

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
January 8, 2007

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 8th day of January, 2007, 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, except Director Fessler, 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. Lisa Sagstetter, Community Relations Coordinator for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Messrs. Tom Rolen, P.E., Curtis Villarreal, P.E. and Steve Berckenhoff, P.E. of Turner Collie & Braden Inc. ("TCB"), Program Manager for the Authority; Mr. Charles Shumate, P.E. and Ms. Melina Silva of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Messrs. Scott Fair and Hugh Clarkson of CLR, Inc. ("CLR"), on-call engineers for the Authority; Mr. Matt Breazaele of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, 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. Hoyt Brown, P.E. and Mike Bagstad, P.E. of Carter & Burgess, Inc., a subcontractor to AEI for Projects 6A and 15A; Mr. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. Pardha Namuduri, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Messrs. Sanjay Ram, P.E. and Chetan Vyas, P.E. of ARCADIS G&M, 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 and Director Pulliam welcomed everyone in attendance and wished them a Happy New Year.

REPORTS

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 43,346 hits for the month of December.

Ms. Payne next reported that there soon will be a new water conservation video on the Authority's www.stopthedrop.org website.

Ms. Payne reported that the Authority has received mail from several classes of students that have visited the Authority's mobile teaching lab at their schools and read two (2) of such letters to the Board.

Ms. Payne next announced that Cypress Forest Public Utility District ("Cypress Forest PUD") has donated 3,600 copies of the Water Is Life coloring book to the Klein Independent School District. Ms. Payne then extended the Authority's thanks to Ms. Linn Smyth, a member of the Board of Cypress Forest PUD, who was in attendance at the meeting.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then wished everyone a Happy New Year and noted that January 7th was his fourth anniversary with the Authority.

GEOGRAPHICAL INFORMATION SYSTEMS TECHNOLOGY UPDATE

Mr. Schindewolf reported that Mr. Nelson, Ms. Payne, Mr. Rolen and representatives of CLR have been updating the Authority's Geographical Information System ("GIS") to include the Authority's 2010 water distribution and transmission lines that have been constructed. Mr. Nelson, assisted by Ms. Payne, then presented an updated report on the GIS, Phase 1 project. Mr. Nelson reported that his goals for the Authority's GIS, Phase 1 project are as follows: 1) create permanent accessible digital records of all plan and profile drawings for all water distribution and transmission projects constructed by the Authority; 2) create permanent accessible digital records of all easements and related documents pertaining to Authority construction projects; and 3) create tagged system attributes (lines, meters, valves, etc.) with a unique identifier assigned to each. Mr. Nelson reported

that he and the GIS team are also in the process of updating the boundaries of the utility districts within the Authority and asked those in attendance at the meeting to have their engineers send their current boundary information to the Authority to assist in his efforts. Mr. Nelson added that Phase 1 of the GIS project should be completed by April 26, 2007.

Mr. Nelson next reported that he and the GIS team are also developing an Online Pumpage Reporting System (the "OPRS") that will allow well owners or their agents to report their well meter readings to the Authority online. Mr. Nelson stated that the OPRS will generate an invoice that includes the meter reading, the pumpage fees and any credits due to the well owner. Mr. Nelson noted that the Authority will schedule a series of workshops for well owners and other interested parties on how to use the OPRS. Ms. Plunkett then demonstrated the OPRS for the Board. Ms. Plunkett noted that the online form will allow the input of meter readings for multiple wells. Director Rendl asked how the OPRS will adjust for meters that are replaced or added. Ms. Plunkett stated that the OPRS will address that issue and any other similar issues that may be brought up during the workshops.

Director Sigler then asked about the security of the GIS information and database. Mr. Nelson responded that not all of the Authority's drawings and information are accessible to the public and that, if someone requests data that is secured and not available to the public, they will be directed to contact the Authority.

Director Pulliam then asked if the Authority's Supervisory Control and Data Acquisition ("SCADA") system can be utilized to input data directly into the GIS. Mr. Nelson responded that the SCADA system under construction cannot be utilized in this manner.

A gentleman in the audience asked if the utility districts within the Authority will be able to view their boundaries on the GIS data that is available on the Authority's website. Mr. Schindewolf responded that although such information is not currently available on the Authority's website, it is anticipated that at some point in the future, the boundaries of a district will be viewable on the GIS system.

Mr. Bob Koperwhats of Harris County Water Control and Improvement District No. 91 then inquired as to the proposed dates for the OPRS workshops. Mr. Schindewolf responded that the dates for the workshops have not been finalized, but that a letter about the workshops will be sent to the utility districts and their operators.

Director Graham then asked if the Authority has problems acquiring consents to encroachment or easements from other governmental entities. Mr. Schindewolf responded that the Authority has not had problems acquiring easements and consents to encroachment from other governmental entities because the ROW/Easement Acquisition Team goes to great lengths to work out the easement acquisitions with the governmental entities and any associated problems. Director Graham next asked if utility districts are required to get approval from the City of Houston (the "City") to annex land. Mr. Nelson responded that utility districts within the City's extraterritorial jurisdiction are required to obtain the City's consent for the annexation of land.

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto, and noted that there was no miscellaneous correspondence included in tonight's meeting packet.

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 Project 15A, which will run along Louetta Road and connect Projects 4 and 7C-1, are almost completed. Mr. Breeding stated that two (2) condemnation cases were filed last month, and that he has received verbal agreements on two (2) other properties and is waiting to receive the final documents for execution.

Concerning Project 10, which will run along T. C. Jester Boulevard and connect Projects 1A to Projects 7C-1 and 7C-2, Mr. Breeding reported that there are three (3) outstanding parcels of land to acquire.

Mr. Breeding then noted the importance of inputting the easement and encroachment information into the Authority's GIS database.

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

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

PROGRAM MANAGER'S REPORT

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

Mr. Rolen reported that the Authority's SCADA system project is currently the only project still in process. Mr. Rolen noted that the 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 can now communicate with eight (8) sites. Mr. Rolen added that AT&T is continuing to work on problems within their system which are preventing the remaining sites from communicating with the central control station. Mr. Rolen noted that Severn Trent, the Authority's water system operator, will begin training on the SCADA system next month.

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 there has been some change in the status of the Greens Road water line projects. Mr. Rolen explained that City has resolved one (1) of the outstanding issues on the final two (2) Greens Road water line projects. Mr. Rolen further explained that the other contractor has filed a formal request for review of his claims by the City Engineer. Mr. Rolen added

that the Authority has asked that the City Engineer expedite his review of the contractor's claims in order for the project closeout to move forward.

Mr. Rolan then noted that Severn Trent has completed their first year of operation of the GTP system and congratulated them on a job well done.

Mr. Rolan then reported that the GTP system continues to operate effectively, and that approximately 2.14 million gallons of water per day had been sold to Buyer districts during December, and a total of approximately 681.5 million gallons of water was sold to Buyer districts in 2006. Mr. Rolan further reported that the Authority recently entered into a Buyer agreement with Bridgestone Municipal Utility District, who will sell and pump water to Northwest Harris County Municipal Utility District No. 30. Mr. Rolan noted that this GTP contract will keep one (1) new water well from being drilled between now and the conversion to surface water in 2010.

Concerning other activities, Mr. Rolan reported that TCB continues to monitor engineering efforts on Projects 6B-2, 10B, 15A, and the siting study for the Spears Road Regional Pump Station. Mr. Rolan noted that during the prior month, the Program Manager also worked on other items on behalf of the Authority, such as assisting with ROW/easement acquisitions, 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 updates, finalizing the 2007-2008 CIP, assisting with finalization of the 2007 Budget, developing the content/format of a form to be used by utility districts to provide asset information for the Authority's database, assisting with responses to requests from utility districts that are exploring alternatives to drilling new water wells and continuing with the preparation of documents to submit to the Texas Commission on Environmental Quality to allow the North GTP system to be placed in service.

Director Pulliam then inquired if the Authority will utilize the SCADA system for security purposes. Mr. Rolan responded that the SCADA system currently under construction was not designed to provide that function. However, that issue will be thoroughly reviewed as the conceptual plan of the ultimate SCADA system is formulated.

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 special and regular meeting minutes of December 4, 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 special and regular meetings of December 4, 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 November 30, 2006, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the 11-month period ending November 30th reflects that the Authority continues to operate 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.

AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 10B

Mr. Schindewolf then reported that eight (8) bids were received on December 20, 2006 for the construction of Project 10B, which includes a 42-inch water line along T. C. Jester Boulevard, Cypresswood Drive and Spring Gully from Ivy Falls Drive to Theiss Gully and a 20-inch water line along Cypresswood Drive from Spring Gully to Cypress-Klein Utility District Water Plant. Mr. Schindewolf recommended award of the construction contract to the low bidder, E. P. Brady, Ltd., ("E.P. Brady"), in the amount of \$4,588,435.75. 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 award the construction contract for Project 10B to E. P. Brady. Copies of Mr. Schindewolf's and Mr. Rolen's correspondence are attached hereto.

Director Sigler then asked if E. P. Brady had constructed other projects for the Authority. Mr. Rolen responded that E. P. Brady had constructed Projects 5C and 6B-1 for the Authority.

ADOPT RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAIN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES (THE "RESOLUTION")

Mr. Schindewolf explained that the Board has previously adopted several Resolutions, the initial Resolution being adopted on June 2, 2003 and the most recent Resolution being adopted on December 6, 2004. Mr. Breeding stated that it is now timely and necessary that the updated Resolution be adopted to enable the ROW/Easement Acquisition Team to proceed with the acquisition process for certain additional Authority projects that are depicted in Exhibit "A" attached to the Resolution and included at Tab 7 of the meeting packet. 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 Resolution, a copy of which is attached hereto.

AUTHORIZE GENERAL MANAGER TO ENTER INTO AN AGREEMENT WITH THE CITY REGARDING PARTICIPATION IN THE GRANT FUNDING OF THE HOUSTON WATERWORKS WATER SCIENCE MUSEUM AT THE NORTHEAST WATER PURIFICATION PLANT

Mr. Schindewolf then explained that the City's Public Works and Engineering Department and the Houston Area Water Corporation (the "HAWC") are in the process of designing and constructing the Houston Water Science Museum (the "Museum") at the Northeast Water Purification Plant (the "NEWPP"). Mr. Schindewolf noted that Tab 8 of the meeting packet includes information regarding the Museum, a copy of which is attached hereto. Mr. Schindewolf went on to explain that the City and the HAWC have jointly committed a total of \$500,000 toward the design and construction of the Museum exhibit space and display, and the two (2) entities are also soliciting contributions from other entities to help fund the design and construction costs. Mr. Schindewolf then asked Ms. Payne to further address the matter. Ms. Payne explained that she had been contacted by Ms. Claudia Williamson, Chairperson of the Education and Public Information Committee of the HAWC, about the possibility of the Authority participating in some way in the development of the Museum. Ms. Payne stated that she viewed this as another City/Authority partnership opportunity and had recommended to Mr. Schindewolf that the Authority consider participating in some manner in the development of the Museum by making a one (1) time contribution of \$25,000 for sponsorship of the overhead Garden Perola, an outdoor wood and metal canopy that will provide shelter from the sun for outdoor presentations at the main entrance to the Museum. Mr. Schindewolf then stated that he is in agreement with Ms. Payne's recommendation. Further discussion regarding the Museum then ensued.

Upon motion by Director Sigler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted three (3) voted in favor and one (1) vote opposed, with Director Graham voting in opposition, to authorize the General Manager to enter into an agreement with the City regarding the participation in the one (1) time grant funding of \$25,000 for the Museum at the NEWPP.

PUBLIC COMMENT

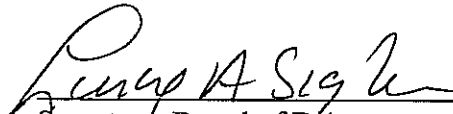
Ms. Gloria Malek of Northwest Harris County Municipal Utility District No. 10 then commented that Ms. Payne does a great job; however, in this particular case, she agreed with Director Graham concerning his opposition to the Authority's grant funding of \$25,000 for the Museum.

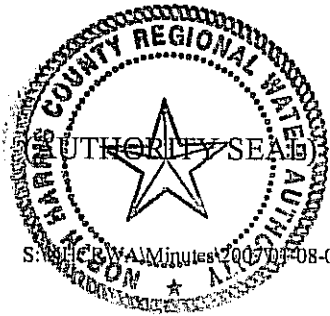
CONFIRM UPCOMING MEETING DATE

Director Rendl then stated that the next regular meeting of the Board will be held on Monday, February 5, 2007, 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 5th day of February, 2007.


Secretary, Board of Directors



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