

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

May 7, 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 7th day of May, 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, except Director Fessler, 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 Doug Haude, 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. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Mr. Wendell L. "Buddy" Barnes, P.E., of ARCADIS US, Inc., 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; Messrs. Tobin Synatschk, P.E., and David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Messrs. Fred Bauhof, P.E., and Bill Kotlan, 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. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) ("Inframark") operator for the Authority; Mr. Mark McGrath of McGrath & Co., PLLC ("McGrath & Co."), auditors for the Authority; Ms. Debbie Gibson of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); and Mr. Jonathan D. Polley, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), 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. Bob Koperwhats, President of the Board of Directors of Harris County Water Control and Improvement District No. 91, stated that Mr. Jerry Homan, General Manager of Harris County Fresh Water Supply District No. 61 and Mr. Bill Papp of Harris County Water Control and Improvement District No. 132 are running for the Board of Trustees of the Association of Water Board Directors-Texas (the "AWBD"). Mr. Koperwhats urged utility districts to vote in the upcoming AWBD election.

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 over 1,300 students and teachers will have attended the Authority's second (2nd) grade and fourth (4th) grade assemblies during the month of May. Ms. Payne next reported that the Texas Heritage Earth Day on Saturday, April 21st was well attended. Ms. Payne also reported that the Authority has been invited back to participate in the Wunderlich Farms Spring Festival on April 28th.

GENERAL MANAGER'S REPORT

Mr. Schindewolf next 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 the Texas Water Development Board (the "TWDB") met on April 5th and approved the Authority's two (2) SWIFT Abridged Applications and invited the Authority to submit Financial Assistance Applications by May 4th. Mr. Evans further reported that the Financial Assistance Applications have been submitted and are currently under review by the TWDB staff. Mr. Evans added that the TWDB is expected to meet and consider approval of the applications in July, with closing scheduled in the period from late October to early December.

Mr. Schindewolf then called on 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.

PROGRAM MANAGER'S REPORT

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff reported that the Spears Road Regional Pump Station delivered a daily average rate of approximately 26.1 million gallons per day ("MGD") of surface water during April. Mr. Berckenhoff added that the alternative water used in March was approximately 27.0%, as compared to 33.7% in February.

Mr. Berckenhoff further explained that during March, approximately 63.9% 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 performed for the Authority as follows: 1) implemented and performed tasks regarding its aggregate water well permit (the "Permit"); 2) assisted the Authority in a variety of activities involving the City of Houston (the "City"); 3) continue 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, took appropriate actions to optimize the use of surface water.

Mr. Berckenhoff further reported as follows: 1) Project 28A is under construction; 2) Project 28B is in final design with approximately 30 parcels currently in the acquisition process; 3) Project 28C is in final design with approximately 29 parcels currently in the acquisition process; 4) Project 28D is in final design at 90% completion with approximately 19 parcels to be acquired; 5) Project 28E is in final design at 75% completion with approximately 30 parcels to be acquired; and 6) Project 28F is in final design at 75% complete with approximately 25 parcels to be acquired.

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 mechanical components within the building; 2) site cleanup at the Capers Ridge Pump Station continued during April and additional concrete placement is expected to be started in early May; 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, baffled outfall and rip rap at the Lake Houston/Luce Bayou outfall, maintenance road and Parshall Flume; and 4) Sam Houston Electric Coop is nearing completion of construction of the electrical substation at the pump station site and construction/installation of the transmission lines.

NORTHEAST WATER PURIFICATION PLANT (THE "NEWPP") EXPANSION PROJECT UPDATE

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") is continuing to progress on the various engineering designs as defined in the Component 2 Design Development Scope of Services. Mr. Berckenhoff went on to report that the Early Work Package ("EWP") 1 Site Development is proceeding. Mr. Berckenhoff further reported that the Notice to Proceed with Final Design and Construction of EWP 4 Raw Water Pipeline Work was issued on March 12th and contractor mobilization commenced mid-March. Mr. Berckenhoff next reported that the HWT submitted for approval its proposed EWP 4 Schedule and Schedule of Values and that the Project Advisor/Technical Consultant (the "PATC") reviewed both documents and returned comments on such documents. Mr. Berckenhoff next reported that the PATC provided its Value Engineering analysis of the 30% balance of plant design documents to the HWT and the HWT is preparing its plan to address the Value Engineering items in the 60% design submittal. Mr. Berckenhoff also reported that the HWT issued several Requests for Proposals addenda for various balance of plant packages, including the High Service Pump

Station Main Switchgear Building, North Plant, Liquid Residuals Basin, Intake Pump Station and the Central Plant. Mr. Berckenhoff added that the PATC continues to provide construction oversight services on behalf of the City and the Authorities.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that on January 12th, the City issued a Notice of Intent to Award for one (1) section of the 108-inch line (108") and the 54-inch (54") interconnect line, and that City Council approved award of these projects on May 2nd. Mr. Berckenhoff went on to report that the City re-advertised for one (1) section of the 108-inch (108") line and bids were received on March 29th. Mr. Berckenhoff further reported that real estate acquisitions are proceeding forward on several sections of the transmission line, and that design is progressing on ten (10) sections of the NETL, including one (1) 120-inch (120") section, eight (8) 108-inch (108") sections and a 66-inch (66") interconnect line.

ATTORNEY'S REPORT

Mr. Polley stated that he had nothing to report at this time.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the April 2, 2018 regular meeting. Upon motion by Director Graham, 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 April 2, 2018 regular meeting, as written.

ENGAGEMENT OF MGSB, PLLC FOR PREPARATION OF POST-AUDIT AGREED-UPON PROCEDURES ("AUP") REPORT FOR THE FISCAL YEAR ENDING ("FYE") DECEMBER 31, 2017

Director Rendl explained that this item has to do with the Authority's annual audit report and the fact that the Authority does not have a Certified Public Accountant on staff. Director Rendl then called on Mr. McGrath, the Authority's auditor, to review this item with the Board. Mr. McGrath explained that he has had to issue material weakness letters in the past in connection with the Authority's annual audit reports to address the issue of the Authority not having a CPA with experience in governmental accounting and financial reporting on staff. Mr. McGrath further explained that going forward, he is recommending that the Authority engage MGSB to review the Authority's audited financial statements from a technical perspective, which would allow McGrath & Co to eliminate the need for the material weakness letter.

Upon motion by Director Pulliam, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the engagement of MGSB for preparation of a post-audit AUP Report for the FYE December 31, 2017. A copy of the engagement letter is included behind Tab 5 of the meeting packet and attached hereto.

REVIEW AND APPROVE AUDIT REPORT FOR FYE DECEMBER 31, 2017, AND AUTHORIZE FILING OF SAME

Mr. McGrath next reviewed with the Board the draft of the Authority's audit report for the FYE December 31, 2017, a copy of which is included behind Tab 6 of the meeting packet and attached hereto. Mr. McGrath first reported that his review of the Authority's books and records had resulted in an excellent report for the Authority and the issuance of an unqualified opinion from McGrath & Co. Mr. McGrath then briefly reviewed the McGrath & Co. Management Letter, a copy of which is attached hereto. Mr. McGrath then commended Ms. Plunkett and the Authority staff on another excellent job preparing the Authority's financial statements.

Upon motion by Director Pulliam, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to approve the audit report for the FYE December 31, 2017, and to authorize the filing of same with the appropriate governmental authorities.

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 March 31, 2018, a copy of which is included behind Tab 7 of the meeting packet and 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.

AUTHORIZE FINANCIAL ASSISTANT TO UPDATE CONTINUING DISCLOSURE INFORMATION

Ms. Plunkett then requested authorization to prepare and file the Authority's continuing disclosure materials with the Nationally Recognized Municipal Securities Information Repositories and any applicable State Information Depository, pursuant to Securities and Exchange Commission Rule 15c2-12. 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 authorize the Financial Assistant to prepare and file the Authority's continuing disclosure materials with the appropriate entities.

GENERAL MANAGER'S ACTION ITEMS

AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT BETWEEN THE AUTHORITY AND THE HOUSTON PARKS BOARD (THE "HPB") FOR THE GREENS BAYOU GR14 PROJECT

Mr. Berckenhoff stated that the Interlocal Agreement is between the Authority and HPB for an encroachment into the Authority's utility easement for the 54" Greens Road Water Line. Mr. Berckenhoff explained that the HPB is expanding trails along watersheds as part of the

Greens Bayou Initiative, and that the proposed Interlocal Agreement, will allow for the overlap of a sidewalk onto the Authority's existing waterline easement. Upon motion by Director Graham, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Interlocal Agreement between the Authority and the HPB, a copy of which is included behind Tab 8 of the meeting packet and attached hereto.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, June 4, 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 4th day of June, 2018.




Secretary, Board of Directors