

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 5, 2018

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 6:00 p.m. on Monday, the 5<sup>th</sup> day of February, 2018, at the Authority's office located at 3648 Cypress Creek Parkway, Suite 110, 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
Ron Graham	Assistant Secretary
Jim Pulliam	Treasurer/Investment Officer

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Jun Chang, P. E., D.WRE, Deputy General Manager for the Authority; Mr. Mark Evans, Director of Planning and Governmental Affairs for the Authority; Ms. Cynthia Plunkett, Financial Assistant for the Authority; Ms. Krystal Boggs, Administrative Assistant for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Messrs. Stephen Berckenhoff, P.E., and Michael Baugher, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Mr. Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers for the Authority; Mr. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Michael Bagstad, P.E., of Zarinkel Engineering Services, Inc., on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) operator for the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley 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.

## PRESIDENT'S MESSAGE

Director Rendl first thanked those who attended the Directors Workshop that was held on February 1<sup>st</sup>.

Director Rendl then congratulated Mr. Schindewolf on his 15<sup>th</sup> anniversary as the General Manager of the Authority. Director Rendl stated that Mr. Schindewolf has guided the Authority to completion of Phase I and into Phase II of the Surface Water Conversion Project. Mr. Rendl then thanked Mr. Schindewolf for his many years of service and invaluable contributions to the Authority.

## PUBLIC COMMENTS

Director Rendl then stated that no public comment cards had been received.

## REPORTS

### STATUS OF ACTIVITIES BY COMMUNICATIONS / PUBLIC INFORMATION COORDINATOR

A copy of Ms. Payne's PowerPoint presentation is attached as an exhibit to these minutes.

Ms. Payne first reported that the new "Rising Cost of Water" brochures are available for districts to order. Ms. Payne noted that the brochures and billing inserts can be ordered from the Authority's website or by calling the Authority's office.

## GENERAL MANAGER'S REPORT

Mr. Schindewolf then thanked the Board for their recognition of his 15 years with the Authority. Mr. Schindewolf stated that the driving force behind the success of the Authority is the Board, consultants and staff of the Authority.

Mr. Schindewolf then called on Mr. Evans to give an update regarding the Authority's participation in the 2018 State Water Implementation Fund for Texas ("SWIFT") program. Mr. Evans reported that on January 29<sup>th</sup> Authority representatives, along with representatives of the City of Houston (the "City"), the Coastal Water Authority ("CWA") the Central Harris County Regional Water Authority, the West Harris County Central Water Authority, the North Fort Bend Water Authority, met with the Texas Water Development Board (the "TWDB") to provide an update on the various projects that have received TWDB subsidized financing. Mr. Evans then reported that on January 31<sup>st</sup>, the Authority submitted public comments to the TWDB proposed rules and guidance document that will implement the U.S. iron and steel requirements for the SWIFT program by Senate Bill 1289 ("SB 1289"). Mr. Evans explained that while the Authority's current projects are grandfathered under SB 1289, any new projects that are financed through the SWIFT program after May 1, 2019 will be required to adhere to the proposed TWDB guidelines required by SB 1289. Mr. Evans went on to explain that the Authority felt that it should submit comments on the proposed rules and guidance document to ensure that the new guidelines are both clear and fair.

Mr. Evans went on to report that on February 1<sup>st</sup>, the Authority submitted its Annual Confirmation of Multi-Year Commitment Loan Closing Schedule to the TWDB. Mr. Evans further stated that at the end of 2018, the Authority is scheduled to close on \$386,850,000 of previously committed funding. Mr. Evans added that on February 1<sup>st</sup>, the Authority submitted two (2) SWIFT Abridged Applications to the TWDB. Mr. Evans stated that one (1) Abridged Application requested \$222,070,000 for additional funding for the Authority's share of costs for the Northeast Water Purification Plant ("NEWPP") Expansion and that the other Abridged Application requested \$601,845,000 in additional funding for the remainder of the Authority's 2025 Distribution System. Mr. Evans further explained that the TWDB will be reviewing and scoring the Abridged Applications, and will be sending out requests for Financial Assistance Applications later in the Spring. Director Rendl then asked how much funding the Authority has received from the TWDB to date. Mr. Evans responded that the Authority has received SWIFT commitments of about \$1.18 Billion, with approximately \$775 million in funding received to date.

#### PROGRAM MANAGER'S REPORT

Mr. Schindewolf next asked Mr. Berckenhoff to present the Program Manager's Report to the Board, a copy of which is included behind Tab 3 of the meeting packet and is attached hereto.

#### UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff first reported that the Spears Road Regional Pump Station delivered a daily average rate of approximately 19.5 million gallons per day ("MGD") of surface water during January. Mr. Berckenhoff added that the alternative water used in December was approximately 35.5%, as compared to 35.4% in November.

Mr. Berckenhoff further explained that during December, approximately 79.7% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was Alternative Water.

#### MAJOR ACTIVITIES

Concerning other activities, Mr. Berckenhoff reported that during the prior month, AECOM had assisted the Authority with the following items: 1) implementing and performing tasks regarding its aggregate water well permit (the "Permit"); 2) assisted the Authority in a variety of activities involving the City; 3) continued oversight of engineering and acquisition related efforts; 4) provided oversight of Inframark's activities and its contract to operate the Authority's system; and 5) monitored, tabulated and analyzed amounts of water used by the PWSs covered by the Authority's Permit and, where necessary and practical, in consort with Inframark and the respective PWS operators and took appropriate actions to optimize the use of surface water.

## LUCE BAYOU INTERBASIN TRANSFER PROJECT (THE "LUCE BAYOU PROJECT") UPDATE

Concerning the Luce Bayou Project, Mr. Berckenhoff reported the following items: 1) construction of the Luce Bayou Project Maintenance Facility is progressing, including installation of sanitary sewer lines and water well, and 16 of 22 tilt wall panels were formed, poured and set along the perimeter of the foundation; 2) two (2) walls at the Capers Ridge Pump Station were formed and poured and welding of buried 96-inch pipelines was completed; 3) construction of all five (5) canal segments is ongoing, including installation of the 96-inch inverted siphons, box culvert bridges, siphon headwall at County Road 2326 and baffled outfall and rip rap at the Lake Houston/Luce Bayou outfall; and 4) Sam Houston Electric Coop ("SHEC") continues construction of the electrical substation at the pump station site and transmission pole foundations.

Director Rendl then asked if the cofferdam area at the Luce Bayou Project is located off of the flood plain. Mr. Berckenhoff stated that the pump station is built on top of the Capers Ridge above the flood plain.

## NEWPP EXPANSION PROJECT UPDATE

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") is continuing to progress on the various engineering studies as defined in the Component 2 Scope of Services, including High Service Pump Station Hydraulic Modeling, Computational Fluid Dynamics Modeling and Hydraulic Surge Analysis. Mr. Berckenhoff went on to report that the Project Advisor/Technical Consultant ("PATC") and HWT completed negotiations on the Guaranteed Maximum Price ("GMP") for Early Work Package ("EWP") 1 Site Development, and that the Request for City Council Action was approved on December 19<sup>th</sup>, with the Notice to Proceed with Final Design and Construction to be issued in January. Mr. Berckenhoff then reported that the HWT has continued procurement activities for EWP 2. Mr. Berckenhoff also reported that the PATC and HWT completed negotiations of the GMP for EWP Raw Water Pipeline, and a Request for City Council Action is in the process of being prepared. Mr. Berckenhoff next reported that on December 15<sup>th</sup>, the HWT submitted the Balance of Project 30% design documents for PATC review, with PATC review comments due in early February. Mr. Berckenhoff then reported that on December 6<sup>th</sup>, the United States Army Corps of Engineers issued a 404 permit for construction of the project within jurisdictional waters and wetlands. Mr. Berckenhoff also noted that multiple workshops and technical meetings were conducted during the month relating to the Risk and Contingency, Submittal Review and Procurement Capacity Study.

## NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that on January 12<sup>th</sup>, the City issued a Notice of Intent to Award for one (1) section of the 108-inch line and the 54-inch interconnect line. Mr. Berckenhoff then reported that on January 25<sup>th</sup>, the City issued a Notice of Intent to Award for one (1) section of the 108-inch (108") line. Mr. Berckenhoff further reported that real estate acquisition is proceeding forward on several sections of the transmission line, and that design is

progressing on ten (10) sections of the line, including one (1) 120-inch (120") section, eight (8) 108-inch (108") sections and a 66-inch (66") interconnect.

Director Rendl then reminded the meeting attendees that the utility districts that are currently receiving surface water need to take as much surface water as possible whenever they can in order to continue to build a cushion in the Authority's surface water conversion credits.

ATTORNEY'S REPORT

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

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the January 8, 2018 regular meeting. Upon motion by Director Fessler, 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 January 8, 2018 regular meeting, as written.

FINANCIAL ASSISTANT'S REPORT, INCLUDING APPROVE PAYMENT OF BILLS, ISSUANCE OF CHECKS, REVIEW BUDGET COMPARISON, AND REPORT ON STATUS OF PAYMENTS OF QUARTERLY PUMPAGE FEES

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 month ended December 31, 2017, a copy of which is included behind Tab 5 of the meeting packet and is attached hereto. 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.

REVIEW AND ACKNOWLEDGE RECEIPT OF MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") RULE G-10 NOTIFICATION FROM GMS GROUP, LLC ("GMS") AND RBC CAPITAL MARKETS, LLC ("RBC")

Ms. Bobbitt then presented email notices received from GMS and RBC, the Authority's co-financial advisors in connection with the implementation of MSRB Rule G-10, effective October 13, 2017, copies of which are attached hereto. Ms. Bobbitt explained that MSRB Rule G-10 now requires the Authority's financial advisors to annually provide, in writing, the following items of information: (1) a statement that it is registered with the U.S. Securities and Exchange Commission and the MSRB; (2) the MSRB's website address; and (3) a statement as to the availability to the Authority of an investor brochure on the MSRB's website that describes the protections provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, March 5, 2018, at 6:00 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 March, 2018.



Secretary, Board of Directors

