

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
February 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 7th day of February, 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
Kelly P. Fessler	Vice President
Lenox A. Sigler	Secretary
James D. Pulliam	Treasurer/Investment Officer
Ron Graham	Assistant Secretary

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Ms. Nicole Fessler, daughter of Director Fessler; Mr. Shrowi Nandagiri, P.E., Engineering Coordinator for the Authority; Mr. Paul Nelson, Planning and GIS 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 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. Wendell L. "Buddy" Barnes, P.E. of Montgomery & Barnes, Inc., on-call engineers for the Authority; Mr. Vernon Webb, P.E. of Jacobs Engineering Group, on-call engineers for the Authority; Mr. Wayne Ahrens, P.E. of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Tobin Synatschk, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. W. John Seifert, Jr., 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; Mr. Jerry Newell, P.E. of Klotz Associates, Inc., on-call engineers for the Authority; Ms. Melinda Silva, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Ravi Yanamandala, P.E. of Geotest Engineering, Inc., material testing engineers for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; and Ms. Robin S. Bobbitt 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 reported that Mr. Jimmie Schindewolf, P.E., General Manager of the Authority, was released from the hospital on Wednesday, January 19, 2011, and is resting and recuperating at home.

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 Bridgestone Municipal Utility District has agreed to sponsor the Frontier Assemblies for second (2nd) grade students and the Texas Water - Origins and Destinations Assemblies for fourth (4th) grade students at Roth Elementary School and Mueller Elementary School and the fourth (4th) grade assembly at Northwoods Catholic School. Ms. Payne further reported that Prestonwood Forest Utility District has agreed to sponsor both the second (2nd) grade and fourth (4th) grade assemblies at Hancock Elementary School.

Ms. Payne then welcomed McGrath & Co., PLLC as a new sponsor for the Authority's water conservation educational materials.

Ms. Payne went on to report that a Social Studies Teacher Workshop will be held on Friday, February 11, 2011, for the Harris County Department of Education.

Ms. Payne then reported that the Cy-Fair Independent School District ("ISD") has scheduled workshops on Tuesday, February 8, 2011, and Thursday, February 10, 2011, for 60 middle school science teachers.

Ms. Payne noted that a second (2nd) grade Frontier Assembly was presented at Trinity Lutheran School today.

Ms. Payne next reported that she had met with the Social Studies curriculum specialist for the Harris County Department of Education on January 14th to preview all of the TEXAS WATER classroom water conservation materials. Ms. Payne went on to report that Ms. Mary Bonetati, the TEXAS WATER lead educator, has a meeting scheduled with the Librarian of Robertson Middle School in Spring ISD to discuss a sixth (6th) grade project-based study.

GENERAL MANAGER'S REPORT

Director Rendl noted that Mr. Schindewolf's General Manager's Report is included behind Tab 2 of the meeting packet.

PROGRAM MANAGER'S REPORT

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

Mr. Rolen reported that the contractors for Project 2, Construction Package Nos. 1 and 2 (the Spears Road Regional Pump Station), are working on the final punch list items for such projects.

Mr. Rolen went on to report that the contractor for Project 5D (the Louetta Regional Water Plant) has started the facility and is working through startup issues concerning the facility's SCADA system and is continuing operator training.

Mr. Rolen then reported that project finalization is ongoing for Project 6B-3, Project 7C-4, Contract 1 and Project 10B.

Mr. Rolen next reported on the status of the 2010 Surface Water Conversion Program. Mr. Rolen stated that to date, 58 of the 60 Public Water Systems ("PWSs") have converted to surface water. Mr. Rolen explained that the Spears Road Regional Pump Station had delivered an average of approximately 20.2 million gallons per day of surface water to the 58 PWSs within the Authority during the reporting period.

Mr. Rolen added that the number of water discoloration, taste and odor complaints continues to decline. Mr. Rolen stated that the Authority's specialty consultant is currently working on three (3) assignments.

Mr. Rolen then reported that, based on information for the period September through December, 2010, approximately 29.8% of the reported water used was alternate water (i.e., surface water). Mr. Rolen added that the Authority is currently 15 million gallons from meeting the 30% conversion target. Mr. Rolen emphasized that, although alternate water usage is close to 30%, there is reason for concern, inasmuch as the alternate water use through December should have been around 34%, accounting for seasonal usage variation. Mr. Rolen added that actual alternate water usage is about four percent (4%) lower than it should be.

Director Rendl then expressed his concern regarding the PWSs that are not taking their full amount of surface water and regarding the two (2) PWSs that have not yet converted to surface water. Director Rendl stated that he has asked Mr. Rolen and Ms. Bobbitt to prepare letters to all of the PWSs located within the 2010 conversion area concerning surface water usage. Director Rendl noted that if disincentive fees are incurred by the Authority for not meeting 30% conversion target, the PWSs that have not taken their full quota of surface water should be responsible for paying such disincentive fees.

Mr. Bob Koperwhats, President of Harris County Water Improvement District No. 91, then asked why the Authority was not forcing PWSs located within the 2010 conversion area to take their full quota of surface water.

Director Rendl then extended the Board's appreciation and thanks to Mr. McDevitt and his staff for keeping all of the Authority's facilities operating during the recent freezing temperatures.

Director Sigler then asked if the Authority's emergency generators had to be used during the recent freezes. Mr. Rolen responded that the emergency generators did not have to be used during the cold weather.

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; continued to assist the Authority in coordination of the delivery of surface water to the PWSs in the 2010 service area; monitored, tabulated and analyzed water use by the PWSs covered by the Authority's aggregate water well permit; identified PWSs whose surface water usage is lower than anticipated and assisted STES in notifying the PWSs' operators and engineers of low usage and, together with STES, when necessary, assisted the PWSs' operators and engineers to determine the possible cause of lower usage and assisted, when possible, to increase surface water usage; assisted the Authority in implementing and performing related tasks regarding its aggregate water well permit; and evaluated submittals requesting Chloramination Credits.

Mr. Rolan then reported that the Harris-Galveston Subsidence District has refunded to the Authority \$72,302.70 of the Permit Fee paid on the Authority's 2009-2010 Aggregated Water Well Permit. Mr. Rolan added that, generally, entities that used less than their allocation (a total of 4,253.1 million gallons of water) during the 2009-2010 permit period will be receiving a refund.

Mr. Rolan next reported that the Authority has entered in a new Retail Electric Supplier Agreement (the "Agreement") with MidAmerican Energy Company, effective January 13, 2011. Mr. Rolan stated that the term of the Agreement is one (1) year and that, under the terms of the Agreement, the base cost of electricity is \$0.0608/kWh, plus standard delivery and related charges.

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 January 10, 2011, 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 and executive session of January 10, 2011, as written.

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 12 months ended December 31, 2010, 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.

PUBLIC COMMENTS

Mr. Nick Fava, a member of the Board of Directors of Bammel Utility District, then commented on the requirements for districts to take their quota of surface water.

Director Rendl then briefly reviewed the provisions of the Authority's Rate Order regarding use of surface water by entities located within the Authority's 2010 conversion area.

Mr. Rolan explained that the Authority attempts to set the flow rate of surface water entering into each PWS's water plant at the same flow rate that groundwater comes out of the PWS's water well. Mr. Rolan further explained that if the PWS needs a greater amount of water than the Authority can provide, typically the water well will be triggered to come on. Mr. Rolan noted that the PWSs with multiple water plants pose different operational challenges than PWSs with one (1) water plant. Mr. Rolan added that it is anticipated that most PWSs will routinely exercise their well(s).

Director Rendl emphasized that the PWS operators should not be turning off the delivery of surface water and reverting to groundwater unless one of the exceptions reflected in the Authority's Rate Order is applicable.

Mr. Koperwhats then asked if the Authority will use other wells and build additional water wells. Director Rendl responded that the Authority currently has three (3) regional water wells, two (2) of which are located at the Louetta Road Regional Water Plant, that will be used as needed to meet the peak demand for the PWSs that are totally reliant on the Authority to provide all of their water needs.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be on Monday, March 7, 2011, at 7:00 p.m. at the Authority office.

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

PASSED, APPROVED AND ADOPTED this 7th day of March, 2011.



Lenny A. Sigler
Secretary, Board of Directors