

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 5, 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 5th day of August, 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. 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. Stephen Berckenhoff, 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. 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. Marcel Khouw, P.E., of IDS Engineering Group, 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; Mr. Mark McGrath of McGrath & Co., PLLC ("McGrath & Co."), auditors for the Authority; Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); and Ms. Robin S. Bobbitt, attorney, 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.

PRESIDENT'S MESSAGE

Director Rendl first reported that the Texas Water Development Board has scheduled a flood outreach workshop in Houston on August 23rd and an online webinar on August 19th. Director Rendl then reported that Mr. Jimmie Schindewolf, General Manager of the Authority, will not be in attendance at tonight's meeting.

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 booking has begun for the elementary assembly programs. Ms. Payne stated that over 50 elementary schools held an assembly program during the 2018-2019 school year.

Ms. Payne went on to report 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, and Director Rendl will be making a presentation during the field trip.

Ms. Payne next reported that Governor Abbott has recently signed a bill designating an annual "Quanah Parker Day" for the second Saturday of September which will provide an opportunity for Texas school children to learn about Quanah Parker, an important Texas historical figure.

GENERAL MANAGER'S REPORT

Mr. Chang 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 million gallons per day ("MGD") of surface water during July. Mr. Berckenhoff added that the alternative water used in June was approximately 30.6%, as compared to approximately 32.2% in May. Mr. Berckenhoff further explained that during June, approximately 74% 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 and the project team is working on submittal and approvals from the Texas Water Development Board (the "TWDB") and other agencies, 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 24C engineering is underway; and 9) Project 25A through 25D final designs are 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 dewatered the cofferdam and excavation and began cleanup/demucking and backfill at the Capers Ridge Pump Station, with continued installation of steel framing for the maintenance building and concrete masonry unit ("CMU") walls at the electrical building; 2) continued construction of the Air Vac Vaults and air relief valve manholes and offsite fabrication of fittings on the south 96-inch diameter pipeline, and the flow distribution basin concrete pours and grouting pipe joints are continuing; 3) completed west side of FM 2100 Siphon Pipe and completed construction of water level gate no. 1 concrete structure for Canal Segment No. 1; 4) completed final grading at bridge no. 2 and siphon no. 1 and final seeding, and conducted final inspection on July 22nd for Canal Segment No. 2; 5) contractor is working on punch list items for Canal Segment No. 3; 6) completed construction of water level gate no. 5 structure and headwall at SH 321 Siphon for Canal Segment No. 4; and 7) completed FM 2100 Siphon and installed anchors for dredge at sedimentation basin 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") successfully negotiated the terms,

conditions and price of the Balance of Plant ("BOP") Guaranteed Maximum Price ("GMP") contract amendment. Mr. Berckenhoff stated that the item received City Council approval and the City issued a Notice to Proceed to HWT for the BOP items. 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 added 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 that 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 further reported that a Notice to Proceed had been issued to Harper Brothers Construction on May 6th for a 108-inch (108") section of the NETL. Mr. Berckenhoff added 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 also reported that a 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 the 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 July 1, 2019 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 July 1, 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 June 30, 2019, 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 REPORT (THE "AUP REPORT") PREPARED BY MGSB RELATED TO THE AUDIT REPORT FOR THE FISCAL YEAR ENDING ("FYE") DECEMBER 31, 2018

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 MGSB's review of the Authority's annual financial statements for the fiscal year ended December 31, 2018 was authorized by the Board at the December 3, 2018 meeting. Ms. Plunkett recommended acceptance of the AUP Report.

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 accept the AUP Report.

REVIEW AND APPROVE UPDATED/REVISED AUDIT REPORT (THE "REVISED AUDIT REPORT") FOR THE FYE DECEMBER 31, 2018 AND AUTHORIZE THE FILING OF SAME

Ms. Plunkett next reviewed the Revised Audit Report, a copy of which is included behind Tab 7 of the meeting packet and attached hereto. Ms. Plunkett explained that an error was identified by MGSB during the AUP preparation process in an investment table of the audit report which has now been revised and corrected. Ms. Plunkett stated that the financial statements were all correct and that there were no issues with any of the accounting or financial statements included in the previously approved audit report. Ms. Plunkett then stated that the previously approved audit was recalled on EMMA and the Revised Audit Report will be filed on EMMA and with all of the required governmental entities. Mr. McGrath apologized for the error and stated that, based on auditing standards, the error was required to be corrected. Mr. Ellis then briefly addressed the Board and stated that MGSB found the error during the preparation of the AUP Report and immediately notified Mr. McGrath of the error. Mr. Ellis then stated that MGSB has reviewed the Revised Audit Report and confirmed the correction has been made.

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 Revised Audit Report and authorize filing of same.

GENERAL MANAGER'S ACTION ITEM

APPROVE AND AUTHORIZE EXECUTION OF FINANCING AGREEMENT(S) WITH TEXAS WATER DEVELOPMENT BOARD IN CONNECTION WITH 2019 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 Authority did not file any new Applications for Financial Assistance this year, but that the Authority will close on \$230,200,000 in previously committed SWIRFT funding in November. Mr. Evans further explained that to date, the Authority has closed on \$1.136 billion in SWIRFT funds and has been able to save approximately \$188 million through the program.

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

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT ("PSA") WITH INFRAMARK

Mr. Chang then explained that Inframark has requested to adjust its rates and contract structure with the Authority and that the proposed Amended and Restated PSA will be a lump sum form of contract rather than a reimbursement form of contract. Director Fessler asked if the Amended and Restated PSA will be provided to the Board prior to finalization and execution. Mr. Chang stated that the Amended and Restated PSA will be provided to the Board prior to finalization and execution.

Upon motion by Director Graham, 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 negotiate, finalize and execute the Amended and Restated PSA with Inframark.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that due to the Labor Day holiday, the Authority's next regular meeting will be held on Monday, September 9, 2019, 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 9th day of September, 2019.



Leny A. Sg...
Secretary, Board of Directors