

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 7, 2020

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, via Zoom at <https://zoom.us/join/94aQIqAJaksda> and/or telephone conference call at 346-248-7799, passcode 4403924, pursuant to the Texas Governor's suspension of certain Texas Open Meetings Act provisions due to COVID-19, at 6:15 p.m. on Monday, the 7th day of December, 2020; 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, Acting 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., Mike Baugher, P.E., and Doug Haude, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. David Huang, P.E., and Ms. Katherine Mears, P.E.; of RPS Klotz Associates, on-call engineers for the Authority; Mr. Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Mike Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Rafael Ortega, P.E., of Aurora Technical Services, LLC, on-call engineers for the Authority; Ms. Kate Hallaway, P.E., of Brown & Gay Engineers, 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; Mr. Carlton McDevitt of Inframark, LLC ("Inframark"), operator for the Authority; Mr. John Howell, of The GMS Group, L.L.C., co-financial advisor to the Authority; 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. The conference call meeting was recorded and made available to the public in accordance with the provisions of Texas Government Code Sections 551.125 and 551.127.

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.

PRESIDENT'S MESSAGE

Director Rendl first reported that the Authority was the recipient of the 2020 Safety Award from the Texas Water Conservation Association. Director Rendl also reported that Ms. Plunkett recently celebrated her 20-year anniversary of working for the Authority. Director Rendl then stated that he hopes Authority meetings will be able to get back to normal some time in 2021. Director Rendl went on to wish everyone a Merry Christmas and a Happy New Year.

PUBLIC COMMENT

Mr. Gary Matocha first addressed the Board and asked if the balance of the amount owed to Harris County (the "County") for the Authority's November 3, 2020 Directors Election had been received. Director Rendl responded that the balance due to the County had not yet been received.

BUDGET MATTERS

Mr. Chang then explained that the Authority had held a Budget Workshop meeting on Monday, November 23rd, to review and discuss the Authority's proposed 2021 Budget and the proposed 2021-2022 Capital Improvement Plan (the "2021-2022 CIP"). Mr. Chang added 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 2021 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 2021 Budget, a copy of which is included behind Tab 2 of the meeting packet and is attached hereto.

ADOPT PROPOSED 2021-2022 CIP AND ADOPT RESOLUTION APPROVING AND IMPLEMENTING THE CAPITAL IMPROVEMENT PLAN FOR 2021 AND 2022 (THE "RESOLUTION")

Director Rendl then stated that the Board had spent a great deal of time reviewing and discussing the 2021-2022 CIP at the November 23rd Budget Workshop meeting and requested a motion be made for approval of the 2021-2022 CIP.

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 proposed 2021-2022 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 2021-2022 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, 2021

Mr. Chang next explained that during the preparation of the 2021 Budget and the 2021-2022 CIP, he, 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 \$4.25 per 1,000 gallons to \$4.60 per 1,000 gallons and that the current surface water rate should be increased from \$4.70 per 1,000 gallons to \$5.05 per 1,000 gallons. Mr. Chang added that the proposed increases would take effect on April 1, 2021.

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 increase in the pumpage fee to \$4.60 per 1,000 gallons and the increase in the surface water rate to \$5.05 per 1,000 gallons, effective April 1, 2021, and to adopt the Updated Pricing Policy, a copy of which is included behind Tab 4 of the meeting packet and is attached hereto.

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 reported that the Authority has a new program called Water U, which will allow people to learn about critical water issues and provide timely education information. Ms. Payne further reported that Director Rendl has a new virtual presentation available for utility districts. Director Rendl stated that he has two (2) upcoming presentations scheduled and that he hopes to receive feedback on the new presentation from his audiences.

GENERAL MANAGER'S REPORT

Mr. Chang then called upon Mr. Evans to provide an update on the Texas Water Development Board (the "TWDB") SWIFT funding.

UPDATE ON TWDB SWIFT FUNDING

Mr. Evans reported that the Authority did not submit an application for new SWIFT funding for 2020, but that they had closed on \$78,670,000 of previously committed funding on November 19, 2020. Mr. Evans also reported that the interest rate for this year's closing was 2.295%. Mr. Evans further reported that the Authority has received a commitment of approximately \$2.076 billion in funding, which leaves \$630 million in unclosed funding commitments still available for closing after this year. Mr. Evans added that the Authority does not anticipate submitting an application for new funding in 2021, but that they plan to close on \$38,530,000 of previously committed funding in 2021. Mr. Evans noted that the SWIFT program has provided the Authority approximately \$250 million in savings.

PROGRAM 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 6 of the meeting packet and attached hereto.

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 28.5 million gallons per day ("MGD") of surface water during November. Mr. Berckenhoff added that the alternative water used in October was approximately 32.3%, compared to approximately 30.8% in September. Mr. Berckenhoff further explained that during October, approximately 77.3% 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 also reported that the Authority currently has 26 active projects, with seven (7) in or near construction, 17 in final design and right-of-way acquisition, one (1) routing study and one (1) project on hold.

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

Concerning the Luce Bayou Project, Mr. Berckenhoff gave an update on the status of the following items: 1) the contractor continued installation of 48-inch (48") discharge piping/valves, installed 84-inch (84") header and pressure testing of 48-inch (48") piping, continued upstream riverbank rip rap installation and began removal of the cofferdam at the Capers Ridge Pump Station; and 2) the contractor began removal and replacement of grooved piped sections and continued electrical installation in the pig retrieval building, as well as continued hydromulch seeding along the pipeline corridor.

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

Mr. Berckenhoff further reported on the status of the NEWPP Expansion Project, noting that construction of the Central Plant continues with concrete work for the filter modules and main slab placement at the Transfer Pump Station. Mr. Berckenhoff also reported that construction of the North Plant continues with ongoing formwork, rebar placement and structural concrete for various structures. Mr. Berckenhoff added that installation of a 96-inch (96") BVF and platform piping is ongoing, and fish screens have been delivered to the site. Mr. Berckenhoff further reported that installation of structural steel for the administration building and the roof installation at the maintenance building have been completed. Mr. Berckenhoff went on to report that construction of the South Plant is continuing with installation of inlet piping and pump cans at the high service pump station and the installation of the bridge crane

and roofing have been completed at the dewatering facility. Mr. Berckenhoff also reported that installation of the battery system and bus duct at the electrical substation is ongoing. Mr. Berckenhoff further noted that the Houston Waterworks Team continues to progress on the procurement of various balance of plant packages and that the Project Advisor/Technical Consultant continues to provide construction oversight services on behalf of the City of Houston 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 seven (7) sections of the 108-inch (108") line. Mr. Berckenhoff added that real estate acquisitions are proceeding on several additional sections of the NETL.

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 Fessler, seconded by Director Pulliam, 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 2, 2020 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 November 2, 2020 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 October 31, 2020, a copy of which is included behind Tab 8 of the meeting packet and attached hereto.

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 the Financial Report, the monthly investment report, and the checks being presented for payment.

GENERAL MANAGER'S ACTION ITEMS

OVERVIEW OF UPDATED WATER CONSERVATION PLAN (THE "WCP") AND ADOPT RESOLUTION ADOPTING UPDATED WATER CONSERVATION PLAN (THE "RESOLUTION")

Mr. Evans then reviewed the updated WCP, a copy of which is included behind Tab 9 of the meeting packet and attached hereto. Mr. Evans reported that the WCP has been updated pursuant to the Texas Administrative Code, which requires all wholesale water suppliers to update their WCP every 5 years to coincide with the regional water planning group's plan. Mr. Evans explained that the Authority's WCP includes general information on the Authority, water use data, information on the Authority's water supply system and information on the Authority's conservation and education programs. Mr. Evans stated that once approved by the Board, the WCP will be filed with the TWDB and Region H, as well as posted on the Authority's website. Director Rendl stated that he is very proud of the work that the Authority has done over the years with conservation and education programs, school programs, the mobile teaching trailer, the water reuse program and informational materials for utility districts to utilize.

Upon motion by Director Pulliam, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution.

AWARD OF CONTRACT FOR CONSTRUCTION OF PROJECT 25D AND AUTHORIZE EXECUTION OF SAME, SUBJECT TO RECEIPT OF TWDB APPROVAL

Mr. Berckenhoff then recommended award of the contract for construction of Project 25D to the lowest qualified bidder, Harper Brothers Construction, LLC ("Harper Brothers"), in the amount of \$33,733,550.50. Mr. Berckenhoff noted that TWDB approval has not yet been received for this project, but will likely be received before the next meeting. 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 authorize the award and execution of the contract for construction of Project 25D to Harper Brothers, subject to receipt of TWDB approval.

APPROVE 2021 HOLIDAY SCHEDULE

Mr. Chang next presented the proposed 2021 Holiday Schedule for the Authority's employees, a copy of which is included behind Tab 11 of the meeting packet and is attached hereto. 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 2021 Holiday Schedule.

APPROVE AND AUTHORIZE EXECUTION OF GENERAL MANAGER'S EMPLOYMENT AGREEMENT WITH JUN CHANG

Director Rendl next explained that the current Employment Agreement for Mr. Jimmie Schindewolf, General Manager for the Authority, is expiring as of December 31, 2020 and that Mr. Schindewolf does not wish to renew the Employment Agreement. Director Fessler stated that it has been a pleasure to serve with Director Rendl on the subcommittee to identify Mr. Chang as the next General Manager of the Authority. Director Fessler further stated that he has

full confidence in Mr. Chang and has no doubt that Mr. Chang is the right person for the job. Director Rendl stated that he finds Mr. Chang to be extremely knowledgeable and Mr. Chang's relationship with the City of Houston is extremely beneficial to the Authority. Director Rendl noted that he will miss working with Mr. Schindewolf, but that he is looking forward to working with Mr. Chang in the General Manager's capacity. 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 execution of a the Employment Agreement with Mr. Chang, a copy of which is included in the Authority's files.

SUPPLEMENTAL NOTICE OF PUBLIC MEETING

UPDATE ON NOVEMBER 3, 2020 DIRECTORS ELECTION MATTERS

Ms. Bobbitt then administered the oaths of office for Directors Rendl, Pulliam and Fessler. Ms. Bobbitt noted that the oaths of office will be filed with the Secretary of State, as required by law.

Director Rendl then executed the Certificates of Election for himself and Directors Pulliam and Fessler.

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 payment of the balance owed to the County for joint election costs, once such invoice is received from the County.

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, January 4, 2021, at 6:00 p.m. at the Authority's office. Director Rendl concluded by wishing everyone a Merry Christmas and Happy New Year.

Director Rendl noted that information on how the Authority meetings will be conducted going forward will be sent out via e-blast and also posted on the Authority's website.

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

PASSED, APPROVED AND ADOPTED this 4th day of January, 2021.



/s/ Lenox A. Sigler
Secretary, Board of Directors