

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

October 1, 2018

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 October, 2018, 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. 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., and Doug Haude, P.E., of AECOM Technical Services, Inc., ("AECOM") Program Manager for the Authority; Mr. David Warner, P.E., of Jones|Carter, Inc., on-call engineers for the Authority; Mr. Marcel Khouw, P.E., of IDS Engineering Group, on-call engineers for the Authority; Mr. Buddy Barnes, 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. Michael Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) ("Inframark"), operator for the Authority; Mr. Jerry Kyle of Orrick, Herrington & Sutcliffe, LLP, co-bond counsel for the Authority; and Mr. Jonathan D. Polley, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), 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 first reported that Mr. Jimmie Schindewolf will not be in attendance at tonight's meeting.

BOARD MEMBER COMMENTS

Director Pulliam then thanked Mr. Berckenhoff for a great tour of the Luce Bayou project that occurred several weeks ago.

PUBLIC COMMENTS

Director Rendl next 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 reviewed Director Rendl's upcoming presentation schedule. Director Rendl then stated that the Authority has been receiving more complaints from water users regarding high water bills. Director Rendl further stated that the Authority is happy to respond to any questions regarding the Authority's pumpage fees, but that he hopes utility districts are also taking ownership over the increase in water rates. Director Rendl then noted that Ms. Payne has many brochures and informational materials that are available for utility districts to utilize to better educate their water users on the rising cost of water. Director Rendl urged districts to take advantage of the brochures and send them to their customers. Mr. Nick Fava of Bammel Utility District stated that when the Authority receives a call from a water user regarding high water bills, the Authority should direct that caller to the appropriate utility district. Ms. Payne then noted that utility districts can order brochures from the Authority's website and the brochures will be delivered within 24 hours.

Ms. Payne then reported that the Rising Cost of Water video will soon be available online. Ms. Payne added that the Rising Cost of Water video is a good supplement to Director Rendl's 11-minute video. Director Rendl noted that the Rising Cost of Water video does a good job of explaining the Authority's surface water conversion projects. Ms. Payne then stated that she will send out an e-blast when the video is available on the Authority's website.

Ms. Payne next reviewed the schedule for the Authority's 2nd, 4th and 5th grade assembly programs. Director Rendl then thanked the sponsors of the elementary school program.

GENERAL MANAGER'S REPORT

Mr. Chang then called on 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.

PROGRAM MANAGER'S REPORT

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff reported that the Spears Road Regional Pump Station delivered a daily average rate of approximately 27.1 million gallons per day ("MGD") of surface water during September. Mr. Berckenhoff added that the alternative water used in August was approximately 28.5%, as compared to approximately 30.3% in July. Mr. Berckenhoff further explained that during August, approximately 66.1% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water. Mr. Berckenhoff then reported that the 2017-2018 Permit Year ended on August 30, 2018, and water usage numbers within the Authority are still being tabulated and finalized; however, he reported that the preliminary numbers show that approximately 32.212 billion gallons of water were used during such Permit Year. Mr. Berckenhoff also reported that during the 2017-2018 Permit Year, 26.442 MGD of surface water was used on average. Mr. Berckenhoff stated that based on the preliminary data discussed above, approximately 593 million gallons of over-conversion credits will be earned by the Authority once the final reconciliation report is approved by the Harris-Galveston Subsidence District.

MAJOR ACTIVITIES

Mr. Berckenhoff further reported 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 of Houston (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; and 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.

Mr. Berckenhoff further reported as follows: 1) Project 28A is under construction, with 5,834 linear feet of 54-inch (54") water line installed; 2) Project 28B is at 100% final design with approximately 14 parcels currently in the acquisition process; 3) Project 28C is in final design 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 75% completion with approximately 30 parcels to be acquired; and 6) Project 28F is working towards final design at 95% completion with approximately 24 parcels to be acquired.

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

Concerning the Luce Bayou Project, Mr. Berckenhoff reported the following items: 1) construction of the Luce Bayou Project Maintenance Facility is progressing, including interior building painting, door hardware, interior plumbing fixtures, vehicle/equipment lifts and subgrade stabilization for concrete parking lot; 2) continued construction of Capers Ridge Pump Station, including placement of reinforcing steel, form installation, concrete pours for the station

and pile driving at electrical building; 3) continued construction of the north 96-inch diameter pipeline and initiated construction of the south 96-inch diameter pipeline; 4) continued construction of pipeline crossing siphon, Bridge No. 1 and siphon headwalls at CR 6243 for Canal Segment No. 1; 5) continued installation of Bridge No. 4 for Canal Segment No. 2; 6) continued final grading and hydro-mulch seeding of canal banks and right-of-way for Canal Segment No. 3; 7) continued installation of siphon at FM 1008 and access road, and completed siphon headwalls at SH 321 for Canal Segment No. 4; and 8) continued installation of siphon at FM 1008 and canal access road for Canal Segment No. 5.

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

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") submitted the 60% Phase 1 Design Cost Model and Schedule for review by the Project Advisor/Technical Consultant (the "PATC"). Mr. Berckenhoff then reported that construction of the Early Work Package ("EWP") 1 Site Development is proceeding, including roadway construction, fencing and site preparation work. Mr. Berckenhoff also reported that construction of EWP 2 Filter Building and Transfer Pump Station structures continued with concrete foundation pours for pump cans and filter slabs. Mr. Berckenhoff went on to report that construction of EWP 4 Raw Water Pipeline work continues, including dewatering and shaft excavation for a tunnel to be constructed under West Lake Houston Parkway. Mr. Berckenhoff next reported that the HWT submitted technical documents, including vulnerability assessment and High Service Pump Station system curve data. Mr. Berckenhoff went on to report that the HWT issued several Requests for Proposals addenda for various Balance of Plant packages, including instrumentation and controls/SCADA and the administration/maintenance building. Mr. Berckenhoff also reported that the PATC continues to provide construction oversight services on behalf of the City and the Authorities. Mr. Berckenhoff added that the HWT and the PATC also continue to negotiate the proposed EWP 6 scope and fee.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff went on to report that in connection with the NETL project, the contractors have continued construction on one (1) section of the 108-inch (108") line and the 54-inch (54") interconnect line. Mr. Berckenhoff further reported that the City Council awarded the bid for one (1) section of the 108-inch (108") line on August 29th. Mr. Berckenhoff also noted that a pre-proposal meeting for the 120-inch (120") line was held on September 4th and proposals are due on October 4th. Mr. Berckenhoff then reported that a pre-proposal meeting was held for another 108-inch (108") section of the line on September 10th and proposals are due on October 11th. Mr. Berckenhoff added that real estate acquisitions are proceeding on several sections of the NETL, and that design is progressing on the remaining eight (8) sections of the NETL, including seven (7) 108-inch (108") sections and a 66-inch (66") interconnect line.

ATTORNEY'S REPORT

Mr. Polley stated that he had nothing to report.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the September 10, 2018 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 September 10, 2018 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 August 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 Pulliam, 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.

GENERAL MANAGER'S ACTION ITEMS

CONSIDER APPROVAL OF A TENTH SUPPLEMENTAL RESOLUTION AUTHORIZING ISSUANCE OF THE AUTHORITY'S SENIOR LIEN REVENUE BONDS, SERIES 2018 ("THE RESOLUTION")

Mr. Chang then called on Mr. Evans to give an update regarding the Authority's participation in the 2018 SWIRFT financial assistance program. Mr. Evans reminded the Board that the Texas Water Development Board (the "TWDB") had approved the Authority's two (2) Applications for Financial Assistance on July 26, 2018, in the amount of \$469,345,000. Mr. Evans further reported that closing on the Series 2018 Senior Lien Revenue Bonds is scheduled to occur on Thursday, November 15, 2018.

Mr. Evans then called on Mr. Jerry Kyle, Authority Co-Bond Counsel, to discuss the Tenth Supplemental Resolution. Mr. Kyle then briefly reviewed with the Board the Resolution for the issuance of the Series 2018 Senior Lien Revenue Bonds. 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 adopt the Resolution, a copy of which is included behind Tab 6 of the meeting packet and 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, November 5, 2018, 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 5th day of November, 2018.




Secretary, Board of Directors