

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 5, 2016

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in special session, open to the public, at 6:00 p.m. on Monday, the 5th day of December, 2016, 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 Graham, 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. Tom Rolen, P.E., Stephen Berckenhoff, P.E., and Dan Edwards, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Messrs. Wendell L. "Buddy" Barnes, P.E., and Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E., and Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; and Mr. David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; and Mr. John Howell of The GMS Group, co-financial advisor to the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold and Ms. Alison Miller, paralegals, 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.

Director Rendl welcomed all of the attendees to the Public Hearing.

PUBLIC HEARING ON INCREASES IN AUTHORITY RATES AND FEES TO BE EFFECTIVE
APRIL 1, 2017

Mr. Schindewolf first announced that the public hearing was being held to review with the Board and members of the public the information regarding the proposed Updated Pricing Policy that will be presented at tonight's regular Board meeting for the Board's approval and adoption. A copy of the PowerPoint presentation for the public hearing is attached hereto.

Mr. Schindewolf first explained that a Budget Workshop meeting had been held on Monday, November 28, 2016, at which time the Authority's budget for the fiscal year ending December 31, 2017 (the "2017 Budget") was reviewed, along with the proposed increase in the Authority's pumpage fee from \$2.40 per 1,000 gallons to \$2.90 per 1,000 gallons and the proposed increase in the surface water fee from \$2.85 per 1,000 gallons to \$3.35 per 1,000 gallons, with such rates to be effective on April 1, 2017. Mr. Schindewolf further explained that the Authority's proposed 2017-2018 Capital Improvement Plan (the "2017-2018 CIP") was also reviewed with the Board at the Budget Workshop meeting. Mr. Schindewolf noted that the increased rates were due to not only the need to fund the costs of a number of capital improvement items, but were also needed to fund the operation and maintenance costs the Authority must pay to the City of Houston (the "COH").

Mr. Schindewolf then called on Mr. Howell, who reviewed the "Cost of Water" PowerPoint presentation and further explained the need for the pumpage and surface water fee increases. Mr. Howell added that a rate adjustment is also necessary due to increases in the Authority's debt service payments. Mr. Howell further explained that Phase II of the Authority's 2025 Surface Water Conversion Program is beginning and that additional bonds will need to be sold in 2017 and 2018 in order to fund all of the capital projects associated with complying with the Harris-Galveston Subsidence District's (the "Subsidence District") 2025 Conversion requirements.

Mr. Schindewolf then noted that the proposed increases in the pumpage and surface water fees, the 2017 Budget and the 2017-2018 CIP will be presented to the Board for approval and adoption at tonight's regular meeting, beginning at 6:30 p.m.

Director Rendl noted that the need for an increase in the pumpage fee and surface water fees over the next several years was extensively reviewed at the six (6) Special Briefing meetings that were held by the Authority last year.

QUESTIONS & ANSWERS

Mr. Schindewolf then asked for questions from the audience.

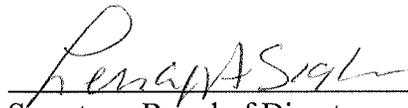
Mr. Alfred Rodriguez, a member of the Board of Mills Road Municipal Utility District, asked if the pumpage fee and surface water rates will be reduced if there is a reduction in the debt service fund requirements. Mr. Howell responded that the rates could be decreased in the future if a reduction of the Authority's debt service requirements occurs, but that would not happen for quite some time due to all of the capital projects required to meet the Subsidence District's 2025 and 2035 surface water conversion requirements.

Mr. Bob Butler, a member of the Board of Harris County Municipal Utility District No. 401, then asked when it is likely that a surface water rate of \$5.00 per 1,000 gallons will be needed. Director Rendl responded that the Authority is trying to keep the rates as low as possible for as long as possible, and they are anticipating an increase of approximately \$0.50 per 1,000 gallons each year for the near future.

Mr. Jerry Homan, General Manager of Harris County Fresh Water Supply District No. 61, stated that he would like to hear a pledge from the Board that they would lower the surface water rate as soon as it was possible. Director Rendl stated that the Authority would lower the surface water rate when the Authority is able to do so.

There being no further business to come before the Board, the public hearing was adjourned at 6:25 p.m.

PASSED, APPROVED AND ADOPTED this 9th day of January, 2017.


Secretary, Board of Directors

