

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
August 6, 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 6th day of August, 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, except Director Fessler, thus constituting a quorum. Also attending the meeting were: Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Paul Nelson, Planning and GIS Coordinator for the Authority; Mr. Anthony Crisci, P.E., Construction 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., Steve Berkenhoff, 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 engineer; Mr. Larry Barfield, P.E. of Binkley & Barfield, 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. Carl McConnell, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. R. Gary Montgomery, P.E. of Montgomery & Associates, Inc., on-call engineers for the Authority; Mr. Sanjay Ram, P.E. of ARCADIS U.S., Inc., on-call engineers for the Authority; Mr. Kyle Bertrand, 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. Robert Ybanez, P.E. of Jones & Carter, 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. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operators for the Authority; Mr. Steve Bresnen of Steve Bresnen & Associates, lobbyist for the Authority; Mr. Mark Breeding of Andrews Kurth LLP, right-of-way ("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.

MESSAGE FROM THE PRESIDENT

Director Pulliam then shared information concerning the Clean Water Authority Restoration Act of 2007 with the Board. A copy of the transcript of an interview with Congressman James Oberstar regarding such legislation is 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 then reported that the first series of teacher workshops for Klein Independent School District ("ISD") was rained out and has been rescheduled for September. Ms. Payne also noted that a series of teacher workshops for Cy-Fair ISD is scheduled for September 13th and October 3rd.

Ms. Payne next announced that the "Water Is Life" classroom sponsors recently include: Lockwood, Andrews & Newman, Inc., with a donation of five (5) classroom sets of Journey to Pansophigus; and Harris County Municipal Utility District No. 165, with a donation of five (5) classroom sets of Journey to Pansophigus to Cy-Fair ISD.

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 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 first reported that ROW/easement acquisitions for Project 6A-1 were underway and progressing well.

Mr. Breeding next reported that Project 7C-3 is still in its formative stages.

Concerning Project 17 (Segments 1, 2, 3, and 4), Mr. Breeding stated that two (2) condemnation suits have been filed on Segment 1, and one (1) condemnation suit has been filed on Segment 2. Mr. Breeding noted that he expects a total of four (4) or five (5) condemnation suits to

be filed in connection with Segment 2. Mr. Breeding noted that negotiations for parcel acquisitions have just begun on Segments 3 and 4.

Mr. Breeding next reported on the litigation cases that had been settled over the last month. Mr. Breeding stated that the Malcomson Road Utility District vs. Newsom case has settled and that the outcome should be helpful to the Authority. Mr. Breeding noted that the Authority has a settlement offer pending with the shopping center owner at Louetta Road and Highway 249. Mr. Breeding also reported that no settlement has been reached with the Lakewood Grove Homeowners Association.

Mr. Schindewolf thanked Mr. Breeding and noted that the Authority has four (4) more projects to hand over to the ROW/easement acquisitions team for the acquisition of the necessary easements.

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 1,071 feet of primary liner for the 48-inch water line, that the delivery of large diameter pipe for the project has begun, and that to date, the contractor has 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 3,954 feet of 42-inch line and installed an additional 245 feet of 20-inch line along Cypresswood Drive and installed additional 142 feet of 16-inch line to the Cypress-Klein Utility District ("Cy-Klein") Water Plant. Mr. Rolen further reported that the contractor completed 160 feet of tunnel liner under Cypresswood Drive. Mr. Rolen also reported that the contractor continues to work on the meter and pressure/flow control stations at the Cy-Klein Water Plant.

Concerning the construction accident that occurred on Project 10B, Mr. Schindewolf reported that the Authority has received a letter from the contractor with an outline of how he proposes to go forward with dewatering and cleaning of the shaft and the tunnel under Cypress Creek.

Director Sigler then entered the meeting at 7:23 p.m.

Mr. Rolen next reported on Project 15A, stating that the contractor has mobilized the field office and is working on plan submittals. Mr. Rolen noted that delivery of the large diameter pipe is scheduled to begin in September and that the tunnel crews had begun work in July.

Mr. Rolan went on to report that the contractor for the SCADA system continues to work with STES to monitor and test the system. Mr. Rolan stated that the contractor is working with the flow control valve manufacturer to fine tune the valve operation in response to commands from the SCADA system. Mr. Rolan noted that the contractor has expanded the SCADA operation control through the use of a laptop computer.

Mr. Rolan then noted that to date, the Authority has installed a total of approximately 30.2 miles of water line ranging in size from 12-inch to 60-inch.

Concerning the Greens Road water line, Mr. Rolan reported that it is anticipated that the final pay estimate and related documents on the last of the four (4) projects will be reviewed and approved this week by the City of Houston (the "City") City Council. Mr. Rolan noted that the Program Manager and Mr. Nelson are working with representatives of the City on the final audit of costs for the projects.

Mr. Rolan then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 2.4 million gallons of water per day had been sold to Buyer districts during the prior month.

Concerning other activities, Mr. Rolan reported that during the prior month, TCB continued to monitor engineering efforts on Projects 4C, 6A-1, 6B-2, 7C-3, 11, 14A, 14B, 15B, 16 and 17 - Segment 1 design, the 2010 transmission line (preliminary engineering) and the siting study for the Spears Road Regional Pump Station; 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 the Spears Road Regional Pump Station; provided oversight of STES operations of the Authority's GTP systems; continued interviews with district engineers and operators to gather data needed to develop the 2010-2019 Preliminary Surface Water Conversion Strategy; 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.

ATTORNEY'S REPORT

Ms. Bobbitt then reviewed the memorandum prepared by her firm on the 80th Legislative Session, a copy of which is attached hereto. Ms. Bobbitt highlighted certain pieces of legislation, including House Bill ("HB") 576 regarding bid bonds for certain district construction projects; HB 3770 regarding the acquisition of road powers by municipal utility districts; Senate Bill ("SB") 61 providing for continuation of functions of political subdivisions during disasters; SB 3, the Omnibus Water Bill; several pieces of legislation that affect the Open Meetings Act and Public Information Act; HB 1921 regarding a ban on the use of electronic devices in polling places; several pieces of legislation regarding eminent domain processes and procedures; HB 989 requiring evidence of payment of taxes when filing plats; and HB 3674 requiring compliance with the Open Meetings Act by homeowners/property associations.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of July 2, 2007, 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 July 2, 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 six (6) months ending June 30, 2007, a copy of which is attached hereto. Ms. Plunkett noted that the Authority operated under budget for the month ending June 30, 2007.

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 approve the Financial Report, the monthly investment report and the checks being presented for payment.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then noted that the next regular meeting of the Board has been scheduled for Monday, September 10, 2007, in light of the Labor Day holiday.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 10th day of September, 2007.





Secretary, Board of Directors