

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 2, 2015

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 2nd day of February, 2015, 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
Jim Pulliam	Vice President/Investment Officer
Lenox A. Sigler	Secretary
Kelly P. Fessler	Assistant Secretary
Ron Graham	Treasurer

All members of the Board were present, except Director Fessler, thus constituting a quorum. Also attending the meeting were: Mr. Jimmie Schindewolf, P.E., 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. Tom Rolen, P.E., Steve Berckenhoff, P.E., Dan Edwards, P.E., and Doug Schmidt, P.E., of AECOM Technical Services, Inc. ("AECOM"), Program Manager for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. Eugene Shepherd of RBC Capital Markets, financial advisors for the Authority; Mr. Charles Shumate, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Wendell L. "Buddy" Barnes, P.E., of Jacobs Engineering Group Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Tom Matkin, P.E. and Ms. Aimee Edwards, P.E., of AEI Engineering, Inc., on-call engineers for the Authority; Mr. Larry Barfield, P.E., of Binkley & Barfield, Inc., 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. Michael Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on-call engineers for the Authority; Mr. Jonathan Howard, P.E., of ARCADIS U.S., Inc., on-call engineers for the Authority; Mr. Mike Reedy, P.E., of Freese and Nichols, on-call engineers for the Authority; Mr. Ralph Cox, P.E., of Klotz Associates, Inc., on-call engineers for the Authority; Mr. John Lacy, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Arthur West of Cobb Fendley & Associates, Inc., right-of-way acquisition team for the Authority; Mr. Ravi Yanamandala, P.E., of Geotest Engineering, Inc., material engineering laboratory services for the Authority; Ms. Linn Smyth, member of the Board of the Harris-Galveston Subsidence District; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Ms. Robin S. Bobbitt and Mr. Jonathan D. Polley 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.

REPORTS

STATUS OF ACTIVITIES BY COMMUNICATIONS / PUBLIC INFORMATION COORDINATOR

Ms. Payne first reported that the Authority has distributed over 100,000 of the updated water conservation brochures and billing inserts. Ms. Payne stated that she is working on the next issue of the *Waterlines* newsletter that will be mailed to 200,000 homes within the Authority.

Ms. Payne next reported second grade assemblies were given at Northgate Crossing Elementary School and Link Elementary School in the Spring Independent School District.

Director Sigler then entered the meeting at 6:10 p.m.

Ms. Payne then reported that the SaveWater Texas Coalition has two (2) new bill inserts available, including "F.O.G. (fats, oils and grease)" and "No Wipes in the Pipes."

GENERAL MANAGER'S REPORT

Concerning the Luce Bayou Interbasin Transfer project, Mr. Schindewolf informed the Board that Dannenbaum Engineering Corporation's design engineering team continues to make excellent progress on design of the Trinity River Pump Station.

Mr. Schindewolf next reported that the Authority has received from the City of Houston (the "City") an updated draft of the proposed Second Source Line Agreement regarding the second transmission line from the Northeast Water Purification Plant (the "NEWPP") and running westerly to a point west of where the proposed line would cross under Interstate Highway 45, but noted that he and the Authority's consultants have been focusing on the negotiations with the City on the Second Supplement to the Water Supply Contract (the "Second Supplement") in connection with the proposed expansion of the NEWPP and have not yet provided comments back to the City on the Second Source Line Agreement.

Mr. Schindewolf went on to report that the negotiations with the City, the West Harris County Regional Water Authority, the North Fort Bend Water Authority and the Central Harris County Regional Water Authority on the Second Supplement in connection with the proposed expansion of the NEWPP have been intense with the common goal to have the Second Supplement approved by the water authorities prior to the City's City Council meeting on February 11, 2015. Mr. Schindewolf stated that at approximately 5:45 p.m. this evening, Mr. Jun Chang, P.E., Deputy Director of Public Utilities Division and chief negotiator for the City on the Second Supplement, pulled the Second Supplement off the table and determined that the agreement would not be on the February 11th City Council agenda. Mr. Schindewolf stated that

consequently, the item has been pulled from tonight's meeting agenda pending completion of negotiations on and finalization of the Second Supplement.

PROGRAM MANAGER'S REPORT

Mr. Schindewolf then called on Mr. Rolen, at which time Mr. Rolen reviewed the Program Manager's Report with the Board, a copy of which is attached hereto.

UPDATE ON THE 2010-2025 WATER DISTRIBUTION AND TRANSMISSION SYSTEM

Mr. Rolen first reported that during the prior month, the contractor for Project 2-5 (Spears Road Regional Pump Station) worked on additional work items.

Mr. Rolen went on to report that the contractor for Project 24B was unable to complete the root raking due to wet site conditions.

Mr. Rolen next stated that the contractor for Project 100B has completed the piping installation at Charterwood Municipal Utility District ("MUD"), Klein Public Utility District ("PUD"), and Harris County Water Control and Improvement District No. 114. Mr. Rolen added that the contractor is installing piping at Louetta North PUD and has started painting and electrical work at Klein PUD.

Mr. Rolen further reported that the contractor for Project 100C has completed all work, with the exception of painting and site restoration at Northwest Harris County MUD No. 24 and has completed the tank connections at Harris County MUD No. 104 and Candlelight Hills.

Concerning Project 100D, Mr. Rolen reported that the contractor has completed installing piping at Bilma PUD.

Mr. Rolen next informed the Board that the contractor for Project 100E has completed installation of piping and painting at Northwest Harris County MUD No. 20 and has completed installation of piping at Cy-Champ PUD and Cypress Forest PUD.

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Rolen next reported that the Spears Road Regional Pump Station delivered a daily average of approximately 20 million gallons per day of surface water during the reporting period. Mr. Rolen added that the alternative water used in December was approximately 40.7%, as compared to approximately 33.2% in November. Mr. Rolen explained that during December, approximately 87.5% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water. Mr. Rolen noted that the volume of water used September through December 2014 was approximately three percent (3%) less than during the same period in 2013.

Concerning other activities, Mr. Rolen reported that during the prior month, AECOM had participated as a member of the team designated by the General Manager to prepare the Authority's abridged applications for funding through the State Water Implementation Fund for Texas; assisted the Authority and its General Manager in their efforts in developing the Second

Supplement; assisted the Authority in implementing and performing tasks regarding its aggregate water well permit; provided construction administration services and project representative services on construction projects, as required; continued oversight of engineering and acquisition-related efforts; provided oversight of STES's activities and its contract to operate the Authority's system; and monitored, tabulated and analyzed amounts of water used by the PWSs covered by the Authority's aggregate water well permit and, where necessary, in consort with STES and the respective PWS operator, took appropriate actions to increase the use of surface water.

REGULAR AGENDA

APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of January 5, 2015. 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 minutes of the regular meeting of January 5, 2015, as written.

FINANCIAL ASSISTANT'S REPORT

APPROVE PAYMENT OF BILLS, ISSUANCE OF CHECKS, REVIEW BUDGET COMPARISON, AND REPORT ON STATUS OF 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 12 months ended December 31, 2014, a copy of which 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.

GENERAL MANAGER'S ACTION ITEMS, INCLUDING:

REVIEW, APPROVE, AND AUTHORIZE EXECUTION OF SECOND SUPPLEMENT BETWEEN THE CITY AND THE AUTHORITY

Mr. Schindewolf noted that, as previously discussed earlier in the meeting, action on the Second Supplement would be deferred until a special meeting of the Board as soon as the Second Supplement is ready for Board action. Director Rendl encouraged the attendees to watch for notice of a special meeting.

Director Sigler then inquired if the City is changing its mind regarding the Second Supplement. Ms. Bobbitt responded that Mr. Chang pulled the Second Supplement item off the table because there were still several outstanding issues on the Second Supplement that needed to be resolved.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be held on Monday, March 2, 2015, 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 2nd day of March, 2015.


Secretary, Board of Directors

