

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
November 6, 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 6th day of November, 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; Mr. H. Cecil Allen, P.E., consultant to 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"), Program Manager for the Authority; Messrs. David Scholler, P.E. and Charles Shumate, P.E. of Brown & Gay Engineers, Inc. ("Brown & Gay"), on-call engineers for the Authority; Mr. John Peyton, P.E. of CLR, Inc. ("CLR"), on-call engineers for the Authority; Mr. Joe Castronovo, P.E. of Jones & Carter, Inc. ("Jones & Carter"), on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation ("Dannenbaum"), 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., Hoyt Brown, 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 ("LBG-Guyton"), on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc. ("Binkley & Barfield"), 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; 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 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.

BOARD MEMBER COMMENTS

Director Rendl encouraged everyone to vote in the upcoming November 7, 2006 election.

Director Pulliam reported that he had participated in the very successful "Compost Day in the Garden" event that was held on Saturday, November 4, 2006, at the Harris County Water Control and Improvement District No. 132 ("HCWCID 132") Water Conservation Garden. Director Pulliam noted that the event had been co-sponsored by HCWCID 132 and the Authority.

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 47,947 hits for the month of October.

Ms. Payne then announced that a new water conservation video message for kids is now online on the www.StopTheDrop.org website.

Ms. Payne went on to report that the Mobile Teaching Lab has completed a six (6) week tour of the Cy-Fair Independent School District ("Cy-Fair ISD") schools. Ms. Payne extended special thanks to Ms. Laurie Fowlkes, a Cy-Fair ISD middle school science teacher, for all of her hard work. Ms. Payne also reported that Ms. Donna Christy, 6th grade science teacher at Goodson Middle School, had sent a PowerPoint presentation of her students using the Mobile Teaching Lab. Ms. Payne next reported that the Mobile Teaching Lab made an appearance on October 28th at a fall festival sponsored by Timber Lane Utility District and at a fall festival sponsored by Post Wood Municipal Utility District, Tattor Road Municipal Utility District and Harris County Municipal Utility District No. 43 on October 29th.

Concerning the "Compost Day in the Garden" event held on Saturday, November 4, 2006, Ms. Payne noted that Directors Rendl and Pulliam attended the event, and that the upcoming edition of Waterlines will contain an article entitled *Scoop on Composting*.

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 reported that a Budget Workshop would be held at the offices of the Authority on Wednesday, November 15, 2006, at 6:00 p.m. and also announced that the Budget

Public Hearing would be held at 6:00 p.m. on Monday, December 4, 2006, prior to the regular meeting on that date.

STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Schindewolf first reported that he, Mr. Breeding, Mr. Rolan and Mr. Paul Vining had met with Mr. John Blount, Deputy Director of the Harris County Infrastructure Department, and Mr. Chuck Brack, Assistant County Attorney for Harris County (the "County"), regarding a proposed interlocal agreement by and between the County and the Authority concerning Project 17. Mr. Schindewolf noted that he will be bringing the proposed agreement to the Board for consideration at a future meeting. 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 Project 15A, which will run along Louetta Road and connect Projects 6 and 7C-1, have progressed well. Mr. Breeding stated that there are four (4) pending condemnation cases, three (3) hearings this week and one (1) scheduled after the Thanksgiving break. Concerning Project 10, which will run along T. C. Jester and connect Projects 1A and 7C, Mr. Breeding stated that the ROW/acquisition team is working to obtain easements from four (4) utility districts and easements that cross County property. Mr. Breeding added that many of the parcels have now been acquired for Project 10.

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

Mr. Schindewolf then called on Mr. Rolan to review the status of the various GTP projects.

PROGRAM MANAGER'S REPORT

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

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

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

Mr. Rolan 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 all sites, and that the central control equipment is installed and AT&T is continuing with the installation of the communication portion of the SCADA system.

Mr. Rolan 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") is still resolving outstanding issues on the final two (2) Greens Road 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 1.8 million gallons of water per day had been sold to Buyer districts during October.

Concerning other activities, Mr. Rolen reported that TCB continues 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 Program 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 with the GIS update, preparing the draft 2007-2008 Capital Improvement Plan and working on the draft 2007 budget and developing the content/format of a form to be used by utility districts to provide asset information for the Authority's database.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she did not have anything to report.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Rendl then asked for approval of the regular meeting minutes of October 2, 2006, previously distributed to the Board. 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 the minutes of the regular meeting of October 2, 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 September 30, 2006, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the nine (9) month period ending September 30th reflects that the Authority is approximately \$2,884,361 under budget for the fiscal year ending December 31, 2006.

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.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AMENDED AND RESTATED AGREEMENTS FOR PROFESSIONAL ENGINEERING SERVICES

Mr. Schindewolf next reviewed a memorandum to the Board located at Tab 6 of the meeting packet concerning the proposed Amended and Restated Agreements for Professional Engineering Services. Mr. Schindewolf explained that the Authority had previously entered into Agreements for Professional Engineering Services with LBG-Guyton, Alexander Engineering, Inc. (now known as AEI), Brown & Gay, Dannenbaum, Cobourn Linseisen & Ratcliff, Inc. (now known as CLR), Jones & Carter, Pate Engineers, Inc., ARCADIS, Klotz Associates, Inc., Binkley & Barfield and Epsilon Engineering, Inc. (now known as Edwards & Kelcey, Inc.). Mr. Schindewolf also noted that the Board authorized him to negotiate and enter into an Agreement for Professional Engineering Services with Carter & Burgess at the October 2, 2006 meeting. Mr. Schindewolf explained that the engineering firms have been responsible for the design of 21 construction projects that combine to make up the three (3) segments of the GTP system and total approximately \$67 million in construction costs. Mr. Schindewolf noted that questions have arisen as to the interpretation of various terms, conditions and provisions contained within the Authority's standard form of the Agreement for Professional Engineering Services (the "Form Agreement"). Mr. Schindewolf noted that Mr. Allen had been engaged to conduct an independent and thorough review of the Authority's Form Agreement and provide specific recommendations as to how the Form Agreement should be revised, updated and/or amended. Mr. Schindewolf went on to explain that upon the completion of Mr. Allen's review, Mr. Rolan, Ms. Bobbitt and Mr. Nandagiri were consulted to review Mr. Allen's recommendations, and Ms. Bobbitt was charged with the duty of preparing the form of Amended and Restated Agreement for Professional Engineering Services (the "Amended and Restated Form Agreement"), which has been included at Tab 6 of the meeting packet. Mr. Schindewolf then recommended that the Board approve the proposed Amended and Restated Form Agreement. 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 Amended and Restated Form Agreement.

Director Fessler then commented that the Amended and Restated Form Agreement appears to be a nice piece of work. Director Pulliam commented that it was a good form of agreement.

2007 HOLIDAY SCHEDULE

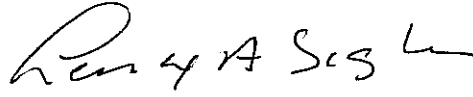
Mr. Schindewolf then presented the 2007 Holiday Schedule for the Board's approval, a copy of which was included in the Board meeting packet and is attached hereto. Mr. Schindewolf noted that the schedule basically tracks the schedule adopted by the County Commissioner's Court. Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 2007 Holiday Schedule.

CONFIRM UPCOMING MEETING DATE

Director Rendl then stated that a Budget Workshop will be held on Wednesday, November 15, 2006, at 6:00 p.m.; a Budget Public Hearing will be held on Monday, December 4, 2006, at 6:00 p.m.; and the next regular meeting of the Board will be held on Monday, December 4, 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 4th day of December, 2006.



Secretary, Board of Directors



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