

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

May 1, 2017

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 1st day of May, 2017, 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., Michael Baugher, 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. Tony Sarman, P.E., of AEI Engineering, Inc, on-call engineers for the Authority; Mr. W. John Seifert, P.E., of LBG-Guyton Associates, on-call engineers for the Authority; Mr. Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, 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; Mr. Dustin O'Neal, P.E., of Costello, 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. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. Mark McGrath of McGrath & Co., PLLC ("McGrath & Co."), auditors 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 stated that he has gotten many questions from individuals regarding the recent increases in the Authority pumpage and surface water fees. Director Rendl further stated that he has explained the need for the increases and the ultimate need for water in the future. Director Rendl noted that the Authority will be happy to assist any utility district explain the rising cost of water to its residents.

PUBLIC COMMENTS

Mr. Schindewolf first noted that one (1) public comment card had been submitted from Mr. Ron Chapman of Harris County Municipal Utility District ("MUD") No. 222, a copy of which comment card is attached here.

Mr. Chapman then came to the podium and addressed the Board. Mr. Chapman stated that by his estimate, the cost of the new format for the Authority's Waterlines publication would cost over \$500,000 to print. Mr. Chapman asked if the Authority had obtained pricing comparisons between printing companies or if the job was given to the printer of the previous editions of Waterlines. Director Rendl explained that the format of Waterlines is changing to become a magazine-type format to allow for the inclusion of more pictures and diagrams that will help explain issues and information in more detail. Director Rendl further stated that the Board believes it is necessary to go into as much detail as possible and give as much information as they can to the Authority's customers.

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 would be doing presentations at the Harris County MUD No. 43 homeowners association meeting on May 9, 2017 and at Rice University Human Geography Academy on June 27, 2017. Ms. Payne next reported that Director Rendl will also be doing a second (2nd) grade assembly at Schultz Elementary on May 5, 2017. Ms. Payne further reported that Harris County Water Control and Improvement District No. 110 is holding an event entitled "May in the Garden" on May 6, 2017 at the Cypresswood Water Conservation Garden. Ms. Payne noted that the "May in the Garden" event would be a good event to attend if any utility district is thinking of holding their own public event.

Ms. Payne next reported that the link to the rap video recently produced by Klein Independent School District ("Klein ISD") students and the Authority has now been placed on the Authority's website, as well as several social media outlets. Ms. Payne then played the video for the Board and meeting attendees. Ms. Payne stated that the next project for the Klein ISD

students will be the production of WATR News, which will be a news program with student reporters.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then called on Mr. Evans to give an update regarding the Authority's participation in the 2017 State Water Implementation Fund for Texas. Mr. Evans reported that a full application for Financial Assistance had been submitted to the Texas Water Development Board (the "TWDB") on Friday, April 28, 2017. Mr. Evans explained that the full application for Financial Assistance will be reviewed by the TWDB, to determine whether the application is administratively complete, before moving on to the technical review process. Mr. Evans added that the TWDB's final approval of Financial Assistance Applications is expected to be determined in early summer.

PROGRAM MANAGER'S REPORT

In the absence of Mr. Rolen, Mr. Berckenhoff then reviewed the Program Manager's Report with 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 27.2 million gallons per day of surface water during April. Mr. Berckenhoff added that the alternative water used in March was approximately 36.0%, as compared to 37.2% in February. Mr. Berckenhoff further explained that during March, approximately 81.5% 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 in; 1) implementing and performing tasks regarding its aggregate water well 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 STES'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 aggregate water well permit and, where necessary and practical, in consort with STES and the respective PWS operators, took appropriate actions to optimize the use of surface water.

LUCE BAYOU INTERBASIN TRANSFER PROJECT UPDATE

Concerning the Luce Bayou Interbasin Transfer Project, Mr. Berckenhoff reported that: 1) construction of the cofferdam sheet pile wall for the Capers Ridge Pump Station (the "Pump Station") will be completed in May, and construction of the combi wall is approximately 20% complete; 2) design of the maintenance facility is complete; 3) construction of the canal segments started in mid-March and is ongoing; 4) the force main (dual 96-inch lines) design was

completed in February and the Coastal Water Authority has published a request for pre-qualification applications for the construction of such lines; 5) the near surface scraping required by the Memorandum of Understanding with the Indian Tribes has been completed, and additional archaeological monitoring will be required for the force main construction and lift station excavation; and 6) construction of the electrical transmission line is scheduled to start in the fourth (4th) quarter of this year.

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

Mr. Berckenhoff next reported that the City plans to seek approval from City Council of the Design-Build Agreement for Component 2B-Preliminary Services, as well as the funding for support of Component 2 for the Technical Advisor's project management, in late May. Mr. Berckenhoff further reported that the City is working with the United States Army Corps of Engineers and the Texas on Environmental Quality on the pending record of decision regarding the 404 permit for the project that will determine the amount of environmental mitigation credits that need to be purchased for the project. Mr. Berckenhoff further reported that the Project Management Team, (City, PATC, and the Authorities' representatives), continues to work with the Houston Waterworks Team on the Basis of Design Report Addendum, as well as the Early Work Package ("EWP") 1 – Site Preparation and the EWP 3 – Raw Water Corridor Utility Relocation, both of which are currently at a 30% design stage. Mr. Berckenhoff also reported that several workshops were conducted regarding the proposed design of Administration and Maintenance Building.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that the advertise/bid phases are pending for two (2) 108-inch (108") sections of the NETL and a 54-inch (54") interconnect line. Mr. Berckenhoff further informed the Board that acquisition of the necessary right-of-way easements is proceeding forward on several segments of the NETL and that design is progressing on six (6) additional sections of the NETL, including one (1) 120-inch (120") section, and five (5) 108-inch (108") sections of the line. Mr. Berckenhoff also reported that negotiations are underway for the design of the final three (3) 108-inch (108") sections and a 66-inch (66") interconnect line of the NETL.

ATTORNEY'S REPORT

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

Director Rendl asked if there was anything that the Authority should be concerned about that is pending in the 85th Texas Legislative Session. Ms. Bobbitt responded that the Legislative Session is nearing the end, but there are a few bills that could have an impact on utility districts and the Authority if they were to pass and become law. Ms. Bobbitt added that Mr. Bresnen will likely be in attendance at the Board's June 5th meeting to give an overview of the 85th Legislative Session.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the April 3, 2017 regular meeting. 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 approve the minutes of the April 3, 2017 regular meeting, as written.

REVIEW AND APPROVE AUDIT REPORT FOR THE FISCAL YEAR ENDED ("FYE") DECEMBER 31, 2016 AND AUTHORIZE FILING OF SAME

Mr. Schindewolf then called on Mr. McGrath, the Authority's auditor, to review with the Board the draft of the Authority's audit report for the FYE December 31, 2016, a copy of which is included behind Tab 5 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 Fessler, 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, 2016, 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, 2017, a copy of which is included behind Tab 6 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.

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 Pulliam, seconded by Director Sigler, 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 ENGAGEMENT OF MCGRATH & CO. FOR REVIEW OF THE NEWPP SEMI-ANNUAL COST RECOVERY REPORT FOR THE PERIOD ENDING DECEMBER 31, 2016, INCLUDING COST SHARING OF SAME WITH NORTH FORT BEND WATER AUTHORITY (the "NFBWA")

Mr. Schindewolf next explained that in accordance with the terms of the Second Supplement, the City provides semi-annual and annual cost recovery reports to all of the water authorities for review and comment. Mr. Schindewolf further explained that Mr. Chang and Ms. Plunkett have reviewed the reports and recommend the engagement of McGrath & Co. to perform a review of the reports. Mr. Schindewolf then explained that the Authority has been approached by the NFBWA to share in the cost of the audit by McGrath & Co since McGrath & Co. are also the auditors for the NFBWA. Mr. McGrath stated that he will provide a cost estimate of the review to the Authority as soon as he has reviewed the scope of the review process. 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 engagement of McGrath & Co. for review of the NEWPP Semi-Annual Cost Recovery Report for the period ending December 31, 2016, including the cost sharing of same with the NFBWA.

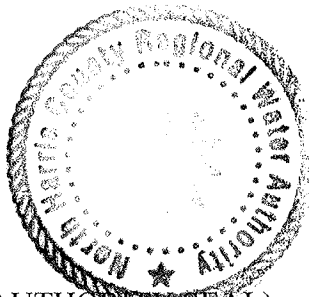
CONFIRM UPCOMING MEETING DATE

Director Rendl then reminded the meeting attendees that the Authority's next regular meeting will be held on Monday, June 5, 2017, at 6:00 p.m. at the Authority's office. Director Rendl noted that he would not be in attendance at the June 5, 2017 meeting.

PUBLIC COMMENTS

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 5th day of June, 2017.



(AUTHORITY SEAL)

A handwritten signature in cursive script, which appears to read "Lonny A. Sigler".

Secretary, Board of Directors