

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

September 12, 2016

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 12<sup>th</sup> day of September, 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, thus constituting a quorum. Also attending the meeting were Mr. Jimmie Schindewolf, 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; Mr. Steve Bresnen and Ms. Amy Bresnen, of Steve Bresnen & Associates, legislative consultants to the Authority; Messrs. Tom Rolen, 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; Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews & Newnam, Inc.; on-call engineers for the Authority; Mr. David Warner, P.E., of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Tom Matkin, P.E., of AEI Engineering, Inc, on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Wendell L. "Buddy" Barnes, P.E., of Jacobs Engineering Group Inc., on-call engineers for the Authority; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Messrs. Ravi Yanamandala, P.E. and Dustin Roe, P.E., of Geotest Engineering, Inc., materials engineering laboratory services provider for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. Eugene Shepherd of RBC Capital Markets, financial advisor to the Authority; Mr. John Howell of The GMS Group, L.L.C., financial advisor to the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, 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.

#### BOARD MEMBER COMMENTS

Directors Rendl, Pulliam and Fessler thanked the attendees for their continued confidence in their leadership on the Board.

#### 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 approximately 50 Spring Independent School District ("ISD") Science and Language Arts teachers attended the Authority's Teachers Workshop in August.

Ms. Payne next reported that Spring ISD, Klein ISD and Tomball ISD are in the process of scheduling second (2<sup>nd</sup>) grade assembly programs and ordering *Learning from our Past* classroom materials.

Ms. Payne went on to report that the fall Waterlines newsletter will be mailed out in October.

Ms. Payne further reported that Director Rendl had made recent presentations to Harris County Water Control and Improvement District No. 91, Ponderosa Forest Homeowners Association ("HOA"), and Spring Lakes HOA and is scheduled to make presentations to Northampton Municipal Utility District ("MUD") on October 21<sup>st</sup> and to Lone Star College on November 21<sup>st</sup>.

Ms. Payne further noted that she and Director Rendl had attended the Family Water Day on September 10, 2016, sponsored by Harris County MUD No. 24. Director Rendl thanked Mr. Ruben Gonzalez, President, of Harris County MUD No. 24 for sponsoring the Family Water Day event.

Director Sigler then entered the meeting at 6:05 p.m.

Ms. Payne then announced that the Authority has new monthly customer billing inserts that are available at no cost to utility districts.

## GENERAL MANAGER'S REPORT

Mr. Schindewolf next called on Mr. Evans, who reported on the status of the Authority's participation in the State Water Implementation Revenue Fund for Texas ("SWIRFT"). Mr. Evans reported that the Financing Agreement between the Texas Water Development Board (the "TWDB") and the Authority had been submitted to the TWDB, along with the draft closing documents for the Series 2016A Senior Lien Revenue Bonds ("Series 2016A Bonds"). Mr. Evans stated that the funding on the Series 2016A Bonds has been scheduled for November 15, 2016, and stated that the October 3, 2016, agenda would include documents that would require Board approval.

## PROGRAM MANAGER'S REPORT

Mr. Rolan then reviewed the Program Manager's Report with the Board, a copy of which is included behind Tab 3 and is attached hereto.

## UPDATE ON THE 2010/2025 WATER DISTRIBUTION AND TRANSMISSION SYSTEM

Mr. Rolan reported that the contractor for Project 24B is continuing to work on finalizing work items on such project.

## UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Rolan next reported that the Spears Road Regional Pump Station delivered a daily average of approximately 30 million gallons per day of surface water during August. Mr. Rolan added that the alternative water used in July was approximately 26.4%, as compared to 35.2% in June. Mr. Rolan further explained that during July, approximately 61.8% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

Mr. Rolan added that the Authority's 2010 surface water conversion rate through July is approximately 33.4%.

Mr. Rolan next noted that Harris-Galveston Subsidence District will consider the renewal of the Authority's Permit at its September Board meeting.

## MAJOR ACTIVITIES

Concerning other activities, Mr. Rolan reported that during the prior month, AECOM had assisted the Authority in implementing and performing tasks regarding its aggregate water well permit (the "Permit") and submitted on the Authority's behalf information to renew the Permit; assisted the Authority in finalizing the draft Water Line Easement and Consent document with CenterPoint Energy Houston Electric, LLC, ("CenterPoint") for the Authority's proposed 2025 Transmission Line in CenterPoint's North Belt Corridor; coordinated the timely submission of various documents to facilitate the approval and initiate implementation of the Authority's agreements with Harris County concerning the construction of Project 28A; assisted the Authority in a variety of activities involving the City of Houston (the "COH"); continued oversight of engineering and acquisition related efforts; provided oversight of STES's activities

and its contract to operate the Authority's system; and 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 operator, took appropriate actions to optimize the use of surface water.

#### LUCE BAYOU PROJECT UPDATE

Concerning the Luce Bayou Project, Mr. Rolan reported that: 1) the Coastal Water Authority has awarded the construction contract for the Capers Ridge Pump Station (the "Pump Station") to Oscar Renda/Johnson Brothers based on their bid of \$49,562,723; 2) the Notice to Proceed is scheduled for September 19, 2016; and 3) the construction period is 28 months. Mr. Rolan further reported that the permanent access road is 85% complete. Mr. Rolan then reported that the canal right-of-way clearing from the Pump Station through State Highway 321 is approximately 50% complete. Mr. Rolan next reported that advertising for bids for the construction of the maintenance facility will begin in November 2016. Mr. Rolan further reported that advertising for the construction projects for the construction of the canal is scheduled for the fourth quarter of 2016. In conclusion, Mr. Rolan reported that the force main (dual 96-inch lines) design is about 25% complete.

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

Mr. Rolan next reported that the Design Builder for the project had published the Draft Basis of Design Report ("BODR"), which outlines what type of facility will be built, estimated timeframe to complete the effort and the estimated cost. Mr. Rolan went on to state that the four (4) authorities had provided their comments on the BODR to the COH Technical Director, who compiled the comments and forwarded them to the Design Builder for inclusion in the final BODR. Mr. Rolan noted that value engineering has been performed on the project and where appropriate, agreed upon recommendations will be integrated into the final design for the NEWPP Expansion Project.

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

Mr. Rolan next reported that design is proceeding forward on the two (2) 108-inch (108") sections of the NETL and a 54-inch (54") interconnect. Mr. Rolan further informed the Board that acquisition of the necessary easements has proceeded forward on several of the segments of the line and that the COH plans to go to City Council later in September to award funds for the design of five (5) additional sections of the NETL, including one (1) 120-inch (120") section, and four (4) 108-inch (108") sections.

#### 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 1, 2016 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 August 1, 2016 regular meeting, as written.

### FINANCIAL ASSISTANT'S REPORT, INCLUDING APPROVE PAYMENT OF BILLS, ISSUANCE OF CHECKS, REVIEW BUDGET COMPARISON, AND REPORT ON STATUS OF 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, 2016, a copy of which 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.

### UPDATE ON ISSUANCE OF THE AUTHORITY'S SENIOR LIEN REVENUE AND REFUNDING BONDS, SERIES 2016 (THE "SERIES 2016 BONDS")

Ms. Plunkett next reported that a successful closing on the Authority's Series 2016 Bonds occurred on August 25, 2016. Ms. Plunkett further commented that \$206,910,000 of the bond proceeds were used for the advanced refunding of the Authority Series 2008 Senior Lien Bonds. Ms. Plunkett stated that the present value savings achieved by the refunding was 17.3917% which will save the Authority \$2,142,740 per year in debt service costs. Ms. Plunkett also reported that \$66.4 million Series 2016 Revenue Bonds were issued as new money bonds to help fund various Authority projects and were issued at a true interest rate of 3.083%. Mr. Rendl congratulated the bond issuance team and thanked the team for the successful bond sale.

### GENERAL MANAGER'S ACTION ITEMS

### APPROVE AND AUTHORIZE EXECUTION OF CONTRACT FOR PROFESSIONAL SERVICES WITH STEVE BRESNEN & ASSOCIATES ("THE CONTRACT")

Mr. Schindewolf then explained that the proposed Contract with Mr. Bresnen is for the two (2) year period beginning January 1, 2017 and ending December 31, 2018, a copy of which is included behind Tab 6 of the meeting packet and attached hereto. Mr. Schindewolf then called on Mr. Bresnen to address the Board.

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 85<sup>th</sup> Legislative Session. Mr. Bresnen noted that there are many new legislators from a variety of

areas and experiences coming to the 85<sup>th</sup> Legislative Session. Mr. Bresnen stated that he has been working on introducing the Authority to the new legislators.

Director Rendl then noted that he had recently met with several new legislators who will replace Representatives Debbie Riddle and Patricia Harless to brief them on the Authority.

Mr. Bresnen stated that he looks forward to his continued work with the Authority.

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 and authorize execution of the Contract with Steve Bresnen & Associates.

APPROVE AND AUTHORIZE EXECUTION OF FACILITIES RELOCATION AGREEMENT WITH CENTERPOINT REGARDING THE RELOCATION OF EXISTING FIBER OPTIC LINES AND APPROVE PAYMENT OF SAME (THE "RELOCATION AGREEMENT")

Mr. Rolan briefly explained that the Relocation Agreement with CenterPoint, included behind Tab 7 of the meeting packet and attached hereto, provides for the Authority to pay the costs to relocate CenterPoint's fiber optic lines across the Authority's property and a portion of the alignment for the Authority's 2025 transmission Line within the CenterPoint corridor. Mr. Rolan noted that the Authority will pay a cost of \$179,000 for the relocation work.

Director Sigler then asked what would be involved with the relocation work. Mr. Rolan responded that the fiber optic ducts will be relocated and the replacement fiber optic lines will be pulled through the ducts to the respective splicing locations.

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 and authorize execution of the Relocation Agreement.

APPROVE AND AUTHORIZE EXECUTION OF WATER LINE EASEMENT AND CONSENT WITH CENTERPOINT IN CONNECTION WITH THE 2025 TRANSMISSION SYSTEM AND AUTHORIZE EXECUTION OF SAME

Mr. Schindewolf then stated that included behind Tab 8 of the meeting packet and attached hereto is a copy of the Water Line Easement and Consent that the Authority's real estate acquisition team has negotiated with CenterPoint.

Mr. Rolan explained that CenterPoint has agreed to allow the Authority to construct the 84-inch (84") surface water transmission line in CenterPoint's North Belt corridor from a point just west of Interstate Highway ("IH") 45 and south of Beltway 8 north westward to the Authority's proposed State Highway 249 Pump Station. Mr. Rolan further explained that CenterPoint owns 66% of the North Belt corridor land, which will simplify the land acquisition team's efforts to acquire land. Director Rendl asked if the land from the NEWPP to IH 45 is owned by the COH. Mr. Rolan responded that some is and pointed out that the acquisition of the CenterPoint easement will result in a time and cost savings to the Authority.

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 and authorize execution of the Water Line Easement and Consent with CenterPoint.

ELECTION AGENDA

ADOPT ORDER DECLARING UNOPPOSED CANDIDATES ELECTED AND CANCELING ELECTION

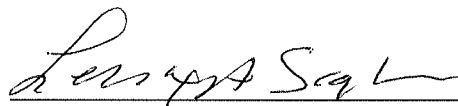
Ms. Bobbitt then explained that the filing deadline for placement on the ballot for the 2016 Directors Election was 5:00 p.m. on August 22, 2016, and the filing deadline for placement on the list of approved write-in candidates for the Election was 5:00 p.m. on August 26, 2016, and that no candidate applications had been received from anyone other than the three (3) 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. 3, 4 and 5 elected to office and cancel the November 8, 2016 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.

CONFIRM UPCOMING MEETING DATE

Director Rendl then stated that the Authority's next regular meeting date will be held on Monday, October 3, 2016, 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 3<sup>rd</sup> day of October, 2016.



Secretary, Board of Directors

