

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
October 2, 2006

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 October, 2006, 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:

Alan J. Rendl	President
Kelly P. Fessler	Vice President
Lenox A. Sigler	Secretary
James D. Pulliam	Treasurer
Ron Graham	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; Mr. Paul Nelson, Planning and GIS 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 Inc. ("TCB"), Engineer Manager for the Authority; Messrs. Jim Thompson, President, and Steve Berckenhoff, Officer in Charge of Houston Office, of TCB; Mr. Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Messrs. Robert Ybanez, P.E. and Joe Castronovo, P. E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Carl D. McConnell P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, Inc. ("AEI"), on-call engineers for the Authority; Messrs. Buddy Barnes, P.E. and Mike Bagstad, P.E. of Carter & Burgess, Inc. ("Carter & Burgess"), a subcontractor to AEI for Projects 6A and 15A; Mr. W. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Pardha Namuduri, 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 on several Authority projects; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. ("Severn Trent"), operators for the Authority; Mr. Mike Voinis, P.E. of Cobb Fendley & Associates, Inc., right-of-way ("ROW")/easement acquisition consultants for the Authority; Mr. Mark Breeding of Andrews Kurth LLP, ROW/easement acquisition attorneys for the Authority; Mr. H. Cecil Allen, P.E.; and Ms. Robin S. Bobbitt of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB"), 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 at the meeting 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.

STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION COORDINATOR

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

Ms. Payne first reported that the Authority's website had 49,887 hits for the month of September.

Ms. Payne then announced that a new water conservation video message for kids would be coming soon on the www.StopTheDrop.org website.

Ms. Payne next announced that the Mobile Teaching Lab is booked throughout the month of October at the following locations: Cy-Fair Independent School District ("ISD") schools, including Dean Middle School, Thornton Middle School, Biley Middle School and Spillane Middle School. Ms. Payne also noted that the Mobile Teaching Lab will appear at several fall festivals on October 28th and 29th.

Ms. Payne then reported that the Authority and Harris County Water Control & Improvement District No. 132 ("HCWCID 132") will co-sponsor "Got Rot?, a Compost Day in the Garden", on Saturday, November 4, 2006, at the HCWCID 132 Water Conservation Garden.

Ms. Payne then announced that Reid Road Municipal Utility District has donated 570 *Water Is Life* coloring books to Cy-Fair ISD for Francone Elementary School and that Northwest Harris County Municipal Utility District No. 23 has donated six (6) classroom sets of Journey to Pansophigus for use in Spring ISD.

Ms. Payne then publicly recognized Mr. Thompson and Mr. Berckenhoff and announced that TCB had joined the Journey to Pansophigus Sponsor's Circle by donating \$5,000 for the purchase of 1,000 books. The Board expressed their appreciation to TCB for their donation.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto, and noted that miscellaneous correspondence was included in the meeting packet.

Mr. Schindewolf commended the Geographic Information System team members for the excellent and informative presentation at the September meeting and reported that Ms. Plunkett and Mr. Nelson are working together to streamline the Authority's pumpage reporting and billing system. Mr. Schindewolf also noted that the staff is working with CLR, Inc., Ms. Payne and Texas Network to develop an "on-line" pumpage reporting system for the submittal of quarterly pumpage data.

STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Schindewolf then called on Mr. Breeding to give the status report on the various ROW/easement acquisitions by the Authority.

Mr. Breeding reported that the ROW/easement acquisitions for the 2010 Groundwater Transfer Project 15A, which will run along Louetta Road and connect Projects 6 and 7C-1, have progressed well. Mr. Breeding stated that three (3) condemnation cases have been filed and that several cases had been settled two (2) weeks ago. Concerning Project 10, which will run along T. C. Jester and connect Projects 1A and 7C, Mr. Breeding stated that the project was unique in that there are only five (5) property owners to deal with for the necessary easement acquisitions. Mr. Breeding added that the ROW/Easement Acquisition Team is working on obtaining the proper title information on Project 10. Mr. Breeding also reported that there are four (4) pending lawsuits.

UPDATE ON 2010 WATER DISTRIBUTION AND TRANSMISSION SYSTEM - PHASE 1 GROUNDWATER TRANSFER PROGRAM (THE "GTP")

Mr. Schindewolf next called on Mr. Rolen to review the status of the various GTP projects.

ENGINEER MANAGER'S REPORT

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

Mr. Rolen first reported that Project 1C-2 is complete and acceptance of such project by the Authority will be on a future agenda.

Mr. Rolen then reported that Project 7C-1 is substantially complete, and that the contractor for such project is working on the final punch list items.

Mr. Rolen went on to report that the Authority's Supervisory Control and Data Acquisition ("SCADA") system contractor, Mercer Controls, Inc., has completed the installation of conduits and pads at various sites, and that AT&T is continuing with the installation of the communication portion of the SCADA system. Mr. Rolen added that the SCADA equipment has been installed at 80% of the sites and the central control station is being installed.

Mr. Rolen then noted that no additional pipe was installed during the prior month and that to date, the Authority has installed a total of approximately 28.6 miles of water line ranging in size from 12-inch to 60-inch.

Mr. Rolen next reported that the City of Houston (the "City") has retained a firm to audit the costs associated with the construction of the Greens Road water line, in accordance with the provisions of the Interlocal Cost Sharing Agreement by and between the City and the Authority. Mr. Rolen further reported that the City is in the process of resolving outstanding issues on the final two (2) water line projects, which when resolved, will allow the projects to be submitted to City Council for final acceptance.

Mr. Rolen then reported that the GTP system continues to operate effectively, and that approximately 1.9 million gallons of water per day had been sold to Buyer districts during September.

Concerning other activities, Mr. Rolen reported that they continue to monitor engineering efforts on Projects 6B-2, 10 (A and B), 15A, and the 2010 transmission line and the siting study for

the Spears Road Regional Pump Station. Mr. Rolen noted that during the prior month, the Engineer Manager has also worked on other items on behalf of the Authority, such as assisting with ROW/easement acquisitions, providing construction administration and project representation on construction projects, monitoring the operation of the GTP South and West Systems, providing oversight on behalf of the Authority of Severn Trent's activities, assisting the Authority in accomplishing various tasks needed to finalize the purchase of the former Hewlett-Packard water well, and assisting with the GIS update.

Director Sigler then entered the meeting at 7:16 p.m.

ATTORNEY'S REPORT

Ms. Bobbitt then reported that JRPB is currently preparing a memorandum to concerning the new conflict disclosure requirements reflected in House Bill 914 that became effective January 1, 2006 and added Chapter 176 to the Local Government Code, such memorandum to prescribe certain disclosure requirements for contractors bidding on Authority projects.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Rendl then asked for approval of the regular meeting minutes of September 11, 2006, previously distributed to the Board. Upon motion by Director Graham, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of September 11, 2006, as written.

FINANCIAL ASSISTANT'S REPORT

Director Rendl 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 August 31, 2006, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the eight (8) month period ending August 31st reflects that the Authority is approximately \$4,129,522 under budget for the fiscal year ending December 31, 2006.

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 Financial Report, the monthly investment report and the checks being presented for payment.

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES AND CODE OF ETHICS FOR THE INVESTMENT OF AUTHORITY FUNDS

Ms. Plunkett reported that the Authority is required by the Public Funds Investment Act to review its Investment Policy and investment strategies each year, as well as to review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Authority. Ms. Plunkett recommended that the Board adopt the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of Authority Funds, found behind Tab 6 of the

meeting packet. Upon motion by Director Pulliam, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Regarding Annual Review of Rules, Policies and Code of Ethics for the Investment of Authority Funds, a copy of which is attached hereto, along with a copy of Ms. Plunkett's memorandum regarding her recommendation.

ADOPT AMENDED RESOLUTION DETERMINING AND ADOPTING PREVAILING WAGE RATES FOR CONSTRUCTION PROJECTS (THE "RESOLUTION")

Mr. Schindewolf then explained that governmental entities in the State of Texas are required to adopt prevailing wage rates that then become part of the construction contracts entered into by that entity. Mr. Schindewolf noted that the Authority falls under such requirements, as reflected in the Texas Water Code, and that on November 3, 2003, the Board had adopted the prevailing wage rates of the City. Mr. Schindewolf went on to explain that on December 20, 2005, Harris County (the "County") Commissioners Court adopted new prevailing wage rates and job classifications for both Road and Bridge Construction Projects and Building Construction Projects, such rates being the same as the U. S. Department of Labor ("DOL") Davis-Bacon determinations. Mr. Schindewolf further explained that since the wage rate determinations are subject to change, the County Commissioners Court gave the County Contract Compliance Officer the authority to modify the County's wage rates and job classifications on a quarterly basis, as may be needed. Mr. Schindewolf added that on February 1, 2006, the City adopted the same prevailing wage rates as the DOL and the County. Mr. Schindewolf then reported that since the County is now taking the lead role on prevailing wage rates, he is recommending that the Authority adopt the County's prevailing wage rates and job classifications, and that the Authority's General Manager be given the authority to implement new wage rates and job classifications as they are revised and published by the County Contract Compliance Officer. Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto.

APPROVE AND AUTHORIZE EXECUTION OF CONTRACT FOR PROFESSIONAL SERVICES WITH STEVE BRESNEN & ASSOCIATES FOR 2007-2008

Mr. Schindewolf next presented the proposed Contract for Professional Services with Steve Bresnen & Associates (the "Contract") for services as the state governmental affairs consultant to the Authority for the Board's approval and execution. Mr. Schindewolf stated that the term of the contract is a two (2) year period beginning January 1, 2007 and ending December 31, 2008, and that the total contract amount is \$260,000, being the same contract amount as the existing contract with Mr. Bresnen. Mr. Schindewolf then recommended that the Board approve the proposed Contract.

Director Graham asked Mr. Bresnen to discuss what topics of interest will be presented at the upcoming 2007 Legislative Session. Mr. Bresnen briefly reported that the Senate Natural Resources Committee has been holding hearings all over the State, and that he anticipates that the updating of the State's water plan will be of major interest. Director Rendl noted that it is very important for the Authority to have Mr. Bresnen monitoring legislative bills during the legislative session. Mr. Bresnen stated that he is proud to have represented the Authority since its inception. A discussion ensued concerning the number of freshman members in the Senate and House of

Representatives this session and the need to educate and brief them on Authority issues. Director Pulliam asked if interbasin transfers will be a legislative item this session. Mr. Bresnen responded that the interbasin transfer issue will more than likely be addressed on a region-by-region basis, rather than on a statewide basis. Director Pulliam then commended Mr. Bresnen for his excellent work on behalf of the Authority. Upon motion by Director Pulliam, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize the execution of the Contract, a copy of which is attached hereto.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH H. CECIL ALLEN, P. E. (THE "AGREEMENT")

Mr. Schindewolf then introduced Mr. Allen to the Board and explained that Mr. Allen had retired from TCB on March 1, 2006 after 43 years of service with that firm. Mr. Schindewolf noted that Tab 9 of the meeting packet includes a proposed Agreement for Professional Consulting Services with H. Cecil Allen, P. E. and a copy of Mr. Allen's resume, copies of which are attached hereto. Mr. Schindewolf stated that he is recommending entering into an agreement with Mr. Allen, based on Mr. Allen's particular expertise in the negotiation, development, administration and interpretation of engineering design contracts, construction contracts and construction administration. 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 General Manager to negotiate and enter into an Agreement with Mr. Allen.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES FOR ON-CALL ENGINEERING SERVICES WITH CARTER & BURGESS, INC.

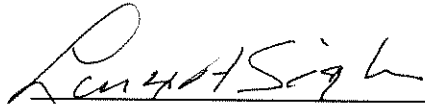
Mr. Schindewolf then explained that Carter & Burgess had previously served as a major engineering design subconsultant to AEI on Authority Project 6A and is currently serving in that same capacity to AEI on Project 15A. Mr. Schindewolf stated that the work that has been performed by Carter & Burgess has been of high quality, and that he is recommending that the Board authorize the General Manager to negotiate and enter into Agreement for Professional Engineering Services for on-call engineering services with Carter & Burgess. Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager to negotiate and enter into an Agreement for Professional Engineering Services with Carter & Burgess.

CONFIRM UPCOMING MEETING DATE

Director Rendl then stated that the next regular meeting of the Board will be held on Monday, November 6, 2006, at 7:00 p.m. at the Authority's office.

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

PASSED, APPROVED AND ADOPTED this 6th day of November, 2006.



Secretary, Board of Directors



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