

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 6, 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 6th day of August, 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., Mike 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. David Warner, P.E., of Jones|Carter, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, 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. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, 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 Ms. Robin S. Bobbitt, attorney, 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.

PUBLIC COMMENTS

Director Rendl first noted that one (1) public comment card was received at tonight's meeting, copy of which is attached hereto.

Mr. Jerry Homan, General Manager of Harris County Freshwater Supply District No. 61, then addressed the Board and reminded everyone that Harris County will hold a bond election on August 25th that will allow Harris County to issue \$2.5 billion in flood control bonds in order to fund numerous flood control/drainage improvement projects.

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 a thank you note was received from the Texas Environmental Health Association for a recent presentation by Director Rendl. Ms. Payne next reported that Director Rendl will be speaking on August 17th at the Champions Breakfast Club.

Ms. Payne then reported that the 2018-2019 school year is about to start, and there are many 2nd grade and 4th grade programs already scheduled.

Ms. Payne further reported that the City of Houston (the "City") has renewed their sponsorship of the Authority's water conservation education program.

GENERAL MANAGER'S REPORT

Mr. Schindewolf 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 31 million gallons per day ("MGD") of surface water during July. Mr. Berckenhoff added that the alternative water used in June was approximately 31.5%, as compared to 31.7% in May. Mr. Berckenhoff further explained that during June, approximately 73.3% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

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; 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 4,420 linear feet of 54-inch (54") water line installed; 2) Project 28B is in 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 90% 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 in final design at 75% 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 installation of mechanical and electrical components within the building, along with doors and windows; 2) continued construction of Capers Ridge Pump Station, including preparation for trash racks and stop gates, concrete placement on intake side of pump station and duct bank installation; 3) continued construction of the dual 96-inch diameter pipelines, with approximately 9,500 linear feet of pipeline installed through the end of July; and 4) 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, baffled outfall and rip rap at the Lake Houston/Luce Bayou outfall, maintenance road, hydromulch seeding and Parshall flume.

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 construction of the Early Work Package ("EWP") 1 Site Development is proceeding, including setup of the field office trailers, Intake Pump Station electrical service connection, clearing, fence installation and drainage work. Mr. Berckenhoff further reported that the HWT, Project Advisor/Technical Consultant (the "PATC") and the staff members of the various Authorities have relocated to the NEWPP construction site from the Collaboration Center and further noted that the project final design and construction will be managed from the "Trailer City" at the site going forward. Mr. Berckenhoff next reported that construction of EWP 2 West Filter Building and Transfer Pump Station structures continued during the month with final excavation and preparation for placement of base mats. Mr. Berckenhoff added 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 further reported that the HWT has submitted the 60% Phase 1 Technical Design documents to the PATC for review. Mr. Berckenhoff also noted

that the HWT issued several Requests for Proposals addenda for various Balance of Plant packages, including the High Service Pump Station, Central Plant, Site Electrical Installation, Yard Piping, Dewatering Building and Vertical Turbine Pumps. Mr. Berckenhoff added that the PATC continues to provide construction oversight services on behalf of the City and the Authorities. Mr. Berckenhoff then reported that the HWT and the PATC continue to negotiate the proposed EWP 6 scope and fee.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that the contractors have started construction on one (1) section of the 108-inch (108") line and the 54-inch (54") interconnect line. Mr. Berckenhoff went on to report that the City has re-advertised for bids for one (1) section of the 108-inch (108") line and that the City issued a Notice of Intent to Award on May 17th. Mr. Berckenhoff further reported that real estate acquisitions are proceeding forward on several sections of the transmission line, and that design is progressing on ten (10) sections of the NETL, including one (1) 120-inch (120") section, eight (8) 108-inch (108") sections and a 66-inch (66") interconnect line.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing to report until later in the meeting.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the July 2, 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 July 2, 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 June 30, 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.

ACCEPT AGREED-UPON PROCEDURES ("AUP") REPORT PREPARED BY MCCALL GIBSON SWEDLUND BARFOOT PLLC ("MCCALL") RELATED TO THE AUDIT REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017

Ms. Plunkett then reviewed the AUP Report with the Board, a copy of which is included

behind Tab 6 of the meeting packet and attached hereto. Ms. Plunkett reminded the Board that the AUP Report regarding McCall's review of the Authority's annual financial statements for the fiscal year ended December 31, 2017 was authorized by the Board at the May meeting. Ms. Plunkett recommended acceptance of the AUP Report. 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 accept the AUP Report.

GENERAL MANAGER'S ACTION ITEMS

AUTHORIZE GENERAL MANAGER TO FINALIZE AND EXECUTE AN ALTERNATIVE WATER USE INCENTIVE AGREEMENT (THE "INCENTIVE AGREEMENT") WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24 ("HCMUD NO. 24")

Mr. Schindewolf then called on Mr. Evans to present the Incentive Agreement, a copy of which is included behind Tab 7 of the meeting packet and attached hereto. Mr. Evans reported that the proposed Incentive Agreement project includes installation of irrigation lines along Stuebner Airline and improvements at HCMUD No. 24's wastewater treatment plant associated with the reuse project.

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 authorize the General Manager to finalize and execute the Incentive Agreement with HCMUD No. 24.

Director Rendl then stated that the Authority is looking for as many of these types of reuse projects as it can get because the Authority will need water reuse credits in 2026 and 2027.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND FINALIZE INTERLOCAL AGREEMENT(S) BY AND BETWEEN THE CITY AND THE AUTHORITY REGARDING ACQUISITION OF EASEMENTS AND RIGHTS-OF-ENTRY FOR VARIOUS SEGMENTS OF THE NETL (THE "INTERLOCAL AGREEMENT")

Mr. Schindewolf next called on Mr. Chang to provide information about the proposed Interlocal Agreement with the City. Mr. Chang explained that the City needs to reroute the alignment of a 66-inch (66") line due to the potential impact of the existing alignment to the pilings of Beltway 8 and needs assistance with the acquisition of the necessary rights-of-entry and rights-of-way ("ROW") parcels for the project as well as possible ROW acquisitions in connection with other segments of the NETL project. Mr. Chang further explained that the Authority has agreed to assist with the ROW acquisitions and that all the costs incurred with such work by the Authority will be credited to the Project Costs and as a credit in the Authority's favor in accordance with the provisions of the Fourth Supplement to Water Supply Contract by and between the City and the Authority. Mr. Chang noted that the Authority is still working with the City to negotiate and finalize the Interlocal Agreement.

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 authorize General Manager to negotiate and finalize the Interlocal Agreement.

APPROVE AND AUTHORIZE GENERAL MANAGER TO PROCEED WITH PURCHASE AND ACQUISITION OF UPDATED COMPUTER SERVER AND EQUIPMENT AND TAKE ANY NECESSARY ACTIONS ON SAME

Mr. Chang next reported that the computer server and equipment specifications have been posted on BuyBoard, with quotes due by August 10th. Mr. Chang then requested Board authorization for the General Manager to proceed with the acquisition and purchase of the computer server and equipment at a cost not to exceed \$125,000.

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 and authorize General Manager to proceed with purchase and acquisition of the updated computer server and equipment.

APPROVE AND AUTHORIZE EXECUTION OF FINANCING AGREEMENT(S) WITH TEXAS WATER DEVELOPMENT BOARD IN CONNECTION WITH 2018 STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS ("SWIRFT"), SUBJECT TO FINAL REVIEW BY AUTHORITY'S GENERAL MANAGER AND GENERAL COUNSEL

Mr. Evans then explained that the TWDB has approved the Authority's full Applications for Financial Assistance on July 26, 2018, in the amount of \$469,345,000. Mr. Evans went on to explain that the next step is to approve the Financing Agreement for the sale of the Authority's Series 2018 Senior Lien Revenue Bonds to the TWDB for the TWDB's financial assistance from the SWIRFT, a copy of which is included behind Tab 8 of the meeting packet and attached hereto. Mr. Evans further explained that the Financing Agreement with the TWDB is similar to the agreements that have been executed over the last several years for SWIRFT funding.

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 and authorize execution of the Financing Agreement, subject to final review by the Authority's General Manager and General Counsel.

ELECTION AGENDA

UPDATE ON NOVEMBER 6, 2018 DIRECTORS ELECTION MATTERS

Ms. Bobbitt then explained that the terms of Director Graham, Single-Member Voting District No. 1 and Director Sigler, Single-Member Voting District No. 2, are expiring on November 6, 2018 and, therefore, the Authority is required to take the appropriate steps to hold an election on November 6th (the "Election"), if such Election is necessary.

ADOPT ORDER CALLING DIRECTORS ELECTION SCHEDULED FOR TUESDAY, NOVEMBER 6, 2018 (THE "ORDER")

Ms. Bobbitt next presented a draft of the Order and explained that the Election will be conducted by Harris County pursuant to a Joint Election Agreement to be entered into by the Authority and the County. Ms. Bobbitt noted that the Authority's cost for the Election cannot be determined until the County knows all of the participants in the Election. Ms. Bobbitt further noted that early voting polling places and Election day polling places will be designated by the County.

DETERMINE CANVASSING DATE FOR THE ELECTION

Ms. Bobbitt next reported that canvassing of the November 6, 2018 election must be conducted between November 9th and November 20th and recommended Monday, November 19th as the date for canvassing the Authority's Election, should such Election be held.

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 adopt the Order and to designate November 19, 2018, at 6:00 p.m., as the canvassing date for the Election.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, September 10, 2018, at 6:00 p.m. at the Authority's office due to the September 3rd Labor Day holiday.

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

PASSED, APPROVED AND ADOPTED this 10th day of September, 2018.


Secretary, Board of Directors

