

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

July 1, 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 1st day of July, 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, 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; 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. Harrison Steed, 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. Dustin O'Neal, 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. 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.; Mr. Wayne Ahrens, P.E., and Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Lance McLeod, P.E. and Ms. Connie Curtis, P.E., of Kimley-Horn and Associates, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Inframark, LLC ("Inframark"), operator for the Authority; and Ms. Robin S. Bobbitt, 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.

BOARD MEMBER COMMENTS

Director Graham first asked for an update on the status of Director Pulliam's water leak that he reported at the June Board meeting. Director Pulliam reported that he found two (2) leaking toilets in his house that caused his water bill to be four (4) times more than his average usage bill. Director Pulliam stated that he has replaced all of his toilets and the leak issues have been resolved.

PUBLIC COMMENTS

Director Rendl then noted that one (1) public comment card had been received for tonight's meeting, copy of which is attached hereto. Director Rendl stated that Mr. Dennis Reilly has asked Mr. Berckenhoff to address the earthy smell that has recently been observed in the Authority's surface water. Mr. Berckenhoff reported that he was made aware of the earthy smell last week after several utility districts had contacted Inframark regarding the issue. Mr. Berckenhoff went on to explain that Inframark has checked with the City of Houston (the "City") regarding odor and taste issues with the surface water received by the Authority, and the cause is suspected to be a spike in geosmin and methylisoborneol ("MIB") found at Lake Houston. Mr. Berckenhoff further explained that geosmin and MIB are naturally occurring compounds and that the water is safe to drink and meets all of the Texas Commission on Environmental Quality requirements and standards. Mr. Berckenhoff then noted that the Northeast Water Purification Plant ("NEWPP") expansion project, which is under construction, will have additional tools to deal with these types of water quality issues. Mr. Berckenhoff also noted that Inframark is continuing to monitor the matter. Mr. Reilly then asked if it is possible to test the water upstream and flush the distribution line until the water no longer has an odor. Mr. Berckenhoff responded that he will continue to work with Inframark to remedy the issue, but that there is currently nothing to do on the Authority's side to treat for MIB or geosmin.

Mr. Jerry Homan, General Manager of Harris County Freshwater Supply District No. 61, then reported that the Association of Water Board Directors-Texas ("AWBD") is hosting a free Summer Workshop on Friday, August 23rd from 9:00 a.m. to 1:00 p.m. at the Houston Marriott North Hotel. Mr. Homan explained that the Summer Workshop will be a continuation of a seminar recently presented at the AWBD Annual Conference, and is entitled "Infrastructure, from the Developer to the Local Government – Part II."

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 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 added that the new mobile teaching lab can be booked through the Authority's website or by calling the Authority's office.

Ms. Payne next reported that Tomball Independent School District will be holding a teacher's workshop on August 14th, which will cover the 2nd grade and 4th grade assemblies.

Ms. Payne then reported that the Authority is partnering with the Houston-Galveston Area Council's Coastal Communities Workgroup to host a field trip at the Authority's office on August 8th. Ms. Payne stated that the field trip will highlight the Authority's mobile teaching labs and educational materials.

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 3 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 30.5 million gallons per day ("MGD") of surface water during June. Mr. Berckenhoff added that the alternative water used in May was approximately 32.2%, as compared to approximately 33.4% in April. Mr. Berckenhoff further explained that during May, approximately 74.8% 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; 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 and working on submittal and approvals from the Texas Water Development Board, 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 engineering is underway; 8) Project 24 engineering is underway; and 9) Project 25A through 25D final design is underway, 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 continues installation of the steel framing for the maintenance building and installation of the electrical duct bank at the Capers Ridge Pump Station; however, flooding of the Trinity River through June prevented work on the pump station structure; 2) 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 continuing; 3) completed construction of Canal Segment No. 1 and continued construction at water level gate no. 1; 4) completed headwalls at Entergy crossing and backfill at siphon no. 2, and began the backfill and grading at bridge no. 2 and siphon no. 1 for Canal Segment No. 2; 5) completed final inspection and preparation of punch list for Canal Segment No. 3; 6) completed canal excavation, continued construction of water level gate 5 structure and headwall at SH 321 Siphon for Canal Segment No. 4; and 7) completed canal excavation and continued articulated concrete block installation at drainage crossings 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 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 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. Mr. Berckenhoff then reported that the First Amendment to the Second Supplement to the Water Supply Contract between the City and the Authority was passed by City Council last week.

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 30th 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 May 6th 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 May 6th 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 30th 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.

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 June 3, 2019 regular meeting. 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 minutes of the June 3, 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 May 31, 2019, a copy of which is included behind Tab 5 of the meeting packet and is attached hereto. Director Graham asked where Cedar Creek Forest is located and if they are receiving a refund due to an exemption. Ms. Plunkett explained that she believes Cedar Creek Forest is a small mobile home park located on the north side of the Authority and that they became exempt from Authority fees in 2018 due to the amount of water produced by the well serving the mobile home park. Director Rendl noted that under the Authority's Rate Order, entities that have a well that produces less than 5 million gallons per year are exempt from Authority fees. Ms. Plunkett further stated that Cedar Creek Forest has had usage under 5 million gallons per year due to reduced occupancy, and therefore, qualified for a refund.

Mr. Nick Fava of Bammel Utility District then asked for the average amount of revenue that the Authority receives each month. Ms. Plunkett stated that in the winter months, the Authority receives just over \$5 million in revenue per month and approximately \$6 million to \$7 million per month during the summer months.

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

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AN AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES FOR ON-CALL ENGINEERING SERVICES (THE "AGREEMENT") WITH KIMLEY-HORN AND ASSOCIATES, INC. ("KIMLEY-HORN")

Mr. Schindewolf then called upon Mr. Berckenhoff to present the Agreement with Kimley-Horn. Mr. Berckenhoff explained that the Agreement with Kimley-Horn is needed in connection with Project 25E and will allow Kimley-Horn to perform a routing study to develop alternate routes from the 84-inch (84") transmission line to the Spears Road Pump Station. Mr. Berckenhoff stated that the Authority will be sharing the cost of the line with the Central Harris County Regional Water Authority. Mr. Berckenhoff added that the routing study should take approximately 90-100 days, and that he hopes to have the line in service by no later than June 2022.

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 authorize the General Manager to negotiate, finalize and execute the Agreement with Kimley-Horn.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE LETTER AGREEMENTS (THE "2025 LETTER AGREEMENTS") AND RELATED DOCUMENTS IN CONNECTION WITH CONSTRUCTION OF THE 2025 WATER DISTRIBUTION AND TRANSMISSION SYSTEM

Mr. Schindewolf next called upon Mr. Berckenhoff and Ms. Bobbitt to provide an overview of the proposed 2025 Letter Agreements. Mr. Berckenhoff explained that the 2025 Letter Agreements will be entered into with the utility districts that will be receiving surface water from the 2025 Distribution and Transmission System (the "2025 System"). Mr. Berckenhoff then stated that the 2025 Letter Agreements will confirm the Authority's right of entry to utility district property while the system is being constructed and will outline the process/procedures for the transferring ownership of the chloramination facilities that will be constructed by the Authority to the utility district. Mr. Berckenhoff noted that the 2025 Letter Agreements will also identify operation/maintenance responsibilities for the facilities/equipment. Director Fessler asked what the difference is between the 2025 Letter Agreements and the agreements that were put into place for the 2010 Distribution and Transmission System (the "2010 System"). Mr. Berckenhoff explained that for the 2010 System, the Authority built the line into the utility district systems and then the utility districts were responsible for constructing their own chloramination facilities. Mr. Berckenhoff went on to explain that AECOM has found that the Authority can receive better pricing on the 2025 System by constructing all of the facilities, including the chloramination facilities, and then transferring ownership of the chloramination equipment and certain other facilities to the utility districts. Ms. Bobbitt then noted that the 2025 Letter Agreements will allow for better project timing as well, since the Authority will be responsible for constructing the entire project from start to finish. Ms. Bobbitt further stated that the intention of the 2025 Letter Agreements is to inform the utility districts of the Authority's plans and explain the process/procedures for conveying the facilities to the utility districts once the facilities are complete.

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 approve and authorize the General Manager to negotiate, finalize and execute the 2025 Letter Agreements and related documents in connection with construction of the 2025 previously defined system.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, August 5, 2019, at 6:00 p.m. at the Authority's office.

PUBLIC COMMENT

Mr. Fava then asked how much money the Authority pays to the City from Authority revenue. Ms. Plunkett stated that the Authority pays the City approximately \$1.2 million per month.

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

PASSED, APPROVED AND ADOPTED this 5th day of August, 2019.




Secretary, Board of Directors