

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
November 5, 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 5th day of November, 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; 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. 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. Scott Fair of CLR, 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., 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. 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 reported that he had attended the Water Partnerships Workshop presented by the Association of Water Board Directors - Texas and the National Council for Public-Private Partnerships on Friday, November 2, 2007. Director Pulliam noted that the Mayor of Sugar Land

had made the following profound statement at the Workshop: "Water is life and infrastructure makes it happen." Director Pulliam stated that he would like the quote printed on a sign to hang in the Authority's meeting room. A copy of Director Pulliam's remarks is attached hereto.

BOARD MEMBER COMMENTS

Director Rendl noted that it is refreshing to hear the Mayor of Sugar Land giving out the same message that he delivers during his public presentations.

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 October, as previously requested by the Board. Ms. Payne reported that during the past month, there had been 52,145 hits on the Authority's website.

Ms. Payne went on to report that a Klein Independent School District ("Klein ISD") Science Teacher workshop was held on October 13th, and noted that the Klein ISD teachers have booked the Mobile Teaching Lab from January 2008 through March 2008. Ms. Payne also reported that due to the sponsorship of Cypress Forest Public Utility District, the *Water Is Life Coloring Activity Books* have been delivered to all of the Klein ISD elementary schools.

Ms. Payne next reported that the fall issue of Waterlines is in production and noted that around 135,000 copies of the publication would be mailed to residents of the Authority at the end of November.

Ms. Payne next informed the Board that 15,000 copies of the Journey to Pansophigus are being reprinted for distribution to the Klein ISD and for use by the City of Houston (the "City").

Director Rendl congratulated Ms. Payne on the enthusiastic response from the teachers regarding the Journey to Pansophigus educational program.

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 announced that the Authority's Budget Workshop regarding the fiscal year ending December 31, 2008 (the "2008 Budget") and the 2008-2009 Capital Improvement Plan (the "2008-2009 CIP") is scheduled for Wednesday, November 14, 2007, at 6:00 p.m., that the Public Hearing is scheduled for 6:00 p.m. on Monday, December 3, 2007, and that the 2008 Budget and the

2008-2009 CIP 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 next called on Mr. Breeding to give the status report on the various ROW/easement acquisitions by the Authority.

Mr. Breeding reported that there is one (1) major parcel remaining to be acquired from the Burlington Santa Fe Railroad ("Burlington") for Project 6A-1. Mr. Breeding noted that a proposal has been sent to Burlington, and that they appear to be responding positively to the proposal.

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 easement acquisitions are moving along well on Segment 1. Mr. Breeding reported that there are several condemnations in process on parcels included in Segment 2 of Project 17. Concerning Segment 3 of Project 17, Mr. Breeding reported that the ROW/Easement Acquisition Team was moving along well with the necessary easement acquisitions. Mr. Breeding further noted that the ROW/Easement Acquisition Team is also in the process of doing the title work on Segment 4 of Project 17. Mr. Breeding reported that Segment 4 will cut a 30-foot wide easement through the C M H Parks mobile home park and noted that for the first time, it may be necessary for the Authority to pay to relocate residents. Mr. Breeding further noted that the extension of T. C. Jester Boulevard ("T. C. Jester") by Harris County (the "County") will be cutting a 100-foot right-of-way through C M H Parks. Director Fessler inquired who is responsible for the relocation. Mr. Breeding stated that the Authority is acquiring their easement first and will be responsible for the relocation of residents whose mobile homes are impacted by the Authority's water line. The County will be responsible for the cost of relocations caused by the construction of T. C. Jester. Director Sigler inquired if the pipe to be installed in the mobile home park will be by open cut or with tunneling. Mr. Breeding responded that both open cut and tunneling would be used. Mr. Schindewolf noted that the Authority has worked with the County to coordinate the location of the Authority's 30-foot easement adjacent to the County's T. C. Jester right-of-way.

Mr. Breeding then reported that a trial is set for early 2008 regarding the Lakewood Grove Homeowners Association (the "HOA") condemnation matter. Mr. Breeding noted that he had previously thought that the HOA would accept the Authority's offer, but he had learned earlier today that the matter will go to trial. Director Rendl then asked if the HOA residents realize that they are working against the Authority bringing water to their subdivision.

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 Project 101A (SCADA) is now complete and is on the agenda to be accepted later in the meeting.

Mr. Rolan next reported that the contractor for Project 10A has installed an additional 4,270 feet of 48-inch water line for a total of 6,354 feet installed to date, and has replaced approximately 1,900 linear feet of pavement

Mr. Rolan went on to report that the contractor for Project 10B has installed an additional 160 feet of 42-inch pipe, for a total of 4,735 feet installed to date. Mr. Rolan further reported that the contractor has dewatered and cleaned the shaft and tunnel under Cypress Creek. Mr. Schindewolf then stated that the Authority has received the contractor's recommendation on how they will proceed with the completion of the tunnel work under Cypress Creek, and that the Authority's design engineer's comments have been returned to the contractor. Mr. Schindewolf stated that the Authority wants the project completed before the County begins work on the bridge over Cypress Creek. Director Sigler then inquired why the design of Project 10B called for tunneling, rather than an aboveground water line, Mr. Rolan responded that the County has concerns regarding the possible effects of aboveground crossing of major utilities over drainage ways during periods of high flow in the channel. Director Pulliam asked if the Authority will have to pay more for the second tunnel under Cypress Creek. Mr. Schindewolf responded that he does not yet know how the contractor plans to handle the cost of the additional work.

Mr. Rolan next reported on Project 15A, stating that the contractor has installed 2,164 feet of 36-inch water line and completed an additional 1,238 feet of primary liner for the 36-inch water line.

Mr. Rolan then noted that to date, the Authority has installed a total of approximately 32.2 miles of water line ranging in size from 12-inch to 60-inch.

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

Mr. Rolan then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 2.29 million gallons of water per day had been sold to Buyer districts during the last month.

Concerning other activities, Mr. Rolan reported that during the prior month, TCB had received approval from the Texas Commission on Environmental Quality to place Project 4 in service; assisted with drafting the 2008 Budget and development of the draft 2008-2009 CIP; assisted the Authority in its efforts to secure and analyze relevant cost information to facilitate the "true-up" of Greens Road Water Line costs; advertised Project 6A-1 for bids; secured verbal approval from the County for the alignment of Projects 11, 14A, 14B and 15B; assisted the Authority in developing a package to send to 2010 districts concerning the required conversion to chloramine disinfection;

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 Severn Trent Environmental Services, Inc.'s ("STES") operation of the Authority's GTP systems; continued to gather the remainder of data needed to develop the Authority's 2010-2019 Preliminary Surface Water Conversion Strategy.

ATTORNEY'S REPORT

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

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of October 1, 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 October 1, 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 nine (9) months ending September 30, 2007, a copy of which is attached hereto. Ms. Plunkett noted that the Authority had operated under budget for the month ending September 30, 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.

ACCEPTANCE OF PROJECT 101A (SCADA) FOR OPERATION AND MAINTENANCE

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Mercer Controls, Inc. ("Mercer") under their contract with the Authority for Project 101A for construction of the SCADA system for the GTP, at a final contract amount of \$1,033,519. Mr. Schindewolf noted that the initial contract bid was in the amount of \$1,011,000. Mr. Schindewolf also stated that the one (1) year warranty period for such project began on July 10, 2007, the date of the contractor's substantial completion of the project. Mr. Schindewolf commended STES and Mr. Curtis Villarreal of TCB for their work on the project. Upon motion by Director Rendl, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to authorize final acceptance of Project 101A (SCADA), and to

approve payment of Pay Estimate No. 19 and Final to Mercer. Copies of Mr. Schindewolf's letter and Pay Estimate No. 19 and Final are attached hereto.

2008 HOLIDAY SCHEDULE

Mr. Schindewolf then presented the 2008 Holiday Schedule for the Board's approval, a copy of which was included in the Board meeting packet and is attached hereto. Mr. Schindewolf noted that the schedule basically tracks the schedule adopted by Harris County Commissioners Court. Upon motion by Director Graham, seconded by Director Rendl, after full discussion and the question being put to the Board, the Board voted unanimously to approve the 2008 Holiday Schedule.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then stated that the Budget Workshop will be held on Wednesday, November 14, 2007, at 6:00 p.m.; the Budget Public Hearing will be held on Monday, December 3, 2007, at 6:00 p.m.; and the next regular meeting of the Board will be held on Monday, December 3, 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 3rd day of December, 2007.



Secretary, Board of Directors

