

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

November 7, 2011

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 Monday, the 7<sup>th</sup> day of November, 2011, 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:

Alan J. Rendl	President
Lenox A. Sigler	Vice President
Ron Graham	Secretary
James D. Pulliam	Treasurer/Investment Officer
Kelly P. Fessler	Assistant Secretary

All members of the Board were present, except Director Graham, thus constituting a quorum. Also attending the meeting were: Mr. Showri Nandagiri, P.E., Engineering Coordinator for the Authority; Ms. Cynthia Plunkett, Financial Assistant for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Messrs. Tom Rolen, P.E., and Douglas Schmidt, P.E. of AECOM Technical Services, Inc. ("AECOM"), Program Manager for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. John Peyton, P.E. of CLR, Inc., on-call engineers for the Authority; Mr. Jerry Newell, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E. of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Tobin Synatschk, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. David Warner, P.E. of Montgomery & Barnes, Inc., on-call engineers for the Authority; Ms. Melinda Silva, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Vernon Webb, P.E. of Jacobs Engineering Group, Inc., on-call engineers for the Authority; Mr. Samuel W. Kruse, P.E. of Costello Inc., on-call engineers for the Authority; Mr. Arthur West of Cobb Fendley & Associates, Inc., land acquisition team for the Authority; Mr. Trent Slovak, P.E. of Malcolm Pirnie, Inc., special water quality consultant for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; and Ms. Robin S. Bobbitt, attorney, 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 Rendl first greeted the meeting attendees and provided some of his thoughts regarding the current drought in Texas, a copy of Director Rendl's printed comments is attached hereto. Director Rendl reported that he has recently attended several meetings and seminars dealing with drought concerns, including the Texas Water Conservation Association's conference, the "New World of Water Forum," the Association of Water Board Directors – Texas' Fall Seminar and the "Effective Drought Strategies" seminar sponsored by Freese and Nichols. Director Rendl noted that with all of the recent concerns regarding drought conditions, the Authority is fortunate to be receiving 31 million gallons per day of surface water from the City of Houston (the "City") to deliver to the 60 utility districts that are located within the Authority's 2010 conversion area. Director Rendl noted that most of the 60 utility districts receiving surface water also have water wells to rely on when the supply of surface water is not able to meet peak demand needs. Director Rendl further stated that having all of the water that is needed during the severe drought has led many people to continue to use water in inefficient and wasteful ways. Director Rendl stated that many people are asking why the Authority has not placed restrictions on the use of water. Director Rendl explained that the Authority does not currently have in place the drought restrictions the City has implemented and that the utility districts, not the Authority, control the use of water within the respective utility districts other than the amount of surface water that is delivered to the 60 utility districts within the Authority's 2010 conversion area. Director Rendl added that it appears that the area is in a prolonged period of drought, which means the lake levels will continue to drop and the aquifer levels will continue to be drawn down. Director Rendl encouraged that positive actions be taken by everyone to use water more wisely and efficiently in an effort to preserve the water supply sources serving the area.

Director Rendl next encouraged everyone to vote on November 8<sup>th</sup> and to consider voting in favor of Proposition 2, relating to the funding of water projects in the State.

## 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 reported that Director Rendl made several presentations recently at the Champions Breakfast Club on November 4, 2011 and to Christ the Good Shepherd Church on November 5, 2011. Ms. Payne further reported that the Lone Star Chapter of the Sierra Club, SaveWaterTexas, and the Texas Water Foundation under a grant from the Houston Endowment recently sponsored the "New World of Water Forum" held on October 25, 2011.

Ms. Payne next reported that the Authority's website now includes several water conservation videos. Ms. Payne explained that the Texas Association of Broadcasters is being encouraged to put the videos on television, radio and in public service announcements.

Ms. Payne then reviewed a list of fourth (4<sup>th</sup>) grade "Windmills & Barbed Wire" assemblies to be held in the Klein Independent School District and Spring Independent School District schools during the month of November.

Ms. Payne next reported that a Texas Drought page has been added to the Authority's website. Ms. Payne noted that Mr. Jeff Lindner, Harris County Flood Control District's meteorologist, is frequently updating a web page on the Authority's website regarding Texas drought conditions.

Ms. Payne further noted that the water conservation brochures/materials available from the Authority have been reprinted and that many utility districts have requested copies for distribution to their customers.

Director Pulliam then asked about the results on the Texas turf grass watering tests that the Authority co-sponsored with Texas A&M University this summer. Ms. Payne responded that the results were very encouraging and that she expects to receive a copy of the findings in the near future, which she will provide to the Board.

#### GENERAL MANAGER'S REPORT

In the absence of Mr. Schindewolf, the Authority's General Manager, Mr. Rolan then briefly reviewed the General Manager's Report located behind Tab 2 of the meeting packet, a copy of which is attached hereto. Mr. Rolan noted that the action items listed therein will be addressed later in the meeting.

#### PROGRAM MANAGER'S REPORT

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

Mr. Rolan noted that the acceptance of Project 2, Construction Package No. 2 (Spears Road Regional Pump Station) and Project 7C-4 Contract I are on this evening's agenda, and will be further discussed later in the meeting.

Mr. Rolan next reported that project finalization is ongoing on Project 2, Construction Package No. 1 (Spears Road Regional Pump Station).

Mr. Rolan further reported that the contractor for Project 2-3 has installed cable trays in the pump and electrical rooms at Spears Road Regional Pump Station.

Mr. Rolan went on to report that the contractor for Project 5D (the Louetta Regional Water Plant) is working through startup issues concerning the facility's control system and two (2) of the booster pumps.

Mr. Rolan then noted that the contractor for Project 7B-1 has begun clearing the easement area for such project.

Mr. Rolan next reported that the contractor for Project 101-B (the Supervisory Control and Data Acquisition ("SCADA") System) for the 2010 Water Distribution and Transmission System has started conduit installation.

Concerning the status of the 2010 Surface Water Conversion Program, Mr. Rolan reported that the Spears Road Regional Pump Station had delivered an average in excess of 31 MGD of surface water during the reporting period. Mr. Rolan went on to report that the alternative water (i.e., surface water) used in September was approximately 24.4%, compared to 26.2% in August. Mr. Rolan then reminded everyone that, in accordance with the provisions of the Authority's Rate Order, the utility districts located within the Authority's 2010 conversion area are to be using as much surface water as possible while trying to promote water conservation.

Mr. Rolan also reported that the Authority's special water quality consultant, Malcolm Pirnie, Inc., continues to work with two (2) utility districts on water quality issues.

Concerning other activities, Mr. Rolan reported that during the prior month, AECOM had continued oversight of engineering efforts; provided construction administration services and project representation on the remaining construction projects, as required; provided oversight of STES's operation of the Authority's system; monitored, tabulated and analyzed amounts of water used by public water systems ("PWS") covered by the Authority's aggregate water well permit and, where necessary, in consort with STES and the respective PWS operators, took appropriate actions; assisted the Authority in implementing and performing related tasks regarding its aggregate water well permit with the major effort focused on gathering, compiling and checking water usage data during the 2010-2011 permit year, which will in turn be used to prepare the Authority's report to the Harris-Galveston Subsidence District; assisted the Authority in gathering and compiling water well meter information for use in the annual meter update required by the Harris-Galveston Subsidence District; and evaluated PWS submittals requesting Chloramination Credits.

#### ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing to report at this time.

#### REGULAR AGENDA

##### APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of October 3, 2011, and the special workshop meeting of September 15, 2011, previously distributed to the Board. Upon motion by Director Sigler, seconded by Director Pulliam, 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 3, 2011, as written, and the special workshop meeting of September 15, 2011, as written. Approval of the minutes of the executive session of May 2, 2011 was deferred.

## FINANCIAL ASSISTANT'S REPORT

Director Rendl then 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 nine (9) months ended September 30, 2011, a copy of which is attached hereto. Upon motion by Director Sigler, seconded by Director Pulliam, 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.

## GENERAL MANAGER'S ACTION ITEMS

### ACCEPTANCE OF PROJECTS 6B-3 and 10B

Mr. Rolen then noted that Tab 6 of the meeting packet includes letters from Mr. Schindewolf recommending acceptance of: 1) Project 2, Construction Package No. 2 (Spears Road Regional Pump Station) for the work performed by CSA Construction, Inc. in connection with the construction of the Spears Road Regional Pump Station; and 2) Project 7C-4, Contract I for the work performed by W. W. Payton Corporation for the construction of the Project 7C-4 District Connections, copies of such letters are attached hereto. Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize final acceptance of Project 2, Construction Package No. 2 (Spears Road Regional Pump Station) in the final contract amount of \$16,373,584.50 and Project 7C-4, Contract I in the final contract amount of \$2,995,806.00.

### APPROVE AND AUTHORIZE EXECUTION OF THE INTERLOCAL AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367 AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

Upon motion by Director Pulliam, 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 Interlocal Agreement with Harris County Municipal Utility District No. 367 and Harris County Municipal Utility District No. 383. A copy of the Interlocal Agreement is attached hereto.

### AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES FOR ON-CALL ENGINEERING SERVICES WITH COSTELLO, INC.

Upon motion by Director Pulliam, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager to negotiate and enter into an Agreement for Professional Engineering Services for On-Call Engineering Services with Costello, Inc. A copy of the Agreement is attached hereto.

Mr. Rolen then introduced Mr. Samuel W. Kruse, Jr., P.E. Vice President of Costello, Inc.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES FOR ON-CALL ENGINEERING SERVICES WITH SANDER ENGINEERING CORPORATION

Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager to negotiate and enter into an Agreement for Professional Engineering Services for On-Call Engineering Services with Sander Engineering Corporation. A copy of the Agreement is attached hereto.

Mr. Rolan then introduced Mr. Dennis Sander, P. E., President of Sander Engineering Corporation.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that a Budget Workshop will be held on Monday, November 28, 2011, at 6:00 p.m., and that the Board's next regular meeting will be held on Monday, December 5, 2011, at 7:00 p.m., both of which will be held 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 December, 2011.

/s/ Lenox A. Sigler

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Vice President, Board of Directors

