

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

June 3, 2019

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 3rd day of June, 2019, 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 except Director Fessler, 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. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Mr. Steve Bresnen and Ms. Amy Bresnen, of Bresnen & Associates, legislative consultants to the Authority; Messrs. Stephen Berckenhoff, P.E., Michael Baugher, 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. Wendell L. "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. John Lacy, P.E., of Costello, 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. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers 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; Messrs. Dennis Sander, P.E., and Hunter Love, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Bill Kotlan, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Ms. Katherine Mears, P.E. and Mr. Alex Kuzovkov, P.E., of RPS Group Plc., on-call engineers for the Authority; Mr. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc.; Mr. Carlton McDevitt of Inframark, LLC ("Inframark"), operator for the Authority; and Ms. Robin S. Bobbitt, attorney, Mr. Jonathan D. Polley, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Radcliffe Bobbitt"), 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 then noted that one (1) public comment card was received at tonight's meeting, copy of which is attached hereto.

Mr. Tom Sprague, President of Harris County Municipal Utility District ("MUD") No. 43, then addressed the Board and reported that he is running for the Association of Water Board Directors – Texas ("AWBD") Board of Trustees at the upcoming AWBD Annual Conference in Fort Worth. Mr. Sprague asked for the support of tonight's meeting attendees as a representative of the north Houston area. Mr. Sprague then stated that a goal of Harris County MUD No. 43 is to ensure that its residents have water for the next 75 years.

REPORTS

REPORT FROM AUTHORITY LEGISLATIVE CONSULTANT ON 86TH LEGISLATIVE SESSION

Mr. Schindewolf then called on Mr. Bresnen to report on the 86th Legislative Session (the "Legislative Session"). Mr. Bresnen first noted that he has been working with the Authority since 2001. Mr. Bresnen then reported that during the Legislative Session, there were numerous pieces of legislation that would have negatively impacted the Authority that did not pass. Mr. Bresnen further explained that the Authority's lobby team, with the assistance of Mr. Evans, Authority staff members and the Authority's general counsel, Radcliffe Bobbitt, worked together diligently during the Session to protect the Authority's interests. Mr. Bresnen next stated that there continues to be stability in the Texas Water Development Board (the "TWBD") water finance programs that have been extremely beneficial to the Authority. Mr. Bresnen commended Mr. Evans for his work with the TWDB regarding these financing programs. Mr. Bresnen then reviewed various bills that did and did not pass during the recent Legislative Session. A copy of Mr. Bresnen's report is included behind Tab 2 of the meeting packet and attached hereto. Mr. Bresnen noted that the Governor's veto period will end on June 16th.

Director Rendl thanked Mr. Bresnen and Ms. Bresnen for their work on behalf of the Authority. Director Pulliam asked if there is anything of note to be thinking about for the 87th Legislative Session in 2021. Mr. Bresnen stated that there will be interim studies on any potential future issues that may come before the next Legislative Session. Mr. Bresnen also stated that he will continue to stay on top of any issues with the TWDB.

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 the new mobile teaching lab is now available for booking. Ms. Payne further reported that the new mobile teaching lab will be at two (2) July 4th events,

including an event at Westador MUD and an event at Bilma Public Utility District. Ms. Payne stated that all of the free water conservation brochures will be made available at the new mobile teaching lab. Ms. Payne added that the new mobile teaching lab can be booked through the Authority's website or by calling the Authority's office.

Ms. Payne then reported that participation in the elementary school assemblies for the previous school year has broken all previous records over the past decade. Ms. Payne thanked all of the elementary school assembly sponsors. Ms. Payne stated that she already has teachers making assembly reservations for the upcoming 2019-2020 school year. Director Rendl also thanked the elementary school assembly sponsors and stated that without the sponsors, the program would not be possible.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then called upon Mr. Berckenhoff to present the Program Manager's Report to the Board, a copy of which is included behind Tab 4 of the meeting packet and 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 25.6 million gallons per day ("MGD") of surface water during May. Mr. Berckenhoff added that the alternative water used in April was approximately 33.4%, as compared to approximately 32.6% in March. Mr. Berckenhoff further explained that during April, approximately 80.0% 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 went on to report 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 on the Authority's current construction-related activities as follows: 1) Project 28A is complete and awaiting a true-up and contract close-out with Harris County (the "County"); 2) Project 28B is at 100% final design, with approximately 14 parcels currently in the acquisition process; 3) Project 28C is in final design and working towards 100% plan submittal, with approximately 28 parcels currently in the acquisition process; 4) Project 28D is in final design and working towards 100% plan submittal, with approximately 23 parcels to be acquired; 5) Project 28E is in final design and working towards 100% plan submittal with,

approximately 30 parcels to be acquired; 6) Project 28F is in final design and working towards 100% plan submittal, with approximately 20 parcels to be acquired; 7) Project 28G will begin engineering soon; 8) Project 24 will begin the engineering phase soon; and 9) Project 25A through 25D will begin final design soon with approximately 13 parcels to be acquired.

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

Concerning the Luce Bayou Project, Mr. Berckenhoff reported the status of the following items: 1) the contractor completed the final cleanup of the Luce Bayou Canal Maintenance Facility; 2) completed the Capers Ridge Pump Station electrical building concrete slab pour; however, flooding of the Trinity River through May prevented work on the pump station structure; 3) continued construction of the air relief valve vaults and manholes on the south 96-inch diameter pipeline, and the flow distribution basin concrete pours are underway; 4) completed construction of Canal Segment No. 1 and continued siphon construction at Scott Road, with the sanitary sewer force main relocation underway at FM 2100 Siphon; 5) completed all canal construction and siphon headwalls at CR 6243, and completed construction at water level gate 2 for Canal Segment No. 2; 6) began final inspection of canal and structures for Canal Segment No. 3; 7) completed canal excavation, continued construction of water level gate 5 structure and headwall at SH 321 Siphon for Canal Segment No. 4; and 8) completed canal excavation and construction of headwalls and slope paving at the FM 1008 siphon 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") and the Project Advisor/Technical Consultant (the "PATC") are currently negotiating the terms, conditions and price of the Balance of Plant ("BOP") Guaranteed Maximum Price ("GMP") proposal. Mr. Berckenhoff noted that further refinement of the supporting documentation, including the GMP schedule, must be completed. Mr. Berckenhoff went on to report that the PATC returned comments on the draft BOP 90% Design Documents. Mr. Berckenhoff also reported that construction of Early Work Package ("EWP") 1 Site Development continues and includes grading, yard piping and other site work. Mr. Berckenhoff further reported that construction of EWP 2 Filter Building and Transfer Pump Station structures has continued with concrete foundation pours for the transfer pump station and filter building foundation. Mr. Berckenhoff next reported that construction of EWP 4 Raw Water Pipeline work continues, including tunnel excavation under West Lake Houston Parkway, along with raw water pipeline installation. Mr. Berckenhoff further reported that construction of EWP 6 North Plant foundation and Intake Pump Station bridge and platform piling continues. Mr. Berckenhoff went on to report that the HWT continues to progress on procurement of various BOP packages. Mr. Berckenhoff added that the PATC continues to provide construction oversight services on behalf of the City and the authorities.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that in connection with the NETL project, the contractors have continued with construction on two (2) sections of the 108-inch (108") line and the 54-inch

(54") interconnect line. Mr. Berckenhoff also noted a Notice to Proceed was issued to Main Lane Industries, Ltd. on May 7th for the 120-inch (120") section of the NETL. Mr. Berckenhoff went on to report that a Notice to Proceed had been issued to Harper Brothers Construction on April 23rd for another 108-inch (108") section of the NETL. Mr. Berckenhoff further reported that a Notice to Proceed had been issued to Harper Brothers Construction on April 23rd for a second 108-inch (108") section of the NETL. Mr. Berckenhoff added that Notice to Proceed was issued to Main Lane Industries, Ltd. on May 7th for another 108-inch (108") section of the NETL. Mr. Berckenhoff added that real estate acquisitions are proceeding on several additional sections of the NETL, and that design is progressing on the remaining six (6) sections of the NETL, including five (5) 108-inch (108") sections and a 66-inch (66") interconnect line.

Director Rendl then inquired about the status of the right-of-way related to the NHCRWA 84-inch (84") transmission line (Project 25). Mr. Berckenhoff stated that the majority of the right-of-way required for the project has been acquired via an easement from CenterPoint several years ago, however a few remaining underlying fee owner issues are being cleared up.

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 May 6, 2019 regular meeting. Upon motion by Director Pulliam, 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 May 6, 2019 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 April 30, 2019, a copy of which is included behind Tab 6 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 ITEM

REVIEW, APPROVE AND AUTHORIZE GENERAL MANAGER TO NEGOTIATE AND FINALIZE FIRST AMENDMENT TO THE SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT BETWEEN THE CITY OF HOUSTON, TEXAS AND THE AUTHORITY (THE "FIRST AMENDMENT TO THE SECOND SUPPLEMENT"), AND AUTHORIZE EXECUTION OF SAME

Mr. Schindewolf next called on Mr. Polley to provide an overview of the First Amendment to the Second Supplement, a copy of which is included behind Tab 7 of the meeting packet and is attached hereto. Mr. Polley explained that the First Amendment to the Second Supplement is the next step associated with the Water Supply Contract between the Authority and the City. Mr. Polley stated that the original Water Supply Contract was executed in 2002, which gave the Authority the contractual right to receive 31 MGD of treated surface water from the NEWPP. Mr. Polley further explained that the Water Supply Contract also sets forth a procedure by which the Authority can purchase additional water to meet its future water demand needs. Mr. Polley next explained that the First Supplement to the Water Supply Contract provided for the funding and construction of the Luce Bayou project and that the Second Supplement to the Water Supply Contract facilitated the design and construction of the NEWPP Expansion, which allows the Authority to increase its treated water capacity by 113 MGD, to a total of 144 MGD.

Mr. Polley next explained that the First Amendment to the Second Supplement has been negotiated over the last 18 months to create a structure to oversee the operations and maintenance of the NEWPP, and also provide the Authority (and the other project parties) with input into the operations and maintenance of the NEWPP. Mr. Polley stated that the First Amendment to the Second Supplement contemplates four (4) primary objectives: 1) creation of a Facilities Management Committee ("FMC") to oversee the operation and maintenance of the NEWPP Expansion project; 2) accountability for the amount of water taken by the project parties; 3) the impact of the phased construction of the NEWPP Expansion project on the Authority's ability to receive water during construction; and 4) accommodate leases of treated water capacity between the project parties. Director Rendl asked if voting will occur on a percentage basis. Mr. Polley stated that voting will be based on the capacity ownership in the NEWPP by the project parties. Mr. Polley went on to explain that a Capital Renewal Fund and an Operations & Maintenance Reserve Fund will also be established under the terms of the First Amendment to the Second Supplement. Mr. Polley also stated that the creation of the FMC is significant recognition by the City of the Authority's (along with the other project parties') investment in and reliance on the NEWPP Expansion project. Director Rendl then asked if an item was included in the First Amendment to the Second Supplement that would ensure that the Authority would still receive water if part of the NEWPP was down for maintenance. Mr. Polley stated that those discussions have occurred, but that such issue is not included in the First Amendment to the Second Supplement. Mr. Berkenhoff then stated that Mr. Paul Walker recently gave an overview of the capacity of the NEWPP, and that Mr. Walker stated that the NEWPP has been designed with sufficient redundancy to supply the Authority with 113 MGD reliably throughout the year. Director Sigler asked if the City has a mechanism for tracking excess water usage. Mr. Polley stated that the Authority operates the flow control and meters into its pump stations and also monitors its own usage. Mr. Polley added that negotiating the

First Amendment to the Second Supplement has been a significant effort among the Authority staff, AECOM and the other project parties. Mr. Polley noted that if the First Amendment to the Second Supplement is approved at tonight's meeting, it is anticipated that it will be placed on the City Council agenda later this month.

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 approve and authorize the General Manager to negotiate and finalize the First Amendment to the Second Supplement and authorize execution of same.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, July 1, 2019, at 6:00 p.m. at the Authority's office.

PUBLIC COMMENT

Mr. Jerry Homan, General Manager of Harris County Freshwater Supply District No. 61, stated that he appreciates the comprehensive report and due diligence regarding the First Amendment to Second Supplement.

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

PASSED, APPROVED AND ADOPTED this 1st day of July, 2019.




Secretary, Board of Directors