

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
October 1, 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 1st day of October, 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. 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. 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 for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, 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. John Seifert, P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, Inc., on-call engineers for the Authority; Messrs. Robert Ybanez, P.E. and Tobin Synatschk, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Bob Johnson, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operators 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.

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 provided a report of the activity on the Authority's website during the month of September, as previously requested by the Board. Ms. Payne reported that during the past month, there had been 45,852 hits on the Authority's website.

Concerning community outreach, Ms. Payne reported that Director Rendl had spoken at the Northwest Realtors Group on September 12th, at the Cy-Fair Independent School District ("ISD") Teachers Workshop on September 13th, to Cypress Forest Public Utility District on September 14th, and at the American Society of Sanitary Engineers on September 20th. Ms. Payne also reported that Mr. Nelson gave a presentation to the North Houston Association Environment Committee on September 13th.

Ms. Payne went on to report that a volunteers workshop for Cy-Fair ISD has been scheduled for October 3rd at the Harris County Water Control and Improvement District No. 132 Water Garden, and that the mobile teaching lab has been booked by Cy-Fair ISD for use by their middle schools every week through early December.

Ms. Payne next extended a special thanks to Mayor Bill White for his book jacket comment to be printed on the second printing of Journey to Pansophigus. Ms. Payne noted that the book jacket also includes quotes from Mr. Schindewolf and Senator Jon Lindsay.

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.

Mr. Schindewolf then announced that the Authority's Budget Workshop is scheduled for Wednesday, November 14, 2007, at 6:00 p.m., and that the Budget public hearing is scheduled at 6:00 p.m. on Monday, December 3, 2007. Mr. Schindewolf added that the budget for the fiscal year ending December 31, 2008 will be approved at the Authority's regular meeting on Monday, December 3, 2007, at 7:00 p.m.

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 there is one (1) major parcel remaining to be acquired from the Burlington Railroad for Project 6A-1.

Mr. Breeding next noted that ROW/easement acquisitions for Project 7C-3 are in process.

Concerning Project 17 (Segments 1, 2, 3, and 4), Mr. Breeding stated that acquisition was moving along well on Segment 1. Mr. Breeding next reported that there are currently five (5) Special Commissioners' hearings scheduled for parcels included in Segment 2 of Project 17. Concerning Segment 3 of Project 17, Mr. Breeding reported that the ROW/Easement Acquisition Team has begun title work on the easements. Mr. Breeding further noted that the ROW/Easement Acquisition Team is also doing the title work on Segment 4 of Project 17.

Mr. Breeding then reported that the ROW/Easement Acquisition Team has begun acquisition negotiations on Project 4C. Mr. Breeding added that the ROW/Easement Acquisition Team has also been working on the acquisition of water line easements that will be shared with the Central Harris County Regional Water Authority (the "CHCRWA").

Mr. Schindewolf thanked Mr. Breeding for his presentation.

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

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

PROGRAM MANAGER'S REPORT

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

Mr. Rolan first reported that the contractor for Project 10A has installed an additional 1,976 feet of 48-inch water line for a total of 2,048 feet installed to date, installed 757 feet of 42-inch water line and has installed 1,934 feet of 16-inch water line.

Mr. Rolan went on to report that the contractor for Project 10B has installed an additional 522 feet of 42-inch pipe for a total of 4,575 feet of 42-inch line installed to date. Mr. Rolan further reported that the contractor has dewatered and cleaned the shaft and the tunnel under Cypress Creek. Mr. Schindewolf added that the Authority is waiting to receive the contractor's recommendation on how they will proceed with the completion of the tunnel work under Cypress Creek. Mr. Rolan also reported that the contractor continues to work on the meter and pressure/flow control stations at the Cypress Klein water plant.

Mr. Rolan next reported on Project 15A, stating that the contractor has installed an additional 670 feet of primary liner for the 36-inch water line bringing the total length of liner installed to 1,257 feet. Mr. Rolan added that the installation of pipe has begun.

Mr. Rolen went on to report that the contractor for the SCADA system has completed the installation of equipment to fine tune the valve operation in response to commands from the SCADA system, and that STES is continuing to monitor the operation of the SCADA system.

Mr. Rolen then noted that to date, the Authority has installed a total of approximately 30.8 miles of water line ranging in size from 12-inch to 60-inch.

Concerning the Greens Road water line projects, Mr. Rolen reported that the Program Manager and Mr. Nelson are working with representatives of the City of Houston (the "City") on the final cost true-up and audit for such projects.

Mr. Rolen then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 2.36 million gallons of water per day had been sold to Buyer districts.

Concerning other activities, Mr. Rolen reported that during the prior month, TCB continued to oversee engineering efforts on Projects 4C, 6A-1, 6B-2, 7C-3, 11, 14A, 14B, 15B, 16 and 17 - Segments 1, 2 and 3 design, Project 17 - Segment 4 preliminary engineering, Spears Road Regional Pump Station 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 and 17 (all segments) and assisted in follow-up and finalization of acquisition efforts and conflict resolution on other projects; provided oversight of STES' operation of the Authority's GTP systems; completed the interviews with district engineers and operators and are working to gather the remainder of data needed to develop the Authority's 2010-2019 Preliminary Surface Water Conversion Strategy; and assisted the Authority in its efforts to secure and analyze cost information provided by the City on the Greens Road Water Line projects.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she did not have anything to report.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of September 10, 2007, previously distributed to the Board. Upon motion by Director Graham, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of September 10, 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 eight (8) months ending August 31, 2007, a copy of which is

attached hereto. Ms. Plunkett noted that the Authority had operated under budget for the month ending August 31, 2007.

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

ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF AUTHORITY FUNDS

Ms. Plunkett then explained that the Authority is required by the Public Funds Investment Act to review its Investment Policy and investment strategies each year, as well as to review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Authority. Ms. Plunkett recommended that the Board adopt the Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of Authority Funds, found behind Tab 6 of the meeting packet. 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 adopt the Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of Authority Funds, a copy of which is attached hereto, along with a copy of Ms. Plunkett's memorandum regarding her recommendation.

REVIEW AND APPROVE INTERLOCAL AGREEMENT FOR ACQUISITION OF WATER LINE EASEMENTS BY AND BETWEEN THE CHCRWA AND THE AUTHORITY IN CONNECTION WITH THE ACQUISITION AND COST SHARING OF NECESSARY WATER LINE EASEMENTS (THE "INTERLOCAL AGREEMENT")

Mr. Schindewolf then explained that the proposed Interlocal Agreement would facilitate the acquisition of easements for placement of the authorities' water transmission lines from the Spears Road Regional Pump Station. Mr. Schindewolf noted that water line easements must be acquired from the property owner adjacent to the Spears Road Pump Station. Mr. Rolen noted that the 50-foot water line easements will be shared by the two (2) entities, with the Authority using 30 feet for its water transmission line and the CHCRWA using 20 feet for its water transmission line. Mr. Schindewolf explained that it is more cost efficient to construct both transmission lines within the same easement. Mr. Schindewolf further explained that the proposed Interlocal Agreement stipulates that the Authority's ROW/Easement Acquisition Team will be responsible for acquiring the water line easements, and that the CHCRWA will pay its pro rata share of the acquisition costs for the water line easements. Upon motion by Director Rendl, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Interlocal Agreement and authorize its execution. Copies of Mr. Schindewolf's memorandum and the Interlocal Agreement are attached hereto.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then noted that the next regular meeting of the Board has been scheduled for Monday, November 5, 2007, at 7:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 5th day of November, 2007.



Secretary, Board of Directors

