

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
April 3, 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 3<sup>rd</sup> day of April, 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. 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., Engineer Manager for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Charles Shumate, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Jay Chapman, P.E. of AEI Engineering, Inc. ("AEI"), on-call engineers for the Authority; Messrs. Buddy Barnes, P.E. and Michael Bagstad, P.E. of Carter & Burgess, Inc., a subcontractor to AEI for Projects 6A and 15A; Mr. David Krukewitt, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Dave Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Pardha Namuduri, P.E. of Klotz Associates, on-call engineers for the Authority; Mr. Sam Khazzoum, P.E. of Edwards and Kelcy, Inc., on-call engineers for the Authority; Mr. John Peyton, P.E. of Cobourn, Linseisen & Ratcliff, Inc., on-call engineers for the Authority; Mr. W. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Mike Voinis, P.E. of Cobb Fendley & Associates, Inc., right-of-way ("ROW")/easement acquisition consultants for the Authority; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc., operators for the Authority; and Mr. Andrew P. Johnson, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, general 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 Fessler extended thanks to Mr. Schindewolf for all of his assistance over the past year while he served as President on the Board. Director Fessler also noted that Mr. Dan Patrick, the Republican candidate for Texas Senate District 7, had recently visited with Mr. Schindewolf in the Authority's office.

## 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 43,516 hits for the month of March. Ms. Payne also reported that Director Rendl had addressed the Lakewood Forest Garden Club and the FM 1960 Businessmen's Organization last month. Ms. Payne reported that the Mobile Teaching Lab had been used at the annual Lake Houston Trash Bash on March 25, 2006 and thanked Mr. Jesse Plunkett for volunteering to wear the alligator costume at the event and Eagle Water Management for transporting the Mobile Teaching Lab to the event.

Ms. Payne went on to report that Spring Independent School District has booked the Mobile Teaching Lab for the months of April and May and will utilize the Authority's water conservation educational program with its fifth (5<sup>th</sup>) grade students. In addition, Ms. Payne further reported that Cy-Fair Independent School District ("Cy-Fair ISD") has booked the Mobile Teaching Lab for six (6) weeks in the fall and will utilize the Authority's water conservation educational program with its sixth (6<sup>th</sup>) grade students. Ms. Payne also reported that Klein Independent School District has requested 5,000 copies of the Journey to Pansophigus books and has scheduled a teacher workshop on the book and teaching materials in August.

Ms. Payne next announced that Harris County Municipal Utility District No. 364 has donated \$1,000 to help sponsor the educational program in the sixth (6<sup>th</sup>) grade at Goodson Intermediate School next fall and a donation of \$5,000 had been received from Transportation, Inc., a company owned by Mr. Russell Cook, to help promote water as a precious commodity.

Ms. Payne then reported that Ms. Laurie Fowlkes, Science Coordinator in the Cy-Fair ISD, is featured as the Educator of the Month.

## 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 thanked Director Fessler for his kind words and noted that the Authority's staff and consultants are outstanding.

Mr. Schindewolf first reported that the May 13, 2006 Directors Election will not be held and that further explanation of such matter will be provided later in the meeting.

## STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Schindewolf noted that Mr. Breeding was not available to attend the meeting tonight and, therefore, he would present a brief status report on the various ROW/easement acquisitions by the Authority.

Mr. Schindewolf reported that the easement acquisition process for Project 6 and Project 6B-2 is extremely close to being completed and that the focus is now on the easement acquisitions for Project 15A. Mr. Schindewolf added that the next easement acquisitions will be for Project 17 to extend the Greens Road water line to T.C. Jester and for Project 10 to connect the Project 1A transmission line along T.C. Jester to the Project 7C Contract 1 transmission line.

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

Mr. Schindewolf next called on Mr. Rolan to review the status of the various Groundwater Transfer Program ("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 next reported that the Project 4 contractor, Texas Sterling Construction, L.P. ("Texas Sterling") has substantially completed the project and acceptance of the project by the Authority is on tonight's agenda.

Mr. Rolan further reported that Projects 5A, 6, 6B-1, 7A and 7C-2 are now substantially complete and acceptance of such projects will likely be on the May 1, 2006 meeting agenda.

Mr. Rolan then reported that Projects 1A and 1B are substantially complete and the contractors for such projects are completing final punch list items and site cleanup work.

Mr. Rolan next reported that R&B Group, Inc. has completed a portion of Project 1C-2, which is now in service, and is working on the electrical switchgear for such project.

Concerning Project 5C, Mr. Rolan reported that E. P. Brady, Inc. has installed 3,560 feet of 60-inch water line to date.

Mr. Rolan reported that C.E. Barker, Ltd., contractor for Project 6A, has substantially completed the project and that the final walkthrough for the project is scheduled.

Mr. Rolan went on to report that in connection with Project 7A-1, Calco Contracting, Ltd. has completed 2,104 feet of 16-inch water line, completed all of the auger construction and is working on the remaining pipe installation within the water plant site, the connection to the plant and site cleanup work.

Mr. Rolan then reported that D.L. Elliott Enterprises, Inc., the contractor for Project 7B, has substantially completed construction work and is working on project cleanup.

Mr. Rolan then reported that Jalco, Inc., the contractor for Project 7C Contract 1, has completed installation of the water line and tested the water line, is working on site cleanup and that a walkthrough is being scheduled.

Mr. Rolan then reported that the Authority's Supervisory Control and Data Acquisition system contractor, Mercer Controls, Inc., has begun installation of the conduits and pads at various locations and continues with the plan submittal process and coordination efforts with telephone and power companies.

Mr. Rolan noted that to date, the Authority has installed a total of 28.3 miles of pipe ranging in size from 12-inch to 60-inch.

Concerning other activities, Mr. Rolan reported that engineering design efforts continue on Projects 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, monitoring the operation of the GTP South and West Systems, and assisting the Authority in negotiating an agreement to purchase the former Hewlett Packard water well.

Director Graham asked would the Hewlett Packard water well be connected to the Authority's line along Louetta. Mr. Rolan responded that during the GTP water from the well, once treated, can be discharged into the Authority line along Louetta and that the necessary connection has already been made.

Concerning the GTP, Mr. Rolan reported that there are currently five (5) Buyer districts and five (5) Seller districts and noted that approximately 2.0 million gallons per day of water is being purchased by the Buyer districts.

Mr. Schindewolf noted that in connection with Project 10, the Authority will host a meeting to discuss the proposed route of this project with residents along T.C. Jester Boulevard. Director Rendl encouraged residents to attend the informational meetings.

#### ATTORNEY'S REPORT AND ELECTION AGENDA

Mr. Schindewolf then called on Mr. Johnson, who presented the Order Declaring Unopposed Candidates Elected to Office and Canceling Election (the "Order") in connection with the May 13<sup>th</sup> Directors Election for the Board's approval, a copy of which is attached hereto. Mr. Johnson explained that since the incumbent directors to be listed on the ballot for the 2006 Directors Election are unopposed, the Authority is not required to hold an election and reminded the Board that it had previously determined that no election would be held if there were no opposed candidates. Mr. Johnson next presented an executed Certificate Regarding Unopposed Candidates to the Board, a copy of which is attached hereto. 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 adopt the Order, thereby declaring Directors Graham, Rendl and Sigler elected to office for a four (4) year term to expire in May 2010.

Mr. Schindewolf stated that a swearing-in ceremony would be scheduled for the May 1, 2006 meeting.

## **REGULAR AGENDA**

### **APPROVAL OF THE MINUTES**

Director Fessler then asked for approval of the minutes of the regular meeting of March 6, 2006, previously distributed to the Board. Upon motion by Director Graham, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of March 6, 2006, 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 February 28, 2006, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the two (2) month period ending February 28<sup>th</sup> reflects that the Authority is approximately \$1,952,469 under budget for the fiscal year ending December 31, 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 approve the Financial Report, the monthly investment report and the checks being presented for payment.

### **ACCEPTANCE OF PROJECT 4**

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Texas Sterling under their contract with the Authority for Project 4 for construction of the 48-inch water transmission line along the CenterPoint easement between Paragon Court and Louetta Road, with a final contract amount of \$5,856,074.88. Mr. Schindewolf noted that the initial contract bid was in the amount of \$5,831,664.00. Mr. Schindewolf also stated that the one (1) year warranty period for the project began on June 10, 2005, the date of the contractor's substantial completion of the project.

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 of Project 4 and approval of Pay Estimate No. 16 and Final to Texas Sterling. Copies of Mr. Schindewolf's letter, Certificate of Completion, and Pay Estimate No. 16 and Final are attached hereto.

Director Graham then asked what caused the final contract amount on Project 4 to be greater than the initial bid amount. Mr. Rolan explained that the extra cost was primarily due to the fact that a large amount of buried debris was encountered which had to be removed and disposed of.

ADOPTION OF RESOLUTION ADOPTING AMENDED AND RESTATED PROCEDURAL RULES OF THE AUTHORITY (THE "RESOLUTION")

Mr. Johnson then reviewed the changes that were made to Section 3.02 of the Procedural Rules concerning the annual election of officers of the Board and explained that since the Authority's biennial directors elections have been changed to the second Saturday in May, the officers of the Authority in future years will be elected annually by the Board at the regular meeting of the Board in June. 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 adopt the Resolution, a copy of which is attached hereto.

ANNUAL ELECTION OF OFFICERS

Director Fessler then opened the meeting to nominations for the officers of 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 to elect Director Rendl as President, Director Fessler as Vice President, Director Sigler as Secretary, Director Pulliam as Treasurer, and Director Graham as Assistant Secretary of the Board. The motion carried, with Directors Fessler, Rendl and Pulliam in favor and Directors Sigler and Graham voting in opposition to the motion.

CONFIRM UPCOMING MEETING DATE

Director Fessler then stated that the next regular meeting of the Board will be held on Monday, May 1, 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 1<sup>st</sup> day of May, 2006.

/s/Lenox A. Sigler

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Secretary, Board of Directors

(SEAL)