms. Bobbitt briefly reviewed the summaries of House Bill 914, House Bill 1208, House Bill 57, Senate Bill 427 and House Bill 3181 with the Board.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Fessler then asked for approval of the minutes of the special meeting of June 20, 2005 and the regular meeting of July 11, 2005, previously distributed to the Board. 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 the minutes of the special meeting of June 20, 2005 and regular meeting of July 11, 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 June 30, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for six (6) months reflects that the Authority is approximately \$698,983 under budget for the fiscal year ending December 31, 2005.

Concerning the Capital Contributions, Ms. Plunkett reported that 16 of the 19 districts have made Capital Contributions in the amount of \$12,828,135.51. Ms. Plunkett further reported that one (1) district that meets tomorrow will wire funds after the meeting and two (2) districts have requested extensions until October 15, 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

AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 7A-1

Mr. Schindewolf next reported that five (5) bids were received on July 28, 2005 for construction of the proposed 16-inch water line along Ella Boulevard, known as Project 7A-1 of the GTP. Mr. Schindewolf reported that the low bidder, Metro Construction LLP, withdrew its bid in the amount of \$659,068.25 earlier today that, as such, he has not had the opportunity to properly evaluate the bid submitted by the apparent second low bidder. In an effort to properly and timely address the bids received on the project, Mr. Schindewolf then recommended to the Board that (1) the apparent low bidder, Metro Construction LLP, be allowed to withdraw its bid and allow the General Manager to return their bid bond and (2) authorize the General Manager to either (a) proceed with the award of the contract to the apparent second low bidder or (b) reject all bids. Copies of the bid tabulations are attached hereto. 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 the two (2) actions requested by Mr. Schindewolf, as defined above.

ACCEPTANCE OF PROJECT 1C-1

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Calco under their contract with the Authority for Project 1C-1 for construction of the 20-inch water line from the Northwest Harris County Municipal Utility District No. 24 Water Plant to connect with Project 1C, at a final contract amount of \$864,079, and to authorize final payment to the contractor. Mr. Schindewolf noted that the initial contract bid was in the amount of \$884,274. 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 approval of Pay Estimate No. 6 and Final to Calco. Copies of Mr. Schindewolf's letter and Pay Estimate No. 6 and Final are attached hereto.

CONFIRM UPCOMING MEETING DATES

Director Fessler then stated that due to the Labor Day holiday, the next regular meeting of the Board would be held on Monday, September 12, 2005.

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

PASSED, APPROVED AND ADOPTED this 12th day of September, 2005.

/s/Alan J. Rendl

Secretary, Board of Directors

(SEAL)