

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
July 2, 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 2nd day of July, 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:

James D. Pulliam	President/Investment Officer
Alan J. Rendl	Vice President
Ron Graham	Secretary
Lenox A. Sigler	Treasurer
Kelly P. Fessler	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. Paul Nelson, Planning and GIS 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. and Curtis Villarreal, P.E. of TCB INC. ("TCB"), Program Manager for the Authority; Mr. Dave Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, Inc., on-call engineers for the Authority; Mr. Buddy Barnes, P.E. of Carter & Burgess, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Sanjay Ram, P.E. of ARCADIS U.S., Inc., on-call engineers for the Authority; Mr. John Peyton, P. E. of CLR, Inc., on-call engineers for the Authority; Mr. Ralph Cox, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. John Seifert, P.E. of LBG-Guyton Associates, 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. ("STES"), operators for the Authority; Mr. Steve Bresnen of Steve Bresnen & Associates, lobbyist for the Authority; Messrs. Gary Montgomery, P.E. and Ken Stanley, P.E. of Montgomery & Associates, LLC ("Montgomery"); 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.

MESSAGE FROM THE PRESIDENT

Director Pulliam then presented Director Rendl with a gift from the Board in appreciation for his past year of service as President of the Board.

Director Pulliam then reported that he had attended the Texas Water Conservation Association ("TWCA") Conference in Galveston, Texas, in June and noted that he had joined the TWCA's Federal Affairs Committee. Director Pulliam further explained that the main purpose of the Federal Affairs Committee is to help obtain federal legislation and federal funding for water projects in the State of Texas (the "State"). A copy of Director Pulliam's remarks is attached hereto.

Director Sigler then noted that he also attended the TWCA Conference and visited with Dr. Bill Fisher following his presentation regarding global warming and reported that such presentation was extremely interesting.

PUBLIC COMMENT

Mr. Schindewolf reported that Mr. Marvin Fesler, of Reid Road Municipal Utility District No. 1 submitted three (3) public comment cards for tonight's meeting and addressed Mr. Fesler's questions. Mr. Fesler's first question asked if the Authority will maintain the engineering Program Manager after all of the construction is completed. Mr. Schindewolf responded that the Authority may at some time in the future reach a point where all water system projects are complete and that a program Manager is no longer necessary, but that the current Groundwater Reduction Plan establishes an engineering and construction program that will require the services of a Program Manager through at least the 2030 Surface Water Conversion. Mr. Fesler's second question asked for a high and low price range for the amounts paid by the Authority for easement acquisitions. Mr. Schindewolf responded that while he could not recall the exact amounts, the Authority has paid as little as \$300.00 for a small parcel and up to possibly \$200,000.00 for a long stretch of CenterPoint property. Mr. Fesler's third question asked how the 20% water rate increase in the City of Houston (the "City") will affect the Authority. Director Rendl responded that the City's rate increase would have no effect on the Authority, since the Authority has a separate Water Supply Contract with the City. Copies of the public comment cards are attached hereto.

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 Mobile Teaching Lab is currently being renovated and updated for the upcoming school year.

Ms. Payne next reported that Journey to Pansophigus is being reprinted, and that the author is currently writing a sequel to such book with a stormwater pollution theme.

Ms. Payne then announced that the first series of teacher workshops for Klein Independent School District ("ISD") are scheduled for July 24th and July 25th at the Harris County Water Improvement and Control District No. 132 water conservation garden. Ms. Payne further reported that the Authority's website now contains a teaching aid entitled "Learning About Water Is An Adventure".

Ms. Payne next announced that the "Water Is Life" classroom sponsors include: Harris County Municipal Utility District No. 136, with a donation of four (4) classroom sets of Journey to Pansophigus to Wilson Elementary School and Watkins Elementary School; Harris County Municipal Utility District No. 168, with a donation of five (5) classroom sets of Journey to Pansophigus to Emmott Elementary School and Campbell Middle School; Emerald Forest Utility District, with a donation of five (5) classroom sets of Journey to Pansophigus to Cy-Fair ISD; and Harris County Municipal Utility District No. 43, with a donation of three (3) classroom sets of Journey to Pansophigus to Burchett Elementary School and Jenkins Elementary School.

Concerning the Journey to Pansophigus Sponsor's Circle, Ms. Payne announced that Allen Boone Humphries Robinson LLP renewed their sponsorship for 1,000 books.

Ms. Payne next reported that during the past month, Director Rendl made presentations to the Northwest Republican Women's Club and to the Sterling Bank Leadership Group.

Ms. Payne next reported that Water Lily Press had a booth at the Association of Water Board Directors - Texas Annual Conference in Corpus Christi, Texas, in June. Ms. Payne noted that the booth received a large amount of interest regarding the Authority's water conservation materials.

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 Board's meeting packet.

STATUS OF RIGHT-OF-WAY ("ROW")/EASEMENT ACQUISITIONS

Mr. Schindewolf then stated that in the absence of Mr. Breeding, he would give the status report on the various ROW/easement acquisitions by the Authority. Mr. Schindewolf reported that easement acquisitions were moving forward with ambitious completion goals on Projects 6A-1, 7C-3, 17 (Segments 1, 2, 3, and 4) and 4C. Concerning Projects 6 and 6B-1, Mr. Schindewolf noted that there is one (1) parcel in each project currently in litigation.

UPDATE ON 2010 WATER DISTRIBUTION AND TRANSMISSION SYSTEM (THE "SYSTEM")

Mr. Schindewolf then called on Mr. Rolen to review the status of the various projects and efforts underway to complete development of the System.

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 contractor for Project 10A has installed a total of 993 feet of primary liner for the 48-inch water line and installed and tested 1,934 feet of 16-inch water line.

Mr. Rolen went on to report that the contractor for Project 10B has installed a total of 3,542 feet of 42-inch line and installed and tested 1,865 feet of 20-inch line along Cypresswood Drive and installed 472 feet of 16-inch line to the Cypress-Klein Utility District ("Cy-Klein") Water Plant. Mr. Rolen further reported that the contractor has completed the tunnel liner under Spring Gully and is working on the tunnel north of Cypress Creek and south of Cypresswood Drive. Mr. Rolen also reported that the contractor has started work on the meter and pressure/flow control stations at the Cy-Klein Water Plant.

Concerning Project 15A, Mr. Rolen reported that the contractor has mobilized its field office and is working on plan submittals. Mr. Rolen stated that delivery of the large diameter pipe is scheduled to begin in September and that the tunnel crews are scheduled to begin work in July.

Mr. Rolen went on to report that the contractor for the SCADA system continues to work with STES to monitor and test the system. Mr. Rolen noted that the contractor is working on expanding the SCADA operation control system through the use of a laptop computer.

Mr. Rolen then noted that to date, the Authority has installed a total of approximately 30 miles of water line ranging in size from 12-inch to 60-inch.

Concerning the Greens Road water line project, Mr. Rolen reported that the City's staff has prepared the draft of the final pay estimate and related documents and forwarded them to the contractor for review. Mr. Rolen noted that once the contractor approves the pay estimate, the documentation will be submitted for City Council approval. Mr. Rolen noted that Mr. Nelson is working with the City on the final audit of costs for the Greens Road water line project.

Mr. Rolen then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 2.39 million gallons of water per day had been sold to Buyer districts during the period. Mr. Rolen stated that another portion of the North System involving Terranova West Municipal Utility District (Buyer) and Kleinwood Municipal Utility District (Seller) was recently placed into service.

Concerning other activities, Mr. Rolen reported that during the prior month, TCB continued to monitor engineering efforts on Projects 4C, 6A-1, 6B-2, 7C-3, 16 and 17, Segment 1 design, the 2010 transmission line (preliminary engineering) and the siting study for the Spears Road Regional Pump Station; conducted pre-proposal meetings for the design of Projects 11, 14A, 14B, 15B, 17 (Segments 2 and 3) and the Louetta Regional Water Plant; provided construction administration and project representatives on Projects 10A, 10B, 15A and 101A (SCADA); supported the acquisition of easements and finalization of acquisition efforts on Projects 4C, 6A-1, 6B-2, 7C-3, 15A and 17, and Spears Road Regional Pump Station; provided oversight of STES operations of the Authority's GTP

systems; assisted STES in readying the North System to be placed into service; and continued efforts to facilitate participation in the GTP and expansion of the 2010 surface water conversion area in lieu of further construction of wells and related appurtenances.

80TH LEGISLATIVE SESSION UPDATE

Mr. Schindewolf next called on Mr. Bresnen to report on the 80th Legislative Session (the "Legislative Session").

Mr. Schindewolf commented that of the 6,374 bills that had been introduced in the Legislature, 1,495 (23%) were passed and of those that were passed, 51 were vetoed by Governor Perry. Mr. Bresnen stated that during the course of the Legislative Session, his office had forwarded a large number of bills to Mr. Schindewolf, Mr. Nelson, Ms. Bobbitt and Mr. Rolan that needed to be reviewed and addressed quickly. Concerning specific pieces or areas of legislation, Mr. Bresnen provided the following information:

Omnibus Water Bill. Mr. Bresnen reported that Senate Bill 3, sponsored by Senator Kip Averitt, allows utility districts to establish different rate classes, provides for the establishment of a 23-person Water Conservation Advisory Council by the Texas Water Development Board, provides for environmental flows/water rights, and designates 14 State reservoir sites.

Eminent Domain. Mr. Bresnen reviewed the events in the House and Senate that led to Governor Perry's veto of House Bill 2006. Mr. Bresnen commended State Representative Bill Callegari's work on the Authority's behalf in connection with House Bill 2006. Mr. Bresnen stated that Mr. Breeding had testified several times on eminent domain issues and commended him for his beneficial testimony on the Authority's behalf.

Director Sigler then noted that State Representative Beverly Woolley, who co-sponsored House Bill 2006 in the House of Representatives, had recently written an article for The Houston Chronicle last week to explain her support of the bill.

ATTORNEY'S REPORT

Ms. Bobbitt reported that her firm's Legislative Session Summary will be finalized within the next few days and discussed at the August meeting.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of June 4, 2007, previously distributed to the Board. Upon motion by Director Fessler, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of June 4, 2007, as written.

FINANCIAL ASSISTANT'S REPORT

Director Pulliam next 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 five (5) months ending May 31, 2007, a copy of which is attached hereto. Ms. Plunkett noted that the Authority operated under budget for the month ending May 31, 2007.

Upon motion by Director Sigler, seconded by Director Rendl, 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.

Director Graham asked Ms. Plunkett what impact the rainy weather would have on the pumpage fee revenue. Ms. Plunkett responded that we do not yet have the pumpage figures for the second quarter, but that we were very conservative in projecting pumpage fee revenues.

GENERAL MANAGER'S ACTION ITEM

Mr. Schindewolf then noted that Tab 6 of the meeting packet includes the proposed Agreement for Professional Engineering Services with Montgomery, a copy of which is attached hereto. Mr. Schindewolf noted that Montgomery is currently serving as a major engineering design sub-consultant to TCB on Project 17 and to Pate Engineering, Inc. on Project 17 (Segment 1) and recommended that the Authority enter into a contract for on-call engineering services with Montgomery. Upon motion by Director Sigler, seconded by Director Graham, 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 Montgomery for on-call engineering services. Mr. Schindewolf then introduced Mr. Montgomery and Mr. Stanley to the Board.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then stated that the next regular meeting of the Board will be held on Monday, August 6, 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 6th day of August, 2007.



Secretary, Board of Directors

