

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
April 7, 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 7<sup>th</sup> day of April, 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, 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; 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. and Doug Schmidt, P.E. of TCB INC. ("TCB"), Program Manager for the Authority; Mr. Wayne Ahrens, P.E. 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. Buddy Barnes, P.E. of Carter Jacobs Burgess, on-call engineers for the Authority; Mr. Ralph Cox, P.E. of Klotz Associates, Inc., on-call engineers 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.

## MESSAGE FROM THE PRESIDENT

Director Pulliam then delivered the following message:

*"I would like to thank all of you for your support and your vote of confidence in me and Kelly in this election cycle.*

*I think this also displays your vote of confidence in all the other members of the team that have done an excellent job. That team includes the three other directors, our General Manager Mr. Schindewolf and his staff, our attorney Robin Bobbitt and her staff, our financial experts, also to Barbara Payne and her staff, our Engineering Manager Mr. Rolen and his staff and all of the contractors working on the various segments of all of the projects of our program.*

*I think this also displays your vote of confidence in our conversion program that we developed. It is an outstanding program that will meet the requirements of our conversion to surface water and it will be built on time and on budget and it will work very well for many years.*

*Thank you very much for coming tonight."*

## BOARD MEMBER COMMENTS

Director Pulliam noted that Director Fessler was unable to attend tonight's meeting and proceeded to read a message from Director Fessler, as follows:

*"I regret not being in attendance tonight but life happens.*

*I wanted to comment publicly on the renewed terms of office for myself and Director Pulliam. I was personally hoping I could see the delivery of surface water while a member of this fine Board and now that will happen.*

*I believe I speak for both Jim and I when I say that board members only go unopposed when the organization is meeting its goals and serving the community.*

*Many, many thanks to Jimmie and his staff for making this happen. My gratitude also extends to Tom Rolen, Robin Bobbitt, Barbara Payne and the other fine, private-sector partners that have contributed to our mutual success.*

*My view of this unopposed election is that it is a vote of confidence in the entire team. In addition, I want to thank the utility district community for supporting the Board and giving us great input when asked for and perhaps even when not asked for. The successful and economical conversion to surface water is best served when we all work together.*

*Thank you and I look forward to another four years in service to this community."*

Director Rendl then concurred with the comments of Directors Pulliam and Fessler.

Director Sigler inquired if anyone from Cy-Champ Public Utility District was in attendance at the meeting and commended such district for the beautiful park they have built near Cutten Drive.

### PUBLIC COMMENTS

Director Pulliam reported that no blue public comment cards had been submitted.

### 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 March. Ms. Payne reported that during the past month, there had been 53,766 hits on the Authority's website.

Ms. Payne next reported that Ms. Lisa Sagstetter has been busy compiling 150 information packets for a presentation at the Champion Forest Women's Club meeting at Raveneaux Country Club on April 8, 2008. Ms. Payne noted that Director Rendl had addressed the Tomball Rotary Club on March 26, 2008 and will make presentations at Holy Comforter Church on April 15, 2008 and at the Spring Forest Church on April 19, 2008.

Ms. Payne further reported that she had attended the Alliance for Water Efficiency conference last week in San Antonio, Texas.

Ms. Payne next gave special thanks to Property Acquisition Services, Inc. for their generous donation to the Authority's water conservation program.

Ms. Payne then announced that the Louetta Woods Community Annual Spring Fling Event took place on April 5<sup>th</sup> in Spring West Municipal Utility District and noted receipt of a thank you note for the presence of the Mobile Teaching Lab at such event, a copy of which is attached hereto. Ms. Payne also announced that the Coles Crossing Community will hold an Earth Day Event on April 26<sup>th</sup> and has asked for use of the Mobile Teaching Lab.

Ms. Payne informed the Board that the Mobile Teaching Lab will visit schools in the Spring Independent School District ("ISD") and Klein ISD during the month of April.

### GENERAL MANAGER'S REPORT

Mr. Schindewolf first congratulated Directors Pulliam and Fessler on their election to office and thanked them for their other comments.

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

Concerning the proposed Luce Bayou Interbasin Transfer Project (the "Luce Bayou Project"), Mr. Schindewolf reported that he had spoken with the Coastal Water Authority's (the "CWA") Chief Financial Officer on March 26<sup>th</sup>, and was advised that the Texas Water Development Board (the "TWDB") had approved the TWDB staff recommendation to loan \$28 million to the CWA for the Luce Bayou Project. Mr. Schindewolf noted that the \$28 million loan would be used to prepare routing studies, preliminary engineering, perform environmental geotechnical testing and permitting. Mr. Schindewolf informed the Board that the TWDB and CWA have one (1) year to negotiate and execute a loan agreement and, as part of the loan closing process, the TWDB will require a project funding agreement between the City of Houston (the "City") and CWA. Mr. Schindewolf went on to explain that the City will in turn require agreements with the Authority, the West Harris County Regional Water Authority, the North Fort Bend Water Authority and the Central Harris County Regional Water Authority.

Mr. Schindewolf next noted that he is working with the Authority's financial advisors regarding the next bond issue and the capital contribution process for utility districts within the Authority.

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

Mr. Schindewolf then stated that in the absence of Mr. Mark Breeding, he would give the status report on the various ROW/easement acquisitions by the Authority.

Mr. Schindewolf first reported that all of the parcels have been acquired for Project 4C, and that the construction contract for such project will be awarded at the Board's May 5<sup>th</sup> meeting.

Mr. Schindewolf next informed the Board that all of the parcels have been acquired for Project 16, and that the award of the construction contract for such project would be considered later in tonight's meeting.

Concerning Project 7C-3, Mr. Schindewolf reported that there is one (1) parcel remaining to be acquired, and that the award of the construction contract for such project would be considered later in tonight's meeting.

Mr. Schindewolf went on to report that all parcels have been acquired for Project 17, Segments 1, 2 and 3, and that there is one (1) parcel left to acquire for Project 17, Segment 4.

Mr. Schindewolf then stated that the ROW/Easement Acquisition Team will next focus on the acquisition of parcels for Project 15B that will tie into Project 16 from Bammel North Houston Road.

#### 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 completed the construction work, and that the project will be recommended for acceptance later in tonight's meeting.

Mr. Rolan next reported that the contractor for Project 6A-1 has installed 854 feet of 16-inch line and is working on tunnels in advance of pipe delivery for the project.

Mr. Rolan went on to report that the contractor for Project 10B has now completed the tunnel under Cypress Creek and has begun the installation of pipe in the tunnel. Mr. Rolan added that a total of 5,472 feet of 42-inch water line has been installed in connection with the project.

Mr. Rolan next reported on Project 15A, stating that the contractor had installed an additional 1,823 feet of 36-inch water line, for a total of 9,565 feet, and completed the installation of the primary liner for the 36-inch water line.

Concerning Project 17, Segment 1, Mr. Rolan reported that the contractor for such project has mobilized and begun digging the shafts for the Interstate 45 crossing and Greens Bayou crossing, and that delivery of the pipe for the project is to begin in April.

Mr. Rolan then noted that to date, the Authority has installed a total of approximately 34.1 miles of water line ranging in size from 12-inch to 60-inch.

Mr. Rolan went on to report that 11 bids were received and opened on March 18, 2008 for the construction of Project 7C-3, ranging in cost from \$2,694,822.03 to \$3,782,536.00. Mr. Rolan stated that the project consists of the installation of approximately 4,800 feet of 30-inch water line and a connection to the Northwest Harris County Municipal Utility District No. 30 water plant. Mr. Rolan further noted that substantial completion of the project is specified within 240 calendar days. Mr. Rolan then reported that TRCU, Ltd. ("TRCU") had submitted the low bid in the amount of \$2,694,822.03. Mr. Rolan noted that TCB tabulated the bids and reviewed the qualification statements and experience information submitted and, based on such review, recommends that the construction contract be awarded to TRCU. Mr. Rolan stated that award of the construction contract for Project 7C-3 is on the agenda for action by the Board later in the meeting.

Mr. Rolan next reported that 10 bids were received and opened on March 25, 2008 for the construction of Project 16, ranging in cost from \$4,213,126.00 to \$5,414,845.17. Mr. Rolan stated that the project consists of the installation of approximately 8,000 feet of 54-inch water line. Mr. Rolan further noted that substantial completion of the project is specified within 330 calendar days. Mr. Rolan reported that Pace Services, L.P. ("Pace") had submitted the low bid in the amount of \$4,213,126.00, and that Calco Contracting, LTD. ("Calco") had submitted the second low bid in the amount of \$4,298,039.50. Mr. Rolan noted that TCB had tabulated the bids and reviewed the qualification statements and experience information submitted by Pace and Calco and, based on such review, recommends that the construction contract be awarded to Calco based on such company's

experience and qualifications. Mr. Rolan stated that award of the construction contract for Project 16 is on the agenda for action by the Board later in the meeting.

Mr. Rolan then reported that the Groundwater Transfer Program (the "GTP") systems continue to operate effectively, and that approximately 2.0 million gallons of water per day had been sold to Buyer districts.

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 15 projects; advertised for bids on Project 17, Segment 2; provided construction administration and project representatives on Projects 6A-1, 10A, 10B, 15A and 17, Segment 1 and construction administration on Projects 4C, 7C-3, 16 and 17, Segment 2; 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 aimed at expanding the GTP; and initiated preparation of the annual report and application for renewal of the Authority's Harris County Master Storm Water Quality Permit.

#### ATTORNEY'S REPORT AND ELECTION AGENDA

#### ADOPT ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE AND CANCELING ELECTION

Mr. Schindewolf then called on Ms. Bobbitt, who presented the Order Declaring Unopposed Candidates Elected to Office and Canceling Election (the "Order") in connection with the May 10, 2008 Directors Election for the Board's approval, a copy of which is attached hereto. Ms. Bobbitt explained that since the incumbent directors to be listed on the ballot for the 2008 Directors Election are unopposed, the Authority is not required to hold an election and reminded the Board that it had previously determined that no election would be held if there were no opposed candidates. Ms. Bobbitt next presented an executed Certificate Regarding Unopposed Candidates to the Board, a copy of which is attached hereto. 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, thereby declaring Directors Pulliam and Fessler elected to office on May 10, 2008 to serve a four (4) year term expiring in May 2012.

Mr. Schindewolf then noted that a swearing-in ceremony and election of officers would be scheduled for the Board's June 2<sup>nd</sup> meeting.

#### REGULAR AGENDA

#### APPROVAL OF THE MINUTES

Director Pulliam then asked for approval of the regular meeting minutes of March 3, 2008, previously distributed to the Board. 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 approve the minutes of the regular meeting of March 3, 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 two (2) months ending February 29, 2008, a copy of which is attached hereto. Ms. Plunkett noted that the Authority had continued to operate under budget for the month ended February 29, 2008. 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.

## ACCEPTANCE OF PROJECT 10A FOR OPERATION AND MAINTENANCE

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Texas Sterling Construction, L.P. ("Texas Sterling") under their contract with the Authority for Project 10A for construction of the water line along T. C. Jester Boulevard from Bammel North Houston Road to Ivy Falls Drive and the water line connections to the Northwest Harris County Municipal Utility District No. 20 and Harris County Municipal Utility District No. 44 water plants, at a final contract amount of \$6,833,243.11. Mr. Schindewolf noted that the initial contract bid was in the amount of \$7,187,464. Mr. Schindewolf also stated that the one (1) year warranty period for the project began on January 14, 2008, the date of the contractor's substantial completion of the project. 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 authorize final acceptance of Project 10A, and to approve payment of Pay Estimate No. 12 and Final to Texas Sterling. Copies of Mr. Schindewolf's letter and Pay Estimate No. 12 and Final are attached hereto.

## AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 7C-3

Mr. Schindewolf then explained that, as reported by Mr. Rolan earlier in tonight's meeting, 11 bids were received on March 18, 2008 for Project 7C-3, for the construction of 30-inch and 16-inch water lines along the CenterPoint Energy ("CenterPoint") easements and Pinelakes Boulevard from Aberton Lane to Kuykendahl Road. Mr. Schindewolf recommended award of the construction contract to the lowest qualified bidder, TRCU, in the amount of \$2,694,822.03. 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 award the construction contract for Project 7C-3 to TRCU. Copies of Mr. Schindewolf's and Mr. Rolan's correspondence are attached hereto.

Mr. Schindewolf then recognized Mr. Ken Erwin, Vice President of TRCU, as being in attendance at tonight's meeting.

## AWARD CONTRACT FOR CONSTRUCTION OF PROJECT 16

Mr. Schindewolf then explained that, as reported by Mr. Rolan earlier in tonight's meeting, 10 bids were received on March 25, 2008 for Project 16, for the construction of a 54-inch water line along the CenterPoint easement from Paragon Court to State Highway 249. Mr. Schindewolf went on to explain that after reviewing the bid tabulation, the qualifications and experience information

provided by Pace, the low bidder, and Calco, the second low bidder, TCB has recommended award of the contract to Calco. Mr. Schindewolf then recommended award of the contract to Calco in the amount of \$4,298,039.50. 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 award the construction contract for Project 16 to Calco. Copies of Mr. Schindewolf's and Mr. Rolen's correspondence are attached hereto.

Director Graham then inquired why the second low bidder is being recommended. Mr. Schindewolf responded that information included in the meeting packet goes into more detail on the matter, but the recommendation was made to him by TCB based on their belief that Calco has more experience with large diameter water line construction.

Mr. Schindewolf then recognized Mr. Henry Happel, Vice President of Calco, as being in attendance at tonight's meeting.

APPROVE AND AUTHORIZE EXECUTION OF AGREEMENT FOR PROFESSIONAL MATERIALS ENGINEERING LABORATORY SERVICES WITH AVILES ENGINEERING CORPORATION ("AVILES") AND AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND FINALIZE SAME

Mr. Schindewolf then noted that Tab 10 of the meeting packets contains the proposed Agreement for Professional Materials Engineering Laboratory Services by and between the Authority and Aviles (the "Agreement"), a copy of which is attached hereto. 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 and authorize execution of the Agreement and to authorize the General Manager to negotiate and finalize the Agreement with Aviles.

Mr. Schindewolf then introduced Mr. Ron Ortwerth, P.E. of Aviles to the Board.

CONFIRM UPCOMING MEETING DATE

Director Pulliam then stated that the next regular meeting of the Board will be held on Monday, May 5, 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 5<sup>th</sup> day of May, 2008.



  
Secretary, Board of Directors