

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 4, 2019

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 4<sup>th</sup> day of February, 2019, 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; Ms. Cynthia Plunkett, Financial 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., Program Manager for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. David Ridgeway, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Rafael Ortega, P.E., of Aurora Technical Services, LLC, on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, Inc., 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; Messrs. Fred Bauhof, P.E. and Bill Kotlan, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Alex Kuzovkov, P.E. and Ms. Katherine Ostroff, P.E., of RPS Group Plc., on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Paul Walker, P.E., of Carollo Engineers; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) ("Inframark"), operator for the Authority; Mr. Chris M. DeBow of Public Trust Advisors, investment advisor to 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.

PUBLIC COMMENTS

Director Rendl noted 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 congratulated Mr. Schindewolf on his 16<sup>th</sup> anniversary as General Manager of the Authority.

Ms. Payne next reported that Director Rendl will be giving presentations on February 12<sup>th</sup> at Chaparral Management for the Hunters Valley Homeowners Association and February 19<sup>th</sup> for Harris County Municipal Utility District No. 43.

Ms. Payne went on to report on the upcoming elementary school assemblies that have been scheduled. Ms. Payne noted that a new 5<sup>th</sup> grade science assembly entitled "Dr. Watters' Incredibly Amazing and Magical Traveling Science Show" will launch in March.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then called upon Mr. Chang and Mr. Walker to give an overview of the status of the Northeast Water Purification Plant ("NEWPP") Expansion Project (the "Project"). A copy of the PowerPoint presentation for the overview is attached hereto.

Mr. Chang explained that Mr. Walker is with Carollo Engineers, the Project Advisor/Technical Consultant (the "PATC") for the City of Houston (the "City") on the Project. Mr. Chang commended Carollo for the job they have done and the millions of dollars that they have saved the participants on the Project to date. Mr. Walker then gave an overview of the Project, a copy of which is attached hereto.

Mr. Walker explained that the Project is only one (1) piece of a very large regional water delivery plan to bring additional water to the Houston area. Mr. Walker further explained that the Project includes three (3) major areas of construction, including: 1) the new NEWPP facilities; 2) new intake pump station; and 3) new raw water pipelines from the intake pump station to the NEWPP.

Mr. Walker then briefly reviewed the administrative process/procedures under the provisions of the Second Supplement Agreement the City has with the Authority and three (3) other participant authorities in the Project. Mr. Walker noted that the Authority has an approximate 35% cost share percentage in the Project.

Mr. Walker next briefly reviewed the roles of the various engineering, design and management firms involved in the Project, noting that the Design/Builder for the Project, the Houston Waterworks Team ("HWT"), is a joint venture comprised of CH2M Hill, Inc. (Jacobs Engineering Group) and CDM Smith, Inc.

Mr. Walker next explained that the Project design is currently approaching 90% completion and that a draft Guaranteed Maximum Price proposal, based on 60% design completion, was submitted by the HWT.

Mr. Walker then reviewed the various Early Work Packages currently underway on the Project and explained the processes for pricing and bidding of the various work packages associated with the Project.

Mr. Walker next reviewed information regarding the Project cost and explained that the original Project cost estimate in 2013 was \$1.2 billion but, due to changes in the scope of the Project and market progression, the HWT is now estimating a cost of \$1.8 billion. Mr. Walker further explained that the City will be paying all of the oversized costs, unless one or more of the participants chooses to participate in the oversizing of the Project. Director Rendl asked if the original costs versus the current costs allow for a different kind of water treatment to provide for a reliable capacity of 320 million gallons per day ("MGD"). Mr. Walker responded that the treatment processes within the new NEWPP have been designed to handle water quality issues and additional components have also been added to enable the NEWPP to produce 320 MGD or more on a daily basis. Mr. Walker added that several rounds of value engineering have occurred in an effort to reduce the cost of the Project as much as possible and those value engineering items have been incorporated into the Project. Director Pulliam asked for the availability date of water from the new NEWPP. Mr. Walker responded that HWT is currently working on a revised schedule for the Project.

Mr. Walker went on to further review additional capacity information related to the NEWPP and the redundancy factors that have been incorporated into the design in order for the NEWPP to operate at design capacity 365 days per year. Mr. Walker noted that the enhanced treatment capacity, the increase in the plant footprint, along with ancillary facility costs (i.e., additional concrete, piping, electrical, etc.), as well as recent market factors and premiums have all contributed significantly to the increase in the overall cost estimate for the Project. Mr. Walker concluded his remarks by briefly reviewing the cost and budget summary for the Project as of January 2019.

#### 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 18.4 MGD of surface water during January. Mr. Berckenhoff added that the alternative water used in December was approximately 34.3%, as compared to approximately 34.0% in November. Mr. Berckenhoff further explained that during December, approximately 78.7% 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 went on to report 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; 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; 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; and 6) submitted the Authority's Reconciliation Report for Permit Year 2017-2018 to the HGSD.

Mr. Berckenhoff further reported on the Authority's current construction-related activities as follows: 1) Project 28A is under construction and working towards substantial completion; 2) Project 28B is at 100% final design and coordinating of submittals to the Texas Water Development Board is in process, with approximately 14 parcels currently in the acquisition process; 3) Project 28C is in final design and 95% of the plans are in review, 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 95% completion with approximately 30 parcels to be acquired; and 6) Project 28F is in final design at 95% completion with plans in review, with approximately 24 parcels to be acquired. Mr. Berckenhoff also reported that the site for Project 24, which will be the SH 249 Regional Pump Station has been acquired and cleared, and design on such project will begin shortly.

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

Concerning the Luce Bayou Project, Mr. Berckenhoff reported the following items: 1) completed installation of wiring for fuel pumps and gravel laydown area at Luce Bayou Canal Maintenance Facility, and final site cleanup is underway; 2) the Capers Ridge Pump Station site remained flooded through January preventing work on the concrete structure, but construction continued on duct bank installation and foundation work at the electrical building and maintenance building; 3) construction was completed on the south 96-inch diameter pipeline from pump station to the sedimentation basin and construction of air relief valve manholes began; 4) completed construction of Canal Segment No. 1, completed construction of the headwall at Wolf Road siphon and began siphon construction at Scott Road; 5) completed all canal construction, continued headwall construction at Entergy Crossing siphon and began foundation construction at water level gate 2 for Canal Segment No. 2; 6) completed all canal construction and began fence installation and final seeding for Canal Segment No. 3; 7) completed canal excavation, continued construction of water level gate 5 structure and continued headwall construction at Siphons B, C and D for Canal Segment No. 4; and 8) completed canal excavation and continued construction of headwalls at the FM 1008 siphon for Canal Segment No. 5.

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

Mr. Berckenhoff further reported that in connection with the NETL project, the contractors have continued construction on two (2) sections of the 108-inch (108") line and the

54-inch (54") interconnect line. Mr. Berckenhoff also noted that seven (7) bids were received on October 4<sup>th</sup> for the 120-inch (120") section of the line and a Notice of Intent to Award was issued to the lowest responsible bidder, Main Lane Industries, Ltd., on November 30<sup>th</sup>. Mr. Berckenhoff went on to report that six (6) bids were received for another 108-inch (108") section of the line on October 25<sup>th</sup>, and a Notice of Intent to Award was issued to the lowest responsible bidder, Harper Brothers Construction, on December 18<sup>th</sup>. Mr. Berckenhoff next reported that five (5) proposals were received for another 108-inch (108") section of the line and a Notice of Intent to Award was issued to Harper Brothers Construction on January 8<sup>th</sup>. Mr. Berckenhoff then reported that four (4) proposals were received for another 108-inch (108") section of the line and a Notice of Intent to Award was issued to Main Lane Industries, Ltd. on January 28<sup>th</sup>. Mr. Berckenhoff added that real estate acquisitions are proceeding on several sections of the NETL, and that design is progressing on the remaining six (6) sections of the NETL, including five (5) 108-inch (108") sections and a 66-inch (66") interconnect line.

Director Rendl then asked when the Authority can expect to deliver surface water to utility districts not currently receiving surface water. Mr. Berckenhoff stated that Project 28A has been completed, but that Projects 28B-F will also need to be completed before surface water can be delivered to the receiving entities, which will be in the fall of 2020. Director Graham asked how many MGD will go through the SH 249 Regional Pump Station. Mr. Berckenhoff stated that a maximum flow rate of up to 200 MGD can be expected to flow through the SH 249 Regional Pump Station upon its ultimate completion.

#### 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 January 7, 2019 regular meeting. 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 approve the minutes of the January 7, 2019 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, 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 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.

ANNUAL REVIEW OF INVESTMENTS AND ADOPT ORDER REGARDING ANNUAL REVIEW OF RULES, POLICIES, CODE OF ETHICS AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF AUTHORITY FUNDS

Ms. Plunkett then explained that the Authority is required by the Public Funds Investment Act to review the Authority's Investment Policy and investment strategies on an annual basis. Ms. Plunkett further explained that she had worked with Mr. DeBow to conduct the annual review and that no changes to the Authority's Investment Policy are recommended at this time. Ms. Plunkett then introduced Mr. DeBow to the Board.

Mr. DeBow next presented an investment update and review of the Authority's investment portfolio, a copy of which is attached hereto.

Ms. Plunkett then stated that Tab 6 of the meeting packet includes the Order Regarding Annual Review of Rules, Policies, Code of Ethics, and List of Authorized Brokers for the Investment of Authority Funds (the "Order") for the Board's adoption. 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 adopt the Order, a copy of which is attached hereto.

GENERAL MANAGER'S ACTION ITEMS

Mr. Schindewolf then called on Ms. Bobbitt to give an overview of the General Manager's Action Items.

ADOPT RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES, IN CONNECTION WITH THE NETL (THE "RESOLUTION")

Ms. Bobbitt reminded the Board that in November, the Authority had entered into an Interlocal Agreement with the City providing for the Authority to provide assistance to the City to obtain the necessary parcels for the NETL Project. Ms. Bobbitt explained that the Resolution is required in order to acquire the parcels through the eminent domain process, if needed. Mr. Berckenhoff then reviewed the exhibit to the Resolution with the Board. Mr. Berckenhoff noted that the Resolution is for 5 of the 13 segments needed for the NETL Project. 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 Resolution, a copy of which is included behind Tab 7 of the meeting packet and attached hereto.

ADOPT AMENDED RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES, IN CONNECTION WITH THE 2025 WATER DISTRIBUTION AND TRANSMISSION SYSTEM (INITIAL PHASE) (THE "AMENDED RESOLUTION")

Ms. Bobbitt next stated that a Resolution Declaring the Existence of a Public Necessity for the 2025 Water Distribution and Transmission System (Initial Phase) was previously adopted by the Board at the May 2016 meeting. Ms. Bobbitt explained that due to a routing change with Project 28F, an Amended Resolution with an updated exhibit is now necessary. 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 adopt the Amended Resolution. A copy of the Amended Resolution is included behind Tab 7 of the meeting packet and is 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, March 4, 2019, 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 4<sup>th</sup> day of March, 2019.



A handwritten signature in cursive script, appearing to read "Lenapp Sigler".

Secretary, Board of Directors