

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 2, 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 6:15 p.m. on Monday, the 2nd day of December, 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; Messrs. Stephen Berckenhoff, P.E. and Doug Haude, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. John Howell of The GMS Group, L.L.C., co-financial advisor to the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. Buddy Barnes, P.E., F.SAME, 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. Katherine Mears, P.E., and Mr. David Huang of RPS Klotz Associates, 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. Charles Shumate, P.E., of Lockwood Andrews and Newnam, Inc., on-call engineers for the Authority; Mr. Lance McLeod, P.E., of Kimley-Horn and Associates Inc., on-call engineers for the Authority; Ms. Giti Zarinkel, P.E., F.SAME, and Mr. Michael J. Bagstad, P.E., of Zarinkel Engineering Services, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Chris Campbell, P.E., of Binkley & Barfield, on-call engineers for the Authority; Mr. Carlton McDevitt of Inframark, LLC ("Inframark"), operator for the Authority; Ms. Robin S. Bobbitt, attorney, and Ms. Marissa E. Paltz, legal secretary, 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 by Director Rendl 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 no public comment cards had been received.

PRESIDENT'S MESSAGE

Director Rendl next thanked everyone that attended the Authority's Budget Workshop meeting on Monday, November 18th. Director Rendl then wished the meeting attendees a Merry Christmas and Happy New Year.

BUDGET MATTERS

Mr. Chang then explained that the Authority had held a Budget Workshop meeting on Monday, November 18th, to review and discuss the Authority's proposed 2020 Budget and the proposed 2020-2021 Capital Improvement Plan (the "2020-2021 CIP"). Mr. Chang added that the Budget Workshop had been well attended and that a public hearing on the proposed pumpage fee and surface water rate increases was held earlier this evening at 6:00 p.m. Mr. Chang then recommended that the Board adopt the proposed 2020 Budget.

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 adopt the 2020 Budget, a copy of which is included behind Tab 2 of the meeting packet and is attached hereto.

ADOPT PROPOSED 2020-2021 CIP AND ADOPT RESOLUTION APPROVING AND IMPLEMENTING THE CAPITAL IMPROVEMENT PLAN FOR 2020 AND 2021 (THE "RESOLUTION")

Director Rendl then stated that the Board had spent a great deal of time reviewing and discussing the 2020-2021 CIP at the November 18th Budget Workshop meeting and requested a motion be made for approval of the 2020-2021 CIP.

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 adopt the proposed 2020-2021 CIP and the Resolution, copies of which are included behind Tab 3 of the meeting packet and is attached hereto. A complete copy of the 2020-2021 CIP can be found in the Authority's files.

ADOPT UPDATED PRICING POLICY REGARDING INCREASES IN AUTHORITY RATES AND FEES TO BE EFFECTIVE APRIL 1, 2020

Mr. Chang next explained that during the preparation of the 2020 Budget and the 2020-2021 CIP, he, Mr. Schindewolf, Ms. Plunkett, Mr. Howell and Mr. Berckenhoff conducted a review of the Authority's finances as it relates to the current cost of water and the consensus of the group was that the current pumpage fee should be increased from \$3.85 per 1,000 gallons to \$4.25 per 1,000 gallons and that the current surface water rate should be increased from \$4.30

per 1,000 gallons to \$4.70 per 1,000 gallons. Mr. Chang added that the proposed increases would take effect on April 1, 2020.

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 approve the increase in the pumpage fee to \$4.25 per 1,000 gallons and the increase in the surface water rate to \$4.70 per 1,000 gallons, effective April 1, 2020, and to adopt the Updated Pricing Policy, a copy of which is included behind Tab 4 of the meeting packet and is attached hereto.

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 four (4) school assemblies are scheduled before the Christmas holiday break. Ms. Payne added that a total of eighteen (18) schools have already held assemblies to date during the first semester of the current school year and that assemblies are booked into May of 2020. Ms. Payne noted that Klein Independent School District ("ISD"), Spring ISD and Tomball ISD had all participated in the Authority's educational assembly programs.

Ms. Payne went on to report that the Authority's Waterlines publication has gone to the printer and will be mailed out to residents within the Authority in early January 2020. Ms. Payne added that if additional copies of the Waterlines publications are needed to please contact Ms. Sagstetter at the Authority's office.

Ms. Payne next reported that the Wunderlich Farms Old Fashion Christmas Market ("Wunderlich Market") is scheduled for Saturday, December 7, 2019, beginning at 10:00 a.m. and everyone is invited to attend. In response to a question by Director Pulliam about Cypress-Fairbanks ISD's ("Cy-Fair") participation in the Authority's assembly programs, Ms. Payne responded that Cy-Fair has an extremely high volume of students and that, at this time, the Authority does not have enough resources and personnel to support Cy-Fair. Ms. Payne also noted that the "Water Is Life" trailer, which has been in operation since 2005, is undergoing renovation and not currently in operation. Director Pulliam asked if Ms. Payne could bring the school assembly presentation to a future Board meeting to provide to the Board and attendees. Ms. Payne assured Director Pulliam that she would do so at a future Board meeting.

GENERAL MANAGER'S REPORT

Mr. Chang then called upon Mr. Berkenhoff to present the Program Manager's Report to the Board, a copy of which is included behind Tab 5 of the meeting packet and attached hereto.

PROGRAM MANAGER'S REPORT

Mr. Berckenhoff first stated that, in the essence of saving time, his report would be more brief than usual and that a more detailed report would be provided at the January meeting. Mr. Berckenhoff then reported that the Authority currently has nineteen (19) active projects, seven (7) of which are near construction, seven (7) of which are in final design and five (5) of which are in the planning or preliminary engineering stage.

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff next reported that the Spears Road Regional Pump Station delivered a daily average rate of approximately 22.0 million gallons per day ("MGD") of surface water during November. Mr. Berckenhoff added that the alternative water used in October was approximately 31.4%, compared to approximately 30.4% in September. Mr. Berckenhoff further explained that during October, approximately 74.9% 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.

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 has set forms and rebar for the North Pump Station deck, completed anchor sheet piling and tie-rods for the south combi-wall and completed H-Pile installation for crane deck/roadway and discharge pipings at the Capers Ridge Pump Station, with continued installation of steel framing to support the discharge piping; 2) continued construction of the Air Vac Vaults and air relief valve manholes, continued flow distribution basin concrete placement and began installation of pig retrieval facility piping on the dual 96-inch diameter pipelines; and 3) continued headwall construction on Canal Segment No. 1 at siphons located at stations 95+50 and 72+00, at Scott Road and FM 2100. Mr. Berckenhoff noted that Canal Segment Nos. 2, 3, 4, and 5 are complete.

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

With regard to the NEWPP Expansion Project, Mr. Berckenhoff reported that site work for the administration building is underway and that construction of Early Work Package

("EWP") 1 Site Development is nearing completion, including grading, yard piping and site work and work to complete punch list items is ongoing. Mr. Berckenhoff further reported that construction of EWP 2 Filter Building and Transfer Pump Station is proceeding ahead of schedule and pump cans have been installed. Mr. Berckenhoff went on to report that construction of EWP 4 Raw Water Pipeline work continues with trench backfill in the West Corridor, including completion of shoring installation at transition to tunnels. Mr. Berckenhoff further reported that construction of EWP 6 North Plant foundation and walls continues on schedule and the Intake Pump Station platform piles and installation of pump station cans has been completed. Mr. Berckenhoff added that the Houston Waterworks Team continues to progress on the procurement of various BOP packages and that the Project Advisor/Technical Consultant 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 that one (1) section of the 108-inch (108") line and the 54-inch (54") interconnect line hydrostatic testing/disinfection phase is complete. Mr. Berckenhoff next noted that construction of the 120-inch (120") section of line is ongoing. Mr. Berckenhoff further noted that construction of three (3) additional sections of the 108-inch (108") line is ongoing. Mr. Berckenhoff added that real estate acquisitions are proceeding on several additional sections of the NETL; and that design is progressing on the remaining three (3) sections of the 108-inch (108") line and the 66-inch (66") interconnect line. Mr. Berckenhoff next reported that proposals for a 108-inch (108") section of the line were received on November 21st and that a pre-proposal meeting for a 108-inch (108") section of the line was held on November 4th. Mr. Berckenhoff added that design is progressing on the three (3) remaining sections of the 108-inch (108") and the 66-inch interconnect line.

ATTORNEY'S REPORT

Ms. Bobbitt then reported that Radcliffe Bobbitt will file the required annual eminent domain report on behalf of the Authority pursuant to Texas Government Code, Section 2206.151-157, as amended. Ms. Bobbitt explained that the report includes information related to the Authority's authority to exercise its power of eminent domain and must be filed by no later than February 1st of each year. 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 authorize Radcliffe Bobbitt to file the required annual eminent domain report pursuant to Texas Government Code, Section 2206.151-157.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the November 4, 2019 regular meeting and the minutes of the November 18, 2019 special meeting. 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 the minutes of the November 4, 2019 regular meeting, and November 18, 2019 special 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 October 31, 2019, a copy of which is included behind Tab 8 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 ITEMS

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AGREEMENTS FOR PROFESSIONAL ENGINEERING SERVICES FOR ON-CALL ENGINEERING SERVICES ("AGREEMENTS") WITH KIT PROFESSIONALS, INC., HR GREEN, INC. AND LJA ENGINEERING

Mr. Chang then briefly reviewed with the Board the 19 Authority distribution system projects in process and the need for additional engineers to help with the engineering for such projects.

Mr. Chang then presented to the Board the Agreements for on-call engineering services with KIT Professionals, Inc., HR Green, Inc. and LJA Engineering for the Board's approval.

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 Agreements with KIT Professionals, Inc., HR Green, Inc. and LJA Engineering, copies of which can be found in the Authority's files.

ENGAGEMENT OF MCGRATH & CO., PLLC, CERTIFIED PUBLIC ACCOUNTS ("MCGRATH & CO.") FOR PREPARATION OF AUDIT REPORT FOR THE FISCAL YEAR ENDING (THE "FYE") DECEMBER 31, 2019

Ms. Plunkett then noted that Tab 10 of the meeting packet includes the proposed engagement letter from McGrath & Co. for the preparation of the Authority's audit report for the FYE December 31, 2019, and recommended that the Board engage McGrath & Co. to prepare such audit report. 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 engage McGrath & Co. to prepare the Authority's audit report for the FYE December 31, 2019, and to authorize the execution of the McGrath & Co. engagement letter, a copy of which is attached hereto.

ENGAGEMENT OF MCCALL GIBSON SWEDLUND BARFOOT, PLLC ("MCCALL GIBSON") FOR PREPARATION OF POST-AUDIT AGREED-UPON PROCEDURES REPORT ("AUP") FOR THE FYE DECEMBER 31, 2019

Ms. Plunkett next stated that Tab 11 of the meeting packet includes the proposed engagement letter from McCall Gibson for the preparation of the Authority's AUP for the FYE December 31, 2019, and recommended that the Board engage McCall Gibson to prepare such AUP. Ms. Plunkett further explained that McCall Gibson reviews the work of the Authority's auditors for preparation of the AUP. 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 engagement of McCall Gibson for the preparation of the AUP for the FYE December 31, 2019, and to authorize execution of the McCall Gibson engagement letter, a copy of which is attached hereto.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE THE ALTERNATIVE WATER USE INCENTIVE AGREEMENTS WITH BILMA PUBLIC UTILITY DISTRICT ("BILMA") AND TERRANOVA WEST MUNICIPAL UTILITY DISTRICT ("TERRANOVA WEST") (COLLECTIVELY, "THE INCENTIVE AGREEMENTS")

Mr. Chang then recognized Mr. Evans, who briefly reviewed the Incentive Agreements with the Board. Director Rendl stated that he was pleased to see these projects go forward. Mr. Evans explained that the proposed reuse project will include construction of a reclaimed water system, including construction of a 6-inch distribution line that will be jointly owned by Bilma (45%) and Terranova (55%) and construction of separate 6-inch distribution lines by Bilma and Terranova. Mr. Evans further explained that the total estimated cost for the proposed project is \$2,508,075. Mr. Evans added that this is the tenth reuse project which has been approved by the Authority. Director Rendl asked if SWIFT funding is being used for the proposed projects and Ms. Bobbitt responded that SWIFT funding had not been obtained for the reuse project.

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 Incentive Agreements.

APPROVE 2020 HOLIDAY SCHEDULE

Mr. Chang next presented the proposed 2020 Holiday Schedule for the Authority's employees is included behind Tab 13 of the meeting packet and is attached hereto. Mr. Chang noted that the schedule basically tracks the schedule that was adopted by the Harris County Commissioners Court for 2020. 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 Authority's 2020 Holiday Schedule.

PUBLIC COMMENTS

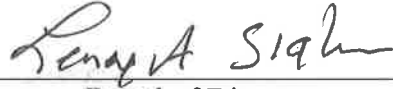
Director Rendl next stated that no public comment cards had been received.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, January 6, 2020, at 6:00 p.m. at the Authority's office. Director Rendl concluded by wishing everyone a Merry Christmas and Happy New Year.

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

PASSED, APPROVED AND ADOPTED this 6th day of January, 2020.



Secretary, Board of Directors

(AUTHORITY SEAL)

