

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
February 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 6<sup>th</sup> day of February, 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:

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., Stan Sarman, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden ("TCB"), Engineer Manager for the Authority; Mr. Wayne Ahrens, 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. Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Messrs. Buddy Barnes, P.E. and Michael Bagstad, P.E. of Carter & Burgess, Inc., a subcontractor to AEI Engineering, Inc. for Projects 6 and 6A; Mr. David Krukewitt, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Al Hernandez, P.E. of Terracon Consultants, Inc., on-call engineers for the Authority; Mr. John Peyton, P.E. of Cobourn Linseisen & Ratcliff, Inc., on-call engineers for the Authority; Mr. Pardha Namuduri, P.E. of Klotz 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. Mark Breeding of Andrews Kurth LLP, right-of-way ("ROW")/easement acquisition attorneys for the Authority; Mr. Mike Voinis, P.E. of Cobb Fendley & Associates, Inc., ROW/easement acquisition consultants for the Authority; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. ("Severn Trent"), operators for the Authority; Ms. Kim Cannon Jackson, staff writer for The Houston Chronicle; Mr. Mike Marcotte, Director of Public Works and Engineering for the City of Houston (the "COH"); Mr. Jeff Taylor, Deputy Director of Public Utilities for the COH; Mr. Paul Nelson, former Deputy Director of Planning and Development for the COH; Mr. Tim Lincoln, Senior Assistant Director, Engineering and Construction Division of the COH; Mr. Aldo Ranzani, Managing Engineer of the COH; Mr. Rafael Ortega, P.E. of Lockwood Andrews Newnam, engineers for the COH on the Greens Road Water Line Project; 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.

RECOGNITION AND ACKNOWLEDGMENT OF THE AUTHORITY'S PARTNERSHIP WITH THE COH IN CONNECTION WITH THE GREENS ROAD WATER LINE PROJECT

Mr. Schindewolf first introduced the representatives of the COH in attendance at tonight's meeting, and stated that the Authority is extremely proud of the fact that the COH provided the Authority with the opportunity to participate and be a major partner in the Greens Road Water Line Project (the "Greens Road Project"). Mr. Schindewolf noted that the Greens Road Project included the installation of nine (9) miles of 66-inch water line, which will be used to convey surface water from the COH's Northeast Water Purification Plant to the Bush Intercontinental/Greenspoint area with the project beginning at the connection to the COH 84-inch water line at Beltway 8 and U.S. 59 and ending at the intersection of Greens Road and Greenspoint Drive. Mr. Schindewolf further stated that the Greens Road Project had been completed ahead of schedule and under budget. In addition, Mr. Schindewolf commended Mr. Rolen, Mr. Stan Sarman, Mr. Crisci, Mr. Nandagiri, Ms. Bobbitt and Mr. Paul Vining of TCB for their involvement and assistance in the Greens Road Project on behalf of the Authority.

Director Rendl then congratulated the COH representatives and expressed his appreciation to the COH representatives, the Authority staff and consultants for their work on the Greens Road Project. A copy of Director Rendl's statement is attached hereto.

Mr. Marcotte then addressed the Board and commended the work of the three (3) construction contractors who worked on the project segments, including Texas Sterling Construction, L. P. ("Texas Sterling"), E. P. Brady, Ltd. ("E. P. Brady") and BRH Garver Construction LP.

The COH representatives then exited the meeting at 7:13 p.m.

PUBLIC COMMENTS

Director Fessler then recognized Mr. Bob Bell of Fountainhead Municipal Utility District ("Fountainhead MUD"), who asked about the status of the Buy/Sell Agreements with utility districts now that Fountainhead MUD is receiving water in the Groundwater Transfer Program (the "GTP"). Mr. Schindewolf asked that Mr. Rolen respond to Mr. Bell's question during the Engineer Manager's Report.

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 49,473 hits for the month of January. Ms. Payne reminded the Board that there are four (4) new water conservation brochures available for use by the utility districts within the Authority and noted that several utility districts had already ordered copies to distribute to their customers.

Ms. Payne next reported that Ms. Shazia Ashraf is the Educator of the Month at Winship Elementary School in Spring Independent School District, and that she was very impressed with the Authority's Mobile Teaching Lab.

Ms. Payne next reported that a workshop regarding the Authority's Mobile Teaching Lab for 72 science teachers of Humble Independent School District is scheduled for Friday, February 10, 2006.

Ms. Payne then commended Ms. Jackson on the informative and helpful articles she has written regarding the Mobile Teaching Lab and the Authority's water conservation program and congratulated her on the upcoming birth of her baby.

#### GENERAL MANAGER'S REPORT

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

Mr. Schindewolf then stated, in response to Mr. Bell's inquiry earlier in the meeting, that there are presently five (5) utility districts identified as Buyers of water from the Authority. Mr. Schindewolf went on to explain that water is being delivered to Northwest Harris County Municipal Utility District No. 21, Northwest Harris County Municipal Utility District No. 22, Northwest Harris County Municipal Utility District No. 23, Fountainhead MUD and Malcomson Road Utility District ("Malcomson Road UD"). Mr. Schindewolf noted that Severn Trent is now operating the Authority's water transmission lines.

#### 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 6B, Mr. Breeding reported that there is one (1) pending settlement and two (2) condemnation cases remaining. Mr. Breeding also reported that the ROW/Easement Acquisition Team is negotiating with Harris County regarding the acquisition of several parcels. Mr. Schindewolf noted that the Director of the Harris County Flood Control District had recently commended the efforts and suggestions of the ROW/Easement Acquisition Team.

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

Mr. Schindewolf next called on Mr. Rolan to review the status of the various GTP projects, as outlined below.

## ENGINEER MANAGER'S REPORT

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

Mr. Rolan first reported that the Project 5B contractor, Calco Contracting Ltd. ("Calco"), has substantially completed the project and acceptance of the project by the Authority is on tonight's agenda.

Mr. Rolan further reported that Project 1A, Project 1A-2 and Project 1B are now substantially complete.

Mr. Rolan then reported that R&B Group, Inc. has completed a portion of Project 1C-2, which is now in service, and continues to work on completing the remainder of the project.

Concerning Project 4, Mr. Rolan reported that Texas Sterling has substantially completed such project, and that a recommendation for the Authority to accept such project will be provided soon.

Mr. Rolan went on to report that the Project 5A contractor, Friedel Drilling Company, has completed both water wells and is working on final site cleanup. Texas Commission on Environmental Quality (the "TCEQ") approval has been received to place the Jasper well in service, and the Authority is currently waiting to receive TCEQ approval on the Evangeline well.

Mr. Rolan next reported that E. P. Brady, contractor for Project 5C, has completed the clearing and grubbing work on such project, and that delivery of the pipe is scheduled for the middle of February, 2006.

Mr. Rolan then noted that the Project 6 contractor, D.L. Elliott Enterprises, Inc. ("D.L. Elliott"), has completed the testing of all the water line and is now finalizing the site grading and preparing for the final walk-through on the project.

Concerning Project 6A, Mr. Rolan reported that C.E. Barker, Ltd. has completed the installation of the 30-inch pipe and 36-inch pipe and the testing of the lines and is in the process of making the connections to the district facilities.

Mr. Rolan next reported that E. P. Brady has completed the tunnel construction, installation and testing of the water line on Project 6B, Contract 1 and that, earlier today, the project had been placed in service and able to deliver water to Malcomson Road UD.

Concerning Project 7A, Mr. Rolan reported that Calco has substantially completed the project and is working on project clean-up work.

Mr. Rolan next reported that in connection with Project 7A-1, Calco has completed an additional 1,744 feet (83%) of 16-inch water line, completed 100% of the auger construction, including the crossing under FM 1960, and is working on installing the remaining 16-inch line within the plant site and the connection to the district plant.

Mr. Rolan went on to report that D.L. Elliott, the contractor for Project 7B, has completed all of the tunneling work and installation of the 42-inch and 48-inch pipe on such project. Mr. Rolan noted that the contractor has tested 80% of the lines and is in the process of cleaning up the construction site.

Mr. Rolan then reported that Jalco, Inc., the contractor for Project 7C, Contract 1, has completed installation of the pipe, completed 75% of the testing of the line and is in the process of cleaning up the construction site.

Mr. Rolan next stated that Ramos Industries, Inc., the contractor for Project 7C, Contract 2, has installed all the water line, tested approximately 95% of the water line and is continuing with site clean-up work.

Mr. Rolan then reported that the Notice to Proceed was effective January 16, 2006 for the Authority's Supervisory Control and Data Acquisition ("SCADA") system and that the contractor, Mercer Controls, Inc., has begun the submittal process.

Mr. Rolan noted that to date, the Authority has installed a total of 27.6 miles of pipe ranging in size from 12-inch to 60-inch. Mr. Rolan added that the Authority has now constructed approximately one-half (½) of the 2010 surface water distribution system. Mr. Rolan further reported that the GTP South System currently is providing service to five (5) Buyer districts, and four (4) of the five (5) Seller districts are providing water. Mr. Rolan also noted that the GTP West System currently has Malcomson Road UD as a Buyer with Charterwood Municipal Utility District ("Charterwood MUD") as the next Buyer to be connected.

Concerning other activities, Mr. Rolan reported that engineering design efforts continue on Projects 3, 6B-2, 10, 15A, and the 2010 transmission line. Mr. Rolan stated that during the prior month, the Engineer Manager has also worked on other items, such as assisting with ROW/easement acquisitions, providing construction administration and project representation on construction projects, working with the TCEQ to facilitate and obtain approval to use the relevant projects in the GTP West System, coordinating connections to and startup of the GTP South System with Severn Trent, the Authority's operator, and assisting the Authority in negotiating an agreement to purchase the former Hewlett Packard water well.

A brief discussion next ensued regarding damage to the Authority's transmission line in a utility district caused by the district's construction contractor. Mr. Schindewolf assured the Board that the matter had been resolved.

#### ATTORNEY'S REPORT AND ELECTION AGENDA

Ms. Bobbitt then reported that she and Ms. Dold had met with Mr. John German, Administrator of Elections, and Mr. Tom Moon, Assistant Administrator of Elections, in the Harris County Clerk's Office (the "County"), on Wednesday, February 1, 2006, to discuss the Authority's May 13, 2006 Directors Election. Ms. Bobbitt reported that due to new Texas Election Code requirements, the Help America Vote Act and limited personnel, the County is not able to enter into a full service contract to conduct the Authority's election as the County has done in the past. Ms. Bobbitt explained that in light of the County's decision, the Authority can either handle all of the

duties and responsibilities for conducting the Directors Election in single-member voting Districts 1, 2 and 4, or can approach the school districts located within the boundaries of the Authority to see if they are willing to enter into joint election agreements with the Authority to handle the Authority's Directors Election. Ms. Bobbitt noted that there are several areas in the Authority that there is no entity with which to have a joint election agreement and, therefore, the Authority will have to arrange for polling places, personnel and enter a contract with the County to lease the necessary voting equipment.

Mr. Schindewolf then explained that he had spoken with Ms. Beverly Kaufman, the County Clerk, who suggested that the Authority consider engaging a former employee of the County to serve as an election services consultant to the Authority to assist with the organization and conduct of the Authority's Directors Election. Mr. Schindewolf added that with the Board's concurrence, he and Ms. Bobbitt will proceed with efforts to engage an election services consultant. Further discussion ensued regarding the possibility of contracting with other governmental entities to conduct the Authority's election.

Ms. Bobbitt next reported that the Association of Water Board Directors - Texas (the "AWBD") had sent a letter to the Honorable Roger Williams, Texas Secretary of State, on behalf of the AWBD membership, requesting that the Secretary of State's office reconsider their determination that utility districts must use electronic voting machines in their elections. A copy of the AWBD letter is attached hereto.

Ms. Bobbitt then recommended deferring items 1 and 2 on the Election Agenda concerning the Order Calling Directors Election and the submission letters to the U. S. Department of Justice until the Board's March meeting and requested authorization for the attorney and the General Manager to proceed with contacting other governmental entities regarding their interest and willingness to enter a joint election agreement with the Authority to conduct the Authority's Directors Election in single-member voting Districts 1, 2 and 4, if an election is held in any of the single-member voting Districts. 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 Ms. Bobbitt and Mr. Schindewolf to proceed with contacting and negotiating with an election services consultant and with other governmental entities regarding joint election agreements and to conduct the Authority's Directors Election.

Mr. Schindewolf then recommended that the Board designate Monday, May 22, 2006, as the date for canvassing the Authority's May 13, 2006 Directors Election, if such election is held. Ms. Bobbitt noted that the Texas Election Code requires that canvassing of election returns be done no earlier than three (3) days following the May 13, 2006 election day (May 16, 2006) and no later than 11 days following the election day (May 24, 2006). 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 designate Monday, May 22, 2006, as the canvassing date for the Directors Election.

## REGULAR AGENDA

### APPROVAL OF THE MINUTES

Director Graham then asked for approval of the minutes of the regular meeting of January 9, 2006, previously distributed to the Board. Upon motion by Director Graham, 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 regular meeting of January 9, 2006, as written.

### FINANCIAL ASSISTANT'S REPORT

Director Graham 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 December 31, 2005, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for 12 months reflects that the Authority is approximately \$1,371,311 under budget for the fiscal year ending December 31, 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.

### ACCEPTANCE OF PROJECT 5B

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Calco under their contract with the Authority for Project 5B for construction of the 16-inch water transmission line from Louetta Regional Water Plant to the Charterwood MUD Water Plant, with a final contract amount of \$155,580. Mr. Schindewolf noted that the initial contract bid was in the amount of \$210,785. Mr. Schindewolf also stated that the one (1) year warranty period for the project began on November 21, 2005, the date of the contractor's substantial completion of the project.

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 authorize final acceptance and approval of Pay Estimate No.2 and Final to Calco. Copies of Mr. Schindewolf's letter, Certificate of Completion, and Pay Estimate No. 2 and Final are attached hereto.

### APPROVE AND AUTHORIZE EXECUTION OF PURCHASE AGREEMENT FOR WATER WELL AND RELATED FACILITIES BY AND BETWEEN THE AUTHORITY AND V & W PARTNERS, LTD. (THE "PURCHASE AGREEMENT")

Mr. Schindewolf then reported that the Board had authorized him at the December 5, 2005 meeting to negotiate a Purchase Agreement with V & W Partners, Ltd. ("V & W") for the purchase of the Hewlett Packard Water Well Plant. Mr. Schindewolf stated that negotiations are very close to being concluded and noted that Tab 8 of the meeting packet contained the most current draft of the Purchase Agreement, a copy of which is attached hereto. Mr. Schindewolf further reported that he had spoken with Mr. David Nussbaum, representative of V & W, and Mr. Greer Pagen, attorney for V & W, earlier this afternoon regarding the Authority's comments on the most recent draft of the

Purchase Agreement. Mr. Schindewolf asked the Board to approve and authorize execution of the Purchase Agreement upon its finalization. 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 and authorize execution of the Purchase Agreement, upon finalization of such agreement.

#### PUBLIC COMMENT

Director Graham then recognized Mr. Taylor Broun of Northwest Municipal Utility District No. 10, who asked how soon surface water will be available as a result of the completion of the Greens Road Project. Mr. Schindewolf noted that the Authority is finalizing the alignment of the route to extend the Authority's line from the Greens Road line to the proposed T. C. Jester Pump Station area and will soon begin with preliminary engineering design and real estate acquisition for this project. Mr. Schindewolf emphasized that the Authority's mandate is to convert the first area within its boundary to surface water by no later than January 1, 2010. Mr. Schindewolf then noted that it may be possible to accomplish the conversion earlier, but that we should keep in mind that early conversion could be complicated by provisions within the COH Water Supply Contract.

Director Fessler next recognized Mr. Gordon Landwermeyer of Westador Municipal Utility District, who asked if utility districts within the Authority will receive blended water after the 2010 surface water conversion. Mr. Rolan stated that there will be three (3) scenarios associated with the 2010 surface water conversion: 1) some utility districts will receive 100% surface water; 2) some utility districts will remain solely on their groundwater; and 3) some utility districts will receive surface water and continue to use their groundwater. Mr. Rolan noted that the Authority has not determined exactly which of the utility districts will fall into each scenario.

Mr. Broun then noted that he had attended the AWBD Mid Winter Conference seminar regarding water blending and the potential problems associated with such process and expressed concerns about blending problems the Authority may encounter. Mr. Rolan stated that the West Harris County Regional Water Authority is now delivering surface water to several districts, and to his knowledge, the concerned districts have not had any significant blending problems. Mr. Rolan added that it is still too early to address questions concerning specific water blending issues. Mr. Schindewolf then noted and emphasized that the focus over the last two years has been on implementation of the GTP and now becomes implementation of the 2010 Surface Water Conversion Program which will include a hard look over the next year at the blending issues.

#### CONFIRM UPCOMING MEETING DATE

Director Fessler then stated that the next regular meeting of the Board will be held on Monday, March 6, 2006, at 7:00 p.m.

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 March, 2006.

/s/Alan J. Rendl

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Secretary, Board of Directors

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