

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

September 10, 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 10th day of September, 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. 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., Mike Baugher, P.E. and Doug Haude, P.E., of AECOM Technical Services, Inc., ("AECOM") Program Manager for the Authority; Mr. Alan Moon, P.E., of Jones|Carter, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Buddy Barnes, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) ("Inframark"), operator for the Authority; Mr. Rafael Ortega, P.E., of Aurora Technical Services, LLC; Mr. Steve Bresnen and Ms. Amy Bresnen, of BresnenAssociates, legislative consultants to the Authority; and Ms. Robin S. Bobbitt, attorney, 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.

PRESIDENT'S MESSAGE

Director Rendl first reported that there was a recent story in the news about a small city near Dallas that has been without water for 11 days due to water supply issues and further emphasizes the need for the Houston area to have a reliable source of water. Director Rendl further stated that he appreciates everyone enduring the customer complaints about water rates

and surface water rates. Director Rendl further noted that anyone is welcome to call him with questions about the Authority at any time.

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 Director Rendl will be giving a presentation to the community managers for Chaparral Management on September 12th. Director Rendl then noted that such presentation has been moved to October because Chaparral Management will be moving back into their offices after Hurricane Harvey repairs were completed.

Ms. Payne then reported that the Rising Cost of Water video is in the final editing process and will become available in mid-October.

Ms. Payne next reported that the 2018-2019 school year has started and requests have already been received for the Authority's 2nd, 4th and 5th grade assembly programs.

GENERAL MANAGER'S REPORT

Mr. Chang 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 31 million gallons per day ("MGD") of surface water during August. Mr. Berckenhoff added that the alternative water used in July was approximately 30.3%, as compared to approximately 31.5% in June. Mr. Berckenhoff further explained that during July, approximately 69% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

MAJOR ACTIVITIES

Mr. Berckenhoff further reported that during the prior month, AECOM had performed other activities for the Authority as follows: 1) implemented and performed tasks regarding the Authority's aggregate water well permit (the "Permit"); 2) assisted the Authority in a variety of activities involving the City of Houston (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, took appropriate actions to optimize the use of surface water.

Mr. Berckenhoff further reported as follows: 1) Project 28A is under construction, with 5,220 linear feet of 54-inch (54") water line installed; 2) Project 28B is at 100% final design with approximately 14 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 95% completion with approximately 24 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 working towards final design at 95% completion with approximately 24 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 drywall installation, exterior building painting and interior plumbing fixtures; 2) continued construction of Capers Ridge Pump Station, including placement of reinforcing steel, form installation and concrete pours for the station; 3) continued construction of the north 96-inch diameter pipeline, with approximately 14,100 feet of pipeline installed through the end of August; 4) completion of siphon installation across Wolf Road, constructed detour at FM 2100 and continued work on Bridge No. 1 for Canal Segment No. 1; 5) continued installation of Bridge No. 4 for Canal Segment No. 2; 6) completion of structure for Water Level Control Gate No. 4 for Canal Segment No. 3; 7) continued installation of siphon at FM 1008 and access road for Canal Segment No. 4; and 8) completion of headwall and Parshall flume construction for Canal Segment No. 5.

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

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") was issued a Notice to Proceed for Balance of Final Design and to prepare Issued for Construction documents. Mr. Berckenhoff then reported that construction of the Early Work Package ("EWP") 1 Site Development is proceeding, including roadway construction, fencing and site preparation work. Mr. Berckenhoff also reported that EWP 2 Filter Building and Transfer Pump Station structures continued with shoring installation of pump cans and forming/reinforcing steel for filter slabs. Mr. Berckenhoff went on to report that construction of EWP 4 Raw Water Pipeline work continues, including dewatering and shaft excavation for a tunnel to be constructed under West Lake Houston Parkway. Mr. Berckenhoff next reported that the Project Advisor/Technical Consultant (the "PATC") completed review of the 60% Phase 1 Technical Design documents and returned comments to the HWT. Mr. Berckenhoff then reported that the HWT issued several Requests for Proposals addenda for various Balance of Plant packages, including ground storage tanks, construction materials testing services, ozone system, chemical storage tanks, instrumentation controls and central plant construction. Mr. Berckenhoff also reported that the PATC continues to provide construction oversight services on behalf of the City

and the Authorities. Mr. Berckenhoff next reported that the HWT and the PATC continue to negotiate the proposed EWP 6 scope and fee.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that in connection with the NETL project, the contractors have continued construction on one (1) section of the 108-inch (108") line and the 54-inch (54") interconnect line. Mr. Berckenhoff went on to report that the City Council awarded the bid for one (1) section of the 108-inch (108") line on August 29th. Mr. Berckenhoff also reported that a pre-proposal meeting for the 120-inch (120") line was held on September 4th. Mr. Berckenhoff further reported that real estate acquisitions are proceeding on several sections of the NETL, and that design is progressing on the remaining nine (9) sections of the NETL, including eight (8) 108-inch (108") sections and a 66-inch (66") interconnect line.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing to report.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the August 6, 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 August 6, 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 July 31, 2018, 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 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

AUTHORIZE GENERAL MANAGER TO FINALIZE AND EXECUTE AN ALTERNATIVE WATER USE INCENTIVE AGREEMENT (THE "INCENTIVE AGREEMENT") WITH NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 30 ("NWHCMUD NO. 30") AND NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 32 ("NWHCMUD NO. 32")

Mr. Chang then called on Mr. Evans to present information to the Board about the

Incentive Agreement, a copy of which is included behind Tab 6 of the meeting packet and attached hereto. Mr. Evans reported that the proposed Incentive Agreement project includes a Type I reuse delivery system to sell reclaimed water from a wastewater treatment plant ("WWTP") to WindRose Golf Club ("WindRose"). Mr. Evans then reviewed the proposed project explaining that currently WindRose irrigates its golf course using water from a pond partially charged by groundwater and partially by stormwater, the amount of which varies significantly depending on rainfall. Mr. Evans went on to explain that currently, the irrigation withdrawal from the pond is not metered and, therefore, it is not possible for the Authority to claim the conversion from the stormwater being used for irrigation with the Harris-Galveston Subsidence District (the "Subsidence District").

Mr. Evans further explained that the reuse project will be done in two (2) phases; Phase 1 being the installation of a meter so the amount of stormwater used for irrigation can be determined, thereby enabling the amount of stormwater used to be counted as "alternative water" under the Subsidence District's rules. Mr. Evans added that the amount of alternative water used will be determined by subtracting the usage measured at the recharge well from the usage at the irrigation meter. Mr. Evans noted that the Phase 1 estimated capital cost is \$20,000.

Mr. Evans then explained that Phase 2 of the project will include NWHCMUD No. 30's modification of the WWTP it jointly owns with NWHCMUD No. 32 in order to provide additional treatment of the effluent and construction of a transmission system to discharge the effluent into WindRose's irrigation pond. Mr. Evans noted that the WWTP currently produces approximately 400,000 gallons per day of effluent, none of which is being utilized. Mr. Evans further noted that upon completion of Phase 2, the amount of alternative water used will be measured in the same way as the Phase 1 alternative water was measured. Mr. Evans pointed out that NWHCMUD No. 30 anticipates that once Phase 2 of the project is operational, WindRose will not be using the recharge well. Mr. Evans added that the estimated capital cost of Phase 2 is \$1,386,144, for an estimated total project capital cost of \$1,406,144.

Ms. Bobbitt then explained that since the reuse project is being done in two (2) phases and Phase 1 of the project is so inexpensive, but still results in the Authority receiving alternative water use credits from the Subsidence District it would not otherwise receive, NWHCMUD No. 30's credits will be calculated based on the total estimated project cost (\$1,406,144) for a two (2) year period. Ms. Bobbitt added that after the initial two (2) year period, the maximum credit amount NWHCMUD No. 30 receives from the Authority will be based on the actual capital cost of the project. Ms. Bobbitt noted that the two (2) year "grace period" is intended to allow NWHCMUD No. 30 time to construct Phase 2 of the project and accrue credits from the Authority while at the same time allowing the Authority to receive conversion credits from the Subsidence District for the irrigation meter.

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 finalize and execute the Incentive Agreement with NWHCMUD No. 30 and NWHCMUD No. 32.

APPROVE AND AUTHORIZE EXECUTION OF CONTRACT FOR PROFESSIONAL SERVICES WITH BRESNENASSOCIATES, INC. ("THE CONTRACT")

Mr. Bresnen then explained that the proposed Contract is for the two (2) year period beginning January 1, 2019 and ending December 31, 2020, a copy of which is included behind Tab 7 of the meeting packet and attached hereto. Mr. Bresnen extended his appreciation to the Authority for his long-term representation of the Authority. Mr. Bresnen then offered a historical overview of the Authority and its accomplishments over the years.

Mr. Bresnen then summarized some of what he expects to occur in the upcoming 86th Legislative Session (the "Legislative Session"). Mr. Bresnen stated that he expects eminent domain to once again be a big issue during the upcoming Legislative Session. Director Rendl then stated that he is always happy to educate new legislative staff, state representatives and senators about the Authority, if needed.

Mr. Bresnen then thanked the Board and stated that he looks forward to his continued work with the Authority.

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 Contract with BresnenAssociates, Inc.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AN AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES (THE "AGREEMENT") FOR ON-CALL ENGINEERING SERVICES WITH AURORA TECHNICAL SERVICES, LLC ("AURORA")

Mr. Chang then recognized Mr. Ortega, as the principal for Aurora present at tonight's meeting. Mr. Chang explained that Aurora has worked with the City and is an expert in large diameter line design and construction. Mr. Chang further explained that the Authority had previously engaged Aurora as a sub-contractor to AECOM to do a study on a meter station at the Authority's Take-off Point from the NETL, but would like to engage Aurora in future projects as an on-call engineer to the Authority.

Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager to negotiate, finalize and execute the Agreement with Aurora. A copy of the Agreement is included behind Tab 8 of the meeting packet and attached hereto.

APPROVE AND AUTHORIZE GENERAL MANAGER TO PROCEED WITH PURCHASE AND ACQUISITION OF UPDATED AUDIO/VISUAL EQUIPMENT AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Chang next explained that the Authority needs to update its audio/visual equipment and requested authorization to purchase the necessary audio/visual equipment at a cost not to exceed \$80,000 utilizing the BuyBoard program.

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 the General Manager to proceed with purchase and acquisition of updated audio/visual equipment, not to exceed \$80,000, and take any necessary actions on same.

ELECTION AGENDA

ADOPT ORDER DECLARING UNOPPOSED CANDIDATES ELECTED AND CANCELING ELECTION

Ms. Bobbitt then explained that the filing deadline for placement on the ballot for the 2018 Directors Election was 5:00 p.m. on August 20, 2018, and the filing deadline for placement on the list of approved write-in candidates for the Election was 5:00 p.m. on August 24, 2018, and that no candidate applications had been received from anyone other than the two (2) incumbent directors. Ms. Bobbitt further noted that pursuant to Section 2.053 of the Texas Election Code, as amended, the Board has the authority to declare the unopposed candidates for the office of Director of Single-Member District Nos. 1 and 2 elected to office and cancel the November 6, 2018 Directors Election. Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order, a copy of which is included behind Tab 9 of the meeting packet and attached hereto. Ms. Bobbitt noted that as a result of the Authority's legislative efforts during the 85th Legislative Session, the Authority is no longer required to post notice of the cancelled election at every designated polling location within the Authority, which will be a significant cost savings to the Authority.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, October 1, 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 1st day of October, 2018.




Secretary, Board of Directors