

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

June 5, 2017

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 June, 2017, 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 Rendl, 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. Krystal Boggs, Administrative 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., Dan Edwards, P.E. and Doug Haude, P.E., of AECOM Technical Services, Inc. ("AECOM"), Program Manager for the Authority; Mr. Tony Sarman, P.E., of AEI Engineering, Inc, on-call engineers for the Authority; Messrs. Wendell L. "Buddy" Barnes, P.E., and Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Mr. Wayne Ahrens, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Messrs. Tobin Synatschk, P.E., and 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; Ms. Giti Zarinkelk, P.E., and Mr. Michael Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on call engineers for the Authority; Mr. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. John Howell of The GMS Group, L.L.C., financial advisor to the Authority; and Mr. Jonathan D. Polley, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC, 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.

VICE PRESIDENT'S MESSAGE

Director Fessler first informed the audience that Director Rendl was out of town and would not be in attendance at tonight's meeting. Director Fessler then made a statement regarding the public comment from the last meeting about the potential cost of printing for the Authority's Waterlines publication. Director Fessler explained that the Authority reevaluated the other available options and determined that a better approach would be to present the Waterlines in a digital format on the Authority's website. The Authority believes that this approach would reach a wide range of our target audience and significantly reduce the cost of printing. The Authority appreciates all constructive comments made at the Board meeting.

PUBLIC COMMENTS

Director Fessler noted that one (1) public comment card had been submitted from Mr. Al Wysocki, a resident of Lakewood Forest Utility District ("Lakewood Forest UD"), a copy of which comment card is attached here. Mr. Wysocki requested that he be given the opportunity to address the Board during the public comment period at the end of tonight's meeting.

REPORTS

REPORT FROM AUTHORITY LEGISLATIVE CONSULTANT ON 85TH LEGISLATIVE SESSION

Mr. Chang then called on Mr. Bresnen to report on the 85th Legislative Session (the "Legislative Session"). Mr. Bresnen reported that during the Legislative Session, a record high number of bills were filed, while a record low number of bills were actually passed. Mr. Bresnen further reported that Governor Abbott may call a special Legislative Session, but that such special Session (the "Special Session") should not have any impact on the Authority. Mr. Bresnen went on to report that legislation was passed removing the requirement for the posting of notices of cancellation at each voting precinct location when an election is canceled. Mr. Bresnen further reported that there were several eminent domain bills that affect rural areas, but do not impact the Authority. Mr. Bresnen noted, however, that he expects more eminent domain bills to be proposed in the future.

Director Graham then asked what the reasoning is behind the possible Special Session. Mr. Bresnen responded that Senate Bill 2 regarding property taxes and appraisals would likely be the main reason for a Special Session, and that whether or not a Special Session is called is entirely up to Governor Abbott.

Director Sigler then noted that Mr. Bresnen has been with the Authority since its inception, and commended Mr. Bresnen on a job well done during the recent Legislative Session. Mr. Chang then thanked Mr. and Ms. Bresnen for their important work done on behalf of the Authority.

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 around 200 people attended Harris County Water Control and Improvement District No. 132's "May in the Garden" event held on May 6, 2017. Ms. Payne further reported that Director Rendl and Mr. Scott Galaway, Outreach Specialist of the Texas Water Director Board's Houston Field Office also attended the event. Ms. Payne added that the Authority has many programs to share if any utility district is interested in holding their own public event.

GENERAL MANAGER'S REPORT

Mr. Chang then stated that Mr. Schindewolf had expressed his regrets regarding his absence at tonight's meeting.

PROGRAM MANAGER'S REPORT

In the absence of Mr. Rolen, Mr. Berckenhoff then reviewed the Program Manager's Report with the Board, a copy of which is included behind Tab 4 of the meeting packet and is 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 31 million gallons per day of surface water during May. Mr. Berckenhoff added that the alternative water used in April was approximately 33.2%, as compared to 35.6% in March. Mr. Berckenhoff further explained that during April, approximately 78.9% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

MAJOR ACTIVITIES

Concerning other activities, Mr. Berckenhoff reported that during the prior month, AECOM had assisted the Authority with the following items: 1) implementing and performing tasks regarding its aggregate water well 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 STES'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 aggregate water well permit and, where necessary and practical, in consort with STES and the respective PWS operators, took appropriate actions to optimize the use of surface water.

LUCE BAYOU INTERBASIN TRANSFER PROJECT UPDATE

Concerning the Luce Bayou Interbasin Transfer Project, Mr. Berckenhoff reported the following: 1) pre-qualification submittals for the dual 96-inch transmission lines were submitted

to the Coastal Water Authority ("CWA") on May 17, 2017 and a contract award is schedule for the August CWA meeting; 2) the Luce Bayou Project Maintenance Facility project is being procured by competitive sealed proposals with proposals to be opened on June 9, 2017; 3) construction of the pump station combi-wall is ongoing and scheduled for completion in mid to late June with installation of the H piles scheduled to start in mid-June; and 4) construction of all five (5) canal segments is ongoing.

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

Mr. Berckenhoff next reported that the Design-Build Agreement for Component 2B-Preliminary Services was approved by City Council on May 24, 2017 and the Houston Waterworks Team (the "HWT") was authorized to proceed with design. Mr. Berckenhoff further reported that the City plans to present the funding support of Component 2 to City Council for approval in June. Mr. Berckenhoff also reported that the City is working with the United States Army Corps of Engineers and the Texas Commission on Environmental Quality on the pending record of decision regarding the 404 permit for the NEWPP Expansion Project that will determine the amount of environmental mitigation credits that need to be purchased for the NEWPP Expansion project. Mr. Berckenhoff further reported that the Project Management Team, (including the City, Program Advisor/Technical Consultant, and the Authorities' representatives), continues to work with the HWT on the cost model and schedule, as well as the Early Work Package ("EWP") 1 – Site Preparation and the EWP 3 – Raw Water Corridor Utility Relocation, both of which are currently at a 30% design stage.

NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that the advertise/bid phases are pending for two (2) 108-inch (108") sections of the NETL and the 54-inch (54") interconnect line. Mr. Berckenhoff further informed the Board that acquisition of the necessary right-of-way easements is proceeding forward on several segments of the NETL and that design is progressing on six (6) additional sections of the NETL, including one (1) 120-inch (120") section, and five (5) 108-inch (108") sections of the line. Mr. Berckenhoff also reported that design of the final three (3) 108-inch (108") sections and a 66-inch (66") interconnect line of the NETL is awaiting City Council's approval of the design contract.

ATTORNEY'S REPORT

Mr. Polley stated that he had nothing to report at this time.

REGULAR AGENDA

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the May 1, 2017 regular meeting. Upon motion by Director Graham, 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 May 1, 2017 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 Fessler 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, 2017, 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 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.

CONFIRM UPCOMING MEETING DATE

Director Fessler then reminded the meeting attendees that the Authority's next regular meeting will be held on Monday, July 3, 2017, at 6:00 p.m. at the Authority's office.

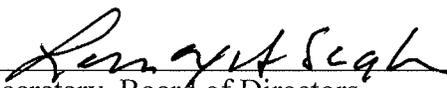
PUBLIC COMMENTS

Mr. Wysocki then came to the podium and addressed the Board. Mr. Wysocki stated that his water bill had increased by 25% in the last month. Mr. Wysocki further stated that Lakewood Forest UD has stated that the increase was due to an increase in the Authority's surface water and pumpage fees. Mr. Wysocki asked why every utility district within the Authority should have to pay increased surface water and pumpage fees to the Authority if those utility districts were not currently scheduled for conversion to surface water. Mr. Wysocki also stated that he had received no notice regarding the increase, and that the increase had just shown up on his most recent water bill. Mr. Chang explained that conversion to surface water is an Authority-wide effort, and reminded Mr. Wysocki that the Board has promised to keep surface water and pumpage fees as low as possible, for as long as possible. Mr. Chang further explained that all surface water conversion costs have to be shared among all utility districts within the Authority. Mr. Chang also stated that the Board always holds a public hearing in December regarding any upcoming rate increases. Director Fessler added that the Authority always notifies utility districts within the Authority regarding any upcoming rate increases, and that each utility district is responsible for informing its residents of any such rate increases.

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

PASSED, APPROVED AND ADOPTED this 3rd day of July, 2017.




Secretary, Board of Directors