

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 6, 2017

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 6<sup>th</sup> day of February, 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. Tom Rolen, P.E., Stephen Berckenhoff, P.E., Dan Edwards, 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. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Tony Sarman, P.E., of AEI Engineering, Inc, on-call engineers for the Authority; Messrs. Wendell L. "Buddy" Barnes, P.E., and Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Messrs. Tobin Synatschk, P.E., and David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers for the Authority; Mr. Marcel Khouw, P.E., of IDS Engineering Group, on-call engineers for the Authority; Mr. Lance McLeod, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. Chris M. DeBow of Public Trust Advisors; 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.

## PUBLIC COMMENTS

Mr. Bob Koperwhats, President of the Board of Directors of Harris County Water Control and Improvement District No. 91, stated that he had attended the most recent meeting of the Association of Water Board Directors – Texas ("AWBD"), and reported that the AWBD has scheduled its annual Spring Breakfast at the Omni Westside Hotel. Mr. Koperwhats further stated that he had informed the AWBD Board of Trustees and Ms. Merry Leonard, Executive Director of the AWBD, that there are many water districts in north Houston, and requested that the AWBD look into having some of its events in north Houston or at least rotating the events locations. Mr. Koperwhats then suggested that tonight's meeting attendees contact Ms. Leonard regarding the location of future AWBD events.

## 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 there were 92 attendees at the Authority's Winter Directors Workshop (the "Workshop") that was held on January 19, 2017, featuring Mr. John Sutton, Team Leader of the Texas Water Development Board's (the "TWDB") Municipal and ICI Water Conservation Programs, and Mr. Scott Galaway, Outreach Specialist of the TWDB's Houston Field Office. Ms. Payne stated that video interviews were conducted with Mr. Sutton and Mr. Galaway, and that such interviews are available on the Authority's website, along with the documents from the Workshop. Ms. Payne noted that any utility district is welcome to link to any of the Authority videos that are available on the Authority's website.

Ms. Payne next reported that the students from Clegg Intermediate School that are partnering with the Authority to produce WATER News have written and recorded a water conservation rap song that will be available on the Authority's website in the near future.

## GENERAL MANAGER'S REPORT

Mr. Schindewolf then called on Mr. Evans to give an update regarding the Authority's participation in the 2017 State Water Implementation Fund for Texas ("SWIFT"). Mr. Evans reported that the Abridged Application that was previously authorized at the Board's January 9<sup>th</sup> meeting was submitted to the TWDB on February 1<sup>st</sup>. Mr. Evans further reported that the Abridged Application, in the amount of \$73,000,000, is to fund Phase II of the Authority's 2025 Distribution System.

Mr. Schindewolf next stated that he wanted to clarify the reason for the Agreement for Professional Geographic Information System ("GIS") Services with Ryan P. Lanclos that was approved and executed at the January 9<sup>th</sup> meeting. Mr. Schindewolf explained that the Authority's existing GIS portal was outdated, and that Mr. Lanclos will be able to update the existing GIS portal to show authority boundaries, district boundaries, locations of utilities and easement locations. Mr. Evans noted that Mr. Lanclos is an expert in the GIS field, and will be

able to make the GIS much more user friendly and provide easier access to the information, with many more updated capabilities than are currently being provided.

### 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 of the meeting packet and is attached hereto.

### UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Rolan first reported that the Spears Road Regional Pump Station delivered a daily average of approximately 21.3 million gallons per day of surface water during January. Mr. Rolan added that the alternative water used in December was approximately 36.4%, as compared to 37.0% in November. Mr. Rolan further explained that during December, approximately 82.9% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

Mr. Rolan then reminded everyone that utility districts are still in the lower water usage period, and, therefore, it is very important that each district maximize their use of surface water as much as possible.

### MAJOR ACTIVITIES

Concerning other activities, Mr. Rolan reported that during the prior month, AECOM had assisted the Authority in the development of its SWIFT application for Phase II of the Authority's 2025 Distribution System; assisted the Authority in implementing and performing tasks regarding its aggregate water well permit; assisted the Authority in a variety of activities involving the City of Houston (the "City"); 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 operators, took appropriate actions to optimize the use of surface water.

### LUCE BAYOU INTERBASIN TRANSFER PROJECT UPDATE

Concerning the Luce Bayou Interbasin Transfer Project, Mr. Rolan reported that: 1) construction of the cofferdam at the Capers Ridge Pump Station (the "Pump Station") site is ongoing and is scheduled for completion in April; 2) the canal right-of-way clearing from the Pump Station site through Highway 321 has been completed; 3) design of the maintenance facility is complete and will be advertised for construction bids in March; 4) the Coastal Water Authority awarded the construction contracts for construction of the canal segments as follows: a) Segment 1 to Triple B Construction, in the amount of \$25,663,653; b) Segments 2 and 3 to Triple B Construction, in the amount of \$24,598,418; c) Segment 4 to Principal Partners, in the amount of \$22,264,893; and d) Segment 5 to Principal Partners, in the amount of \$20,791,720, with the total of such awarded being approximately \$7 million less than the budgeted amount; and 5) the force main (dual 96-inch lines) 90% design drawings have been submitted and are

under review, with design scheduled to be complete in February and bids to be received in April or May.

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

Mr. Rolan next reported that the City has completed negotiation with the Design Builder on the fee for Component 2, which is primarily the engineering fee to design the NEWPP Expansion. Mr. Rolan further reported that the City is in the process of finalizing negotiations with its technical advisor for 2017.

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

Mr. Rolan next reported that two (2) 108-inch (108") sections of the NETL and a 54-inch (54") interconnect line are in the advertise/bid phase. Mr. Rolan further informed the Board that acquisition of the necessary right-of-way easements is proceeding forward on several segments of the line and that design is progressing on five (5) additional sections of the NETL, including one (1) 120-inch (120") section, and four (4) 108" sections. Mr. Rolan also reported that negotiations have begun for the design of the final four (4) sections of the 108" line.

#### ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing further to report.

#### REGULAR AGENDA

##### APPROVAL OF MINUTES

The Board next considered approval of the minutes of the January 9, 2017 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 January 9, 2017 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 December 31, 2016, 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.

##### ANNUAL REVIEW OF INVESTMENTS AND ADOPT ORDER REGARDING ANNUAL

## REVIEWS OF RULES, POLICIES, CODE OF ETHICS AND LIST OF AUTHORIZED BROKERS FOR THE INVESTMENT OF AUTHORITY FUNDS

Ms. Plunkett then explained that the Authority is required by the Public Funds Investment Act to review the Authority's Investment Policy and investment strategies on an annual basis. Ms. Plunkett further reported that she had worked with Mr. DeBow to conduct the annual review and that no changes to the Authority's Investment Policy are recommended at this time. Ms. Plunkett then introduced Mr. DeBow to the Board.

Mr. DeBow next presented an investment update and review of the Authority's investment portfolio, a copy of which is included in Ms. Payne's PowerPoint presentation for tonight's meeting and attached hereto.

Ms. Plunkett then stated that Tab 6 of the meeting packet includes the Order Regarding Annual Review of Rules, Policies, Code of Ethics, and List of Authorized Brokers for the Investment of Authority Funds (the "Order") for the Board's adoption. Upon motion by Director Pulliam, 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 attached hereto.

## GENERAL MANAGER'S ACTION ITEMS

### APPROVE AND AUTHORIZE EXECUTION OF ALTERNATIVE WATER USE INCENTIVE AGREEMENT ("INCENTIVE AGREEMENT") WITH HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110 ("HCWCID NO. 110")

Mr. Schindewolf stated that Ms. Bobbitt, Mr. Jon Polley, Mr. Rolen and Mr. Evans have all worked diligently to prepare the Incentive Agreement with HCWCID No. 110. Mr. Evans noted that Tab 7 of the meeting packet includes the proposed Incentive Agreement with HCWCID No. 110. Mr. Evans explained that the Board had previously adopted a Resolution Adopting an Amended Effluent Reuse and Other Alternative Water Use Incentive Program, which is an incentive program for alternative reuse water projects. Mr. Evans further explained that HCWCID No. 110's reuse project includes use of reclaimed water to fill amenity ponds.

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 and authorize execution of the Alternative Water Use Incentive Agreement with HCWCID No. 110, a copy of which is attached hereto.

Director Rendl then stated that at the Winter Directors Workshop, Mr. Sutton and Mr. Galaway had informed attendees that the TWDB is very willing to work with directors to get reuse projects included in the Region H Water Plan so that districts can receive SWIFT funding for their reuse projects.

## CONFIRM UPCOMING MEETING DATE

Director Rendl then reminded the meeting attendees that the Authority's next regular meeting will be held on Monday, March 6, 2017, at 6:00 p.m. at the Authority's office.

PUBLIC COMMENTS

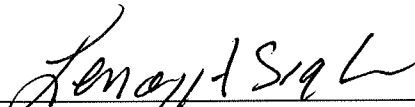
Mr. Schindewolf then noted that there were no public comment cards.

Director Rendl next noted that meeting attendees might see an article in the Community IMPACT Newspaper for Atascocita and Kingwood regarding the Luce Bayou Project. Director Rendl explained that some of the data in the article is incorrect, and that he has asked the reporter to correct the data if the article is printed for any other area editions of the Community IMPACT Newspaper. Director Rendl further stated that City representatives and West Harris County Regional Water Authority representatives were interviewed for the article in addition to him.

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

PASSED, APPROVED AND ADOPTED this 6<sup>th</sup> day of March, 2017.



  
Secretary, Board of Directors