

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
May 2, 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 2nd day of May, 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 Directors Graham and Sigler, 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, Engineer Manager for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; 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. David Scholler, P.E. and Charles Shumate, 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. John Burke, P.E. of Professional Service Industries, Inc., on-call engineers for the Authority; Mr. Mark Breeding of Andrews Kurth LLP, right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Gene Shepherd of RBC Dain Rauscher Inc., financial advisors for the Authority; Messrs. Steve Bresnen and Jim Dow of Steve Bresnen & Associates, lobbyists 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.

## **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 hosted the Authority's table at the Klein Education Foundation dinner on April 11, 2005, that Mr. Rolen made a presentation to the Society of American Military Engineers ("SAME") on April 13, 2005, that Director Rendl gave presentations to the Enchanted Valley Estates Water Supply Homeowners Association on April 14, 2005 and to the Waterman Crossing Homeowners Association on April 26, 2005, that Mr. Nandagiri gave a presentation to SAME on April 20, 2005, and that Director Rendl and Mr. Rolen met with the Spring Creek Oaks Homeowners Association, located in Bilma Public Utility District, on April 24, 2005.

Concerning the ADVENTURES IN WATERWORLD mobile teaching lab, Ms. Payne expressed thanks to Mr. Scholler and Mr. Shumate for creating the oversized posters of the trailer graphics, which are on display this evening. Ms. Payne reported that the exterior artwork on the mobile teaching lab was complete, and that the interior exhibits and storage components are under construction. Ms. Payne noted that 95% of the Teacher Resource Guide was complete and announced that an interactive computer animation of the Water Cycle will be completed by June 1, 2005.

### **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 reported that the Board reviewed and approved the final version of the Regulations for Buy/Sell Agreements for Implementation of the Groundwater Transfer Program (the "GTP") (the "GTP Regulations") at the April 25, 2005 special meeting. Mr. Schindewolf added that the GTP Regulations are now available on the Authority's website.

### **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 on the progress of condemnation hearings concerning Project 7C. Mr. Breeding also reported that the ROW/Easement Acquisition Team was preparing title work to acquire parcels for Project 6B.

### **ENGINEER MANAGER'S REPORT**

Mr. Rolen next presented the Engineer Manager's Report, a copy of which is attached hereto. Mr. Rolen noted that there are currently nine (9) GTP projects and three (3) new GTP projects that will soon be underway.

Concerning Project 1A, Mr. Rolen reported that Jalco, Inc. ("Jalco") had installed approximately 95% of the pipe on such project, including an additional 383 feet of pipe installation during the prior month, and that the final 151 feet of tunneling had been completed.

Mr. Rolen then reported that Triple B Services, L.L.P. had substantially completed Project 1A-1.

Mr. Rolen went on to report that the contractor for Project 1B, Huff & Mitchell, Inc., has installed approximately 87% of the pipe on such project, including 95% of the water line installation down Wunderlich, and that the tunneling under FM 1960 is complete. Mr. Rolen noted that the tie-in to Wunderlich would be scheduled in May.

Mr. Rolen then reported that Calco Contracting, Ltd. ("Calco") has completed the clearing on Project 1C-1, both tunnels under Bammel N. Houston Road, the tunnel under Beltway 8, and approximately 94% of the pipe on such project has been installed.

Concerning Project 4, Mr. Rolen reported that Texas Sterling Construction L.P. has completed all of the tunneling on such project, and that 559 feet of 48-inch pipe, 22 feet of 42-inch pipe, 150 feet of 36-inch pipe and 220 feet of 16-inch pipe had been installed during the previous month.

Mr. Rolen next reported that Friedel Drilling Company, the contractor for Project 5, had completed the pilot test hole, logging and water sampling at the Louetta Regional Water Plant (the "Louetta Plant") site and has begun plugging the pilot test hole and clean-up of the site.

Mr. Rolen then noted that the Project 6 contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott"), has completed installation of the pipe and had begun testing of the line and clean-up work on such project.

Concerning Project 6A, Mr. Rolen reported C.E. Barker, Ltd. has completed the clearing work and installed 1,460 feet of 12-inch pipe and completed 68 feet of the tunneling on such project.

Concerning Project 7A, Mr. Rolen reported that a Notice to Proceed was issued on April 18, 2005 to Calco and mobilization is scheduled for early May.

Mr. Rolen then reported that D.L. Elliott, the contractor for Project 7B, had completed 165 feet of tunneling and started taking delivery of the pipe, which they will begin installing in May.

Mr. Rolen then reported that the Notice to Proceed was issued to Jalco on April 18, 2005 for Project 7C, Contract 1, and approximately 80% of the clearing work has been completed, and that the contractor had started taking delivery of the pipe to be installed for such project.

Mr. Rolen then reported that a Notice to Proceed was issued to Ramos Industries, Inc. on April 25, 2005 for Project 7C, Contract 2, and clearing work on such project is underway.

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

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

Mr. Rolan reported that to date, a total of 13.1 miles of pipe had been installed by the Authority.

Mr. Rolan noted that he and the engineering management team had also assisted with the development of the revisions to the GTP Regulations and had participated in the development of the offering document for the Authority's pending bond sale. Mr. Rolan added that assistance had also been provided on Authority legislative issues during the month.

Mr. Rolan also reported that the engineering management team had finalized the Authority's Master Storm Water Quality Management Plan and submitted it to Harris County for review and approval.

In conclusion, Mr. Rolan reported that the engineering management team had recently submitted engineering reports for three (3) GTP systems to the TCEQ for review and approval.

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

Mr. Schindewolf then called on Mr. Bresnen for a report on legislative activity. Mr. Bresnen noted that there are only 28 days remaining in the 79<sup>th</sup> Legislative Session and gave a brief summary of legislative matters. Mr. Bresnen reported that the Authority's bill, Senate Bill 331, had passed the Senate and was currently pending in the House and was moving along smoothly. Concerning Senate Bill 3, a water bill sponsored by Senator Kenneth Armbrister and Governor Rick Perry, Mr. Bresnen reported that he testified against the bill, and that Senator Jon Lindsay had been instrumental in the removal of the proposed \$0.13 per 1,000 gallon fee on water that was included in such bill. Director Pulliam asked how the \$0.13 per 1,000 gallon fee was going to be used by the State of Texas (the "State"). Mr. Bresnen responded that the fees would have been deposited into a State general water fund. Mr. Bresnen noted that the Authority had reason to thank Senator Lindsay for his efforts in connection with the removal of the water fees. Director Rendl added that he was glad that the matter was able to be handled without jeopardizing the Authority's Senate Bill 331.

#### ATTORNEY'S REPORT

Ms. Bobbitt stated she had nothing additional to report.

## **REGULAR AGENDA**

### **RESOLUTION HOHNORING SENATOR JON LINDSAY**

Director Rendl then read a Resolution Honoring Senator Jon Lindsay (the "Resolution") concerning his successful effort in removing the proposed \$0.13 per 1,000 gallon tax on water that had been included in Senate Bill 3, garnering the support of his colleagues on the Senate Natural Resources Committee and defeating the proposed tax. A copy of the Resolution is attached hereto. 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 adopt the Resolution.

### **APPROVAL OF THE MINUTES**

Director Fessler then asked for approval of the minutes of the regular meeting of April 4, 2005, previously distributed to the Board. Upon motion by Director Pulliam, seconded by Director Rendl, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of April 4, 2005, as written. Approval of the minutes of the special meeting of April 25, 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 March 31, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for three (3) months of the year reflects that the Authority is approximately \$347,000 under budget for the fiscal year ending December 31, 2005.

Upon motion by Director Pulliam, seconded by Director Rendl, 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**

#### **STATUS OF THE ISSUANCE OF THE AUTHORITY'S SENIOR LIEN REVENUE BONDS SERIES 2005 (THE "SERIES 2005 BONDS")**

Mr. Schindewolf reported that at the special meeting of April 25, 2005, Mr. Shepherd presented each Board member with a copy of the Bond Sale Pricing Booklet and briefed the Board regarding the details of the sale of the Authority's Series 2005 Bonds. Mr. Schindewolf then called on Mr. Shepherd to deliver a brief summary on the sale of the Series 2005 Bonds for the benefit of those members of the audience who were not present at the special Board meeting.

Mr. Shepherd reported that the sale of the Series 2005 Bonds took place on April 21, 2005, and that the final Official Statement had been completed and distributed via email. Mr. Shepherd went on to explain that the par amount of the Series 2005 Bonds was \$93,875,000, with a reoffering premium of \$5,127,106.45, and interest cost was 4.6833259%. Mr. Shepherd noted that the

Authority's Series 2003 Bonds had an interest rate of 5.05%. Mr. Shepherd stated that funding on the Series 2005 Bonds is scheduled on or about May 25, 2005. Mr. Shepherd concluded with acknowledgements to all of the participants assisting with the sale of the Series 2005 Bonds.

CONFIRM UPCOMING MEETING DATES

Director Fessler then stated that the next regular meeting of the Board would be held on Monday, June 6, 2005.

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

PASSED, APPROVED AND ADOPTED this 6<sup>th</sup> day of June, 2005.

/s/Lenox A. Sigler

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Assistant Secretary, Board of Directors

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