

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 4, 2017

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 4<sup>th</sup> day of December, 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., 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; Messrs. Wendell L. "Buddy" Barnes, P.E., and Chuck Wolf, 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; and Mr. David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Ms. Giti Zarinkelk, P.E., and Mr. Michael Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on-call engineers for the Authority; Mr. Tony Sarman, P.E., of AEI Engineering, Inc, on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. John Howell of The GMS Group, co-financial 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.

Director Rendl first called for a moment of silence in honor of Mr. Tom Rolen, who passed away on November 21, 2017.

PUBLIC HEARING ON INCREASES IN AUTHORITY RATES AND FEES TO BE EFFECTIVE  
APRIL 1, 2018

Mr. Schindewolf then explained that this evening's public hearing is 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 went on to explain that a Budget Workshop meeting had been held on Monday, November 20, 2017, at which time the Authority's proposed budget for the fiscal year ending December 31, 2018 (the "2018 Budget") was reviewed, along with the proposed increase in the Authority's pumpage fee from \$2.90 per 1,000 gallons to \$3.40 per 1,000 gallons and the proposed increase in the surface water rate from \$3.35 per 1,000 gallons to \$3.85 per 1,000 gallons, with such rates to be effective on April 1, 2018. Mr. Schindewolf further explained that the Authority's proposed 2018-2019 Capital Improvement Plan (the "2018-2019 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 that the Authority must pay to the City of Houston (the "COH"). Copies of the 2018 Budget and the 2018-2019 CIP are attached hereto.

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 rate 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 2018 and 2019 in order to fund all of the capital projects associated with complying with the Harris-Galveston Subsidence District's (the "Subsidence District") 2025 surface water conversion requirements.

Mr. Schindewolf then noted that the proposed increases in the pumpage and surface water rates, the 2018 Budget and the 2018-2019 CIP will be presented to the Board for approval and adoption at tonight's regular meeting, beginning at 6:15 p.m.

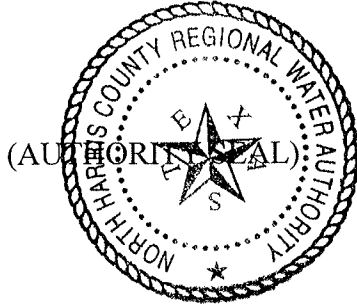
QUESTIONS & ANSWERS

Mr. Rendl then asked for questions from the audience.

Mr. Keith McKean, of Harris County Municipal Utility District No. 26, asked if the groundwater credit graph from the Budget Workshop held on November 20, 2017 would be available on the Authority's website. Director Rendl stated that the graph can be made available on the Authority's website. Director Rendl further stated that the Authority is considering holding a workshop meeting after the first of the year for utility districts to further review and explain the Authority's 2018-2019 CIP.

There being no further business to come before the Board, the public hearing was adjourned at 6:15 p.m.

PASSED, APPROVED AND ADOPTED this 8<sup>th</sup> day of January, 2018.



  
Secretary, Board of Directors