

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

April 2, 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 2<sup>nd</sup> day of April, 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. 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. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Mr. Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers for the Authority; Mr. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Bill Kotlan, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, 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. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Carlton McDevitt of Inframark, LLC (formerly, Severn Trent Environmental Services) ("Inframark") operator for the Authority; and Mr. Jonathan 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. Gordon Landwermeyer has sold his home in Westador and has resigned from the Westador Municipal Utility District. Director Rendl stated that he will miss Mr. Landwermeyer at Authority meetings and that he has always appreciated Mr. Landwemeyer's comments

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 four (4) second grade assemblies are being held in April. Ms. Payne next reported that the Authority is co-sponsoring Texas Heritage Earth Day on Saturday, April 21<sup>st</sup> from 10:00 a.m. to 2:00 p.m. at the Cypress Creek EMS Education Center. Ms. Payne also reported that the Authority has been invited back to participate in the Wunderlich Farms Spring Festival on April 28<sup>th</sup>. Director Rendl stated that community events are a very good way for utility district directors to spend time and communicate with their customers.

GENERAL MANAGER'S REPORT

Mr. Schindewolf first 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.

PROGRAM MANAGER'S REPORT

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 20.4 million gallons per day ("MGD") of surface water during March. Mr. Berckenhoff added that the alternative water used in February was approximately 33.7%, as compared to 35.1% in January.

Mr. Berckenhoff further explained that during February, approximately 80.3% 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 performed for the Authority as follows: 1) implemented and performed tasks regarding its aggregate water well permit (the "Permit"); 2) assisted the Authority in a variety of activities involving the City of Houston (the "City"); 3) continue 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 and 2,008 linear feet of the 54-inch (54") water line along Grant Road has been installed; 2) Project 28B is in final design with approximately 30 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 90% completion with approximately 19 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 in final design at 75% complete with approximately 25 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 installation of mechanical components within the building; 2) construction activities at the Capers Ridge Pump Station were limited during March due to high water levels in the Trinity River; 3) construction of all five (5) canal segments is ongoing, including installation of the 96-inch inverted siphons, box culvert bridges, siphon headwall at County Road 2326 and baffled outfall and rip rap at the Lake Houston/Luce Bayou outfall; and 4) Sam Houston Electric Coop continues construction of the electrical substation at the pump station site and transmission pole foundations.

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

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") is continuing to progress on the various engineering designs as defined in the Component 2 Design Development Scope of Services. Mr. Berckenhoff went on to report that the Early Work Package ("EWP") 1 Site Development is proceeding with the construction. Mr. Berckenhoff further reported that the HWT submitted for record the Guaranteed Maximum Price ("GMP") for EWP 2 West Filter Module and Transfer Pump Station Structures and the EWP 4 Raw Water Pipeline. Mr. Berckenhoff then reported that the Project Advisor/Technical Consultant (the "PATC") continued its Value Engineering analysis of the 30% balance of plant design documents and conducted multiple workshops with Authority Stakeholders and City of Houston operations personnel. Mr. Berckenhoff next reported that the HWT issued several Requests for Proposals addenda for various balance of plant packages including the High Service Pump Station Main Switchgear Building, North Plant, Liquid Residuals Basin, Intake Pump Station and the Central Plant. Mr. Berckenhoff also reported that the PATC returned comments to the HWT for the 30% Balance of Plant Phase 1 Cost Model, Risk Register and Schedule.

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

Mr. Berckenhoff next reported that on January 12<sup>th</sup>, the City issued a Notice of Intent to Award for one (1) section of the 108-inch line (108") and the 54-inch (54") interconnect line, and

that City Council approval of these projects is pending. Mr. Berckenhoff went on to report that the City re-advertised for one (1) section of the 108-inch (108") line and bids were received on March 29<sup>th</sup>. Mr. Berckenhoff further reported that real estate acquisition is proceeding forward on several sections of the transmission line, and that design is progressing on ten (10) sections of the line, including one (1) 120-inch (120") section, eight (8) 108-inch (108") sections and a 66-inch (66") interconnect line.

ATTORNEY'S REPORT

Mr. Polley stated that he had nothing to report at this time.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the March 5, 2018 regular meeting. 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 the minutes of the March 5, 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 February 28, 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

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AN AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES BETWEEN THE AUTHORITY AND V&A CONSULTING ENGINEERS, INC. ("V&A") FOR CORROSION AND CATHODIC PROTECTION RELATED SERVICES

Mr. Schindewolf next called on Mr. Chang to explain the purpose for the Agreement for Professional Engineering Services. Mr. Chang reported that the intended agreement is for corrosion control and cathodic protection of the Authority's 2025 Distribution System. After a thorough evaluation of the qualifications, V&A Consulting Engineers was selected for the service.

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 General Manager to negotiate, finalize and execute the Agreement for Professional Engineering Services between the Authority and V&A Consulting Engineers, Inc. for corrosion control and cathodic protection related services.

AUTHORIZE GENERAL MANAGER TO FINALIZE AND EXECUTE AN ALTERNATIVE WATER USE INCENTIVE AGREEMENT ("INCENTIVE AGREEMENT") WITH CHAMPIONS MUNICIPAL UTILITY DISTRICT ("CHAMPIONS MUD"), CYPRESS FOREST UTILITY DISTRICT ("CYPRESS FOREST UD") AND KLEINWOOD JOINT POWERS BOARD ("KJPB")

Mr. Schindewolf then called on Mr. Evans to present the Incentive Agreement, a copy of which is included behind Tab 6 of the meeting packet and attached hereto. Mr. Evans reminded the Board that they recently adopted an updated Alternative Water Use Incentive Program that provides a maximum alternative water use credit of 50% of the then-current pumpage fee for alternative water use projects implemented by Districts and Golf Courses within the Authority. Mr. Evans then reported that the proposed Incentive Agreement includes construction of a Type 1 reuse system to treat effluent from KJPB's wastewater treatment plant and distribute the effluent for irrigation use at Champions Golf Course, Cypress Forest Park-West, Cypress Forest Park-East, the Church of Jesus Christ of Latter Day Saints and the Conservatory at Cypress Forest Senior Apartments. Mr. Polley then stated that the participants estimate that the project will result in approximately 90 million gallons of annual reuse and will cost approximately \$4,415,000. Director Rendl asked if the bulk of the effluent will be used by Champions Golf Course. Mr. Polley stated that the bulk of the effluent will be used by the entire Champions Golf Course. Director Rendl then asked if Champions MUD, Cypress Forest UD and KJPB had applied for funding from the Texas Water Development Board (the "TWDB") for the reuse project. Mr. Polley stated that he was not aware if they had applied for TWDB funding.

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 authorize the General Manager to finalize and execute the Reuse Agreement with Champions MUD, Cypress Forest Utility District and KJPB.

Director Rendl then stated that he recently had lunch with Ms. Payne and Mr. Scott Galloway of the TWDB, and that the TWDB is anxious to work with any utility districts on reuse or conservation projects.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TWDB FOR FINANCIAL ASSISTANCE RELATED TO THE NHCRWA DISTRIBUTION EXPANSION (THE "NHCRWA EXPANSION DISTRIBUTION RESOLUTION") AND DESIGNATING AUTHORIZED REPRESENTATIVES IN CONNECTION THEREWITH AND AUTHORIZE EXECUTION OF APPLICATION AFFIDAVITS

Mr. Evans then provided an update on the Authority's participation in the 2018 State Water Implementation Fund for Texas ("SWIFT"). Mr. Evans reminded the Board that the Authority's Abridged Applications were submitted to the TWDB on February 1<sup>st</sup>. Mr. Evans further reported that the TWDB is meeting on Thursday, April 5<sup>th</sup> to approve the SWIFT project prioritization list and that the Executive Administrator will be issuing invitations to applicants to submit applications for financial assistance. Mr. Evans went on to report that should the Authority receive an invitation from the TWDB to submit full applications for financial assistance, then the applications will need to be submitted by May 4<sup>th</sup>, which is prior to the Authority's next Board meeting. Mr. Evans then requested the Board adopt the NHCRWA Expansion Distribution Resolution and the Northeast Plant Expansion Resolution and authorize execution of the Application Affidavits in order for the Authority to submit the full applications

for financial assistance to the TWDB. 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 adopt the Expansion Distribution Resolution and authorize execution of the Application Affidavits.

ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TWDB FOR FINANCIAL ASSISTANCE RELATED TO THE NORTHEAST WATER PURIFICATION PLANT EXPANSION (THE "NEWPP EXPANSION RESOLUTION") AND DESIGNATING AUTHORIZED REPRESENTATIVES IN CONNECTION THEREWITH AND AUTHORIZE EXECUTION OF APPLICATION AFFIDAVITS

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 adopt the NEWPP Expansion Resolution and authorize execution of the Application Affidavits.


CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, May 7, 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 7<sup>th</sup> day of May, 2018.



  
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Secretary, Board of Directors