

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
March 3, 2008

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 3<sup>rd</sup> day of March, 2008, 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: Ms. Mary Bonetati, Instructional Officer/Science for Klein Independent School District ("Klein ISD"); Ms. Wilma Mysak, a teacher at Brill Elementary School located in the Klein ISD; 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; Mr. Eugene Shepherd of RBC Dain Rauscher Inc., financial advisor for the Authority; Messrs. Tom Rolen, P.E., Curtis Villarreal, P. E. and Mr. Steve Berckenhoff, 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. Scott Fair of CLR, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. W. John Seifert, Jr., P.E. of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Tobin Synatschk, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, 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; Ms. Valerie Jones, reporter for the 1960 Sun; 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.

## PUBLIC COMMENTS

Mr. Schindewolf reported that Mr. Marvin Fesler of Reid Road Municipal Utility District No. 1 had submitted a blue public comment card, a copy of which is attached hereto. Mr. Fesler asked if the Authority would consider a four percent (4%) reduction in the pumpage fee to cover the four percent (4%) loss of water in utility districts due to flushing. Mr. Schindewolf and Director Rendl responded to Mr. Fesler's question.

## 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 February. Ms. Payne reported that during the past month, there had been 63,775 hits on the Authority's website.

Ms. Payne then introduced Ms. Bonetati and Ms. Mysak to the Board and noted that Ms. Bonetati had written a letter of appreciation to the Authority for the water education materials that had been donated to Klein ISD, a copy of which is attached hereto. Ms. Bonetati expressed her thanks and noted that all of the 26 elementary schools in Klein ISD are benefiting from the use of the water education materials. Ms. Mysak then stated that she thinks that the Mobile Teaching Lab and Journey to Pansophigus books are excellent teaching tools and added that her class had really enjoyed the recent calendar contest.

Ms. Payne next gave special thanks to Mr. Mike Bagstad, P.E. of URS Corporation for donating four (4) classroom sets of Journey to Pansophigus books and teaching materials; to Prestonwood Forest Utility District for donating five (5) classroom sets of Journey to Pansophigus books and teaching materials; and to Harris County Municipal Utility District No. 18 for donating five (5) classroom sets of Journey to Pansophigus books and teaching materials.

Ms. Payne added that the "Irrigation Police" article in the new issue of the Waterlines has received quite a bit of attention and comments. Director Sigler stated that he had received several comments concerning the quality and level of professionalism of the Waterlines publication.

## GENERAL MANAGER'S REPORT

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto.

Mr. Schindewolf first explained that he was pleased to report that the "true-up" process for determining the final project cost for the Greens Road water line project had been completed. Mr. Schindewolf noted that the final project cost was \$46,241,529.54, and that the Authority's share was \$26,533,672.97. Mr. Schindewolf added that the City of Houston had recently refunded

\$2,653,479.47 to the Authority in connection with the project, plus \$469,587.60 in interest earned on such fund based on the "true-up" process.

Concerning the proposed Luce Bayou Interbasin Transfer Project (the "Luce Bayou Project"), Mr. Schindewolf reported that he had spoken with the Coastal Water Authority Chief Financial Officer on February 27<sup>th</sup>, and was advised that the Texas Water Development Board's (the "TWDB") review staff will be making a recommendation to the TWDB Board concerning the funding for the Luce Bayou Project at the March 24, 2008 TWDB meeting.

#### 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 first reported that the condemnation suit with the Lakewood Grove Homeowners Association ("Lakewood") had been settled, based on the amount that was originally offered to Lakewood by the Authority in October, 2007.

Mr. Breeding then noted that the ROW/easement acquisitions for Project 7C-3 are nearing completion.

Concerning Project 17 (Segments 1, 2, 3 and 4), Mr. Breeding reported that easement acquisitions are moving along well on Segment 1, and that there is one (1) matter pending regarding the meter station site. Mr. Breeding next reported that all of the parcels have been acquired for Project 17, Segment 2. Concerning Project 17, Segment 3, Mr. Breeding reported that the Settlement and Interlocal Agreement between Houston Pipe Line Company, L.P., the Authority and Harris County regarding parcel acquisitions for Project 17, Segments 3 and 4 has been placed on the March 4, 2008 agenda for the Harris County Commissioners Court. Concerning Project 17, Segment 4, Mr. Breeding stated that the condemnation hearing on the mobile home park has been set for March 14<sup>th</sup>, and that two (2) other parcels are very close to settling.

Mr. Breeding then reported that the Burlington Northern Santa Fe Railroad agreed today to execute the easement agreement regarding a key parcel of land in connection with Project 6A-1. Mr. Schindewolf added that Mr. Steve Bresnen, lobbyist for the Authority, had assisted the ROW/Easement Acquisition Team with the acquisition of the Burlington Northern Santa Fe Railroad easement.

Mr. Schindewolf thanked Mr. Breeding for his presentation.

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

Mr. Schindewolf then reported that Mr. Villarreal has announced his resignation from TCB to begin a new position at another local engineering firm. Mr. Schindewolf commended Mr. Villarreal on an excellent job as project manager on the 21 projects he worked on for the Authority. Mr. Schindewolf added that almost all of the projects have been completed under budget.

Mr. Schindewolf then noted that Mr. Berckenhoff and Mr. Rolan have hired Mr. Doug Schmidt, P.E. to replace Mr. Villarreal, and that arrangements were being made to have access to Mr. Villarreal during the transition period. Mr. Rolan also commended Mr. Villarreal on a job well done.

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 6A-1 is continuing the submittal process, has set up a field office and is working on tunnels in advance of pipe delivery.

Mr. Rolan next reported that the contractor for Project 10A is working on the final punch list. Mr. Rolan added that he anticipates that such project will be recommended for acceptance at the Board's April meeting.

Mr. Rolan went on to report that the contractor for Project 10B has re-mobilized and plans to start work on the tunnel under Cypress Creek in March. Mr. Rolan noted that the new tunnel will be constructed adjacent to the failed tunnel. Mr. Rolan added that the contractor had completed another 653 feet of 42-inch water line, for a total of 5,472 feet.

Mr. Rolan next reported on Project 15A, stating that the contractor installed an additional 2,093 feet of 36-inch water line, for a total of 7,742 feet, and completed an additional 983 feet of primary liner for the 36-inch water line, for a total of 5,808 feet.

Concerning Project 17, Segment 1, Mr. Rolan reported that the Notice to Proceed was effective as of today's date, March 3, 2008, and that the contractor is working on submittals and establishing his field office. Mr. Rolan stated that the contractor plans to mobilize the first week of April.

Mr. Rolan then noted that to date, the Authority has installed a total of approximately 33.6 miles of water line ranging in size from 12-inch to 60-inch.

Mr. Rolan then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 1.91 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 assisted with efforts concerning the proposed Luce Bayou Project; continued oversight of engineering efforts on 16 projects; advertised for bids on Projects 4C and 7C-3; provided construction administration and project representatives on Projects 6A-1, 10A, 10B and 15A and construction administration on Projects 4C, 7C-3 and 17, Segment 1; supported the acquisition of easements for Authority projects; provided oversight of Severn Trent Environmental Services, Inc.'s operation of the Authority's GTP systems; continued efforts on the possible placement of the 2020

transmission line within the CenterPoint Energy corridor generally along North Beltway 8; continued efforts aimed at expanding the GTP; and assisted in the development of the draft amended and restated joint agreement between the Authority and the Central Harris County Regional Water Authority (the "CHCRWA") concerning the design and construction of facilities to provide surface water to the CHCRWA.

#### ATTORNEY'S REPORT AND ELECTION AGENDA

##### ADOPT ORDER CALLING DIRECTORS ELECTION (THE "ORDER")

Ms. Bobbitt then presented the Order for the upcoming May 10, 2008 Directors Election (the "Election"), a copy of which is attached hereto. Ms. Bobbitt noted that Directors Pulliam and Kelly's terms expire in May. Ms. Bobbitt stated that the Authority would hold a joint election with Harris County Emergency Services District No. 11 ("HCESD No. 11"), if necessary. 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 adopt the Order, and to authorize the General Manager to negotiate and execute a joint election agreement with HCESD No. 11, if necessary.

##### DETERMINE CANVASSING DATE FOR THE ELECTION

Ms. Bobbitt next asked the Board to select a date for canvassing the Election, explaining that such date must be no earlier than three (3) days following the Election, such date being May 13, 2008, and no later than 11 days following the Election, such date being May 21, 2008. Ms. Bobbitt reminded the Board that only two (2) members of the Board need to be present for the canvassing of the Election results. 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 designate Monday, May 19, 2008, as the date for canvassing the Election.

#### REGULAR AGENDA

##### APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of February 4, 2008, 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 minutes of February 4, 2008, 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 the one (1) month ending January 31, 2008, a copy of which is attached hereto. Ms. Plunkett noted that the Authority had continued to operate under budget for the month ended January 31, 2008. Upon motion by Director Fessler, 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.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then stated that the next regular meeting of the Board will be held on Monday, April 7, 2008, 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 7<sup>th</sup> day of April, 2008.

  
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Secretary, Board of Directors

