

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

March 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 March, 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, 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., 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. 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. Wayne Ahrens, P.E., of Dannenbaum Engineering ("Dannenbaum"); Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; 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; Mr. 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. Arthur West of Cobb Fendley & Associates, Inc., right-of-way acquisition team for the Authority; Mr. Carlton McDevitt of Severn Trent Environmental Services, Inc. ("STES"), operator for the Authority; Mr. Jonathan D. Polley, Attorney, and Ms. Brooke T. Dold, Paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("RBAP"), 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.

PUBLIC COMMENTS

Mr. Schindewolf then reported that two (2) public comment cards had been submitted, including a card from Mr. Marv Fesler, Director of Reid Road Municipal Utility District No. 1, and a card from Mr. Jerry Homan, the General Manager of Harris County Fresh Water Supply District No. 61, copies of which are attached hereto.

Mr. Fesler's comment card asked a question about a statement Director Rendl made at the special meeting of February 12, 2015, regarding funding for the Northeast Water Purification Plant Expansion Project (the "NEWPP Expansion Project") and the Luce Bayou Interbasin Transfer Project (the "Luce Bayou Project"). Mr. Fesler stated that he believes the Authority should use some of its \$235,256,000 reserve fund for funding the projects in order to save the Authority \$2 million per year in bond debt interest. Director Rendl responded that of the \$235 million only \$65 million is available for capital expenditures to cover the cost of various projects included in the Capital Improvement Plan.

Director Sigler then entered the meeting at 6:05 p.m.

Mr. Homan next addressed the Board and reported that the Water Users Coalition (the "WUC") has planned two (2) events in March, as follows: 1) Operators Meeting on March 18, 2015, from 10:00 a.m. - 12:00 noon, at the Authority's offices; and 2) Public Meeting on March 26, 2015, at 7:00 p.m., sponsored by Timber Lane Utility District, at 2615 Ciderwood, Spring, Texas 77373. Mr. Homan commended the Authority regarding the negotiation and finalization of the Second Supplement to Water Supply Contract (the "Second Supplement") with the City of Houston (the "City").

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 Director Rendl made a presentation entitled "*WATER...It's Simply Indispensable*," to the Tomball College Lifelong Learning Academy, at Lone Star College, on February 19, 2015. Ms. Payne noted that she had received very positive feedback on such presentation.

Ms. Payne next reported that the Texas Frontier Assemblies have reached 33,000 students since 2010 when the assemblies were first introduced. Ms. Payne stated that the Second Grade Frontier Assemblies will be presented at the following schools during March: Northgate Crossing Elementary in Spring Independent School District ("ISD"), on March 2nd; Link Elementary School in Spring ISD, on March 3rd; and Kreinhop Elementary School in Klein ISD, on March 5th.

GENERAL MANAGER'S REPORT

Mr. Schindewolf reported that the 84th State Legislative Regular Session opened on January 13, 2015, and bills have been filed at a rapid pace. Mr. Schindewolf noted that March 13, 2015 is the deadline for filing bills. Mr. Schindewolf next reported that he and Mr. Evans are in constant communication with Mr. Steve Bresnen, the Authority's Legislative Consultant, and stated that Mr. Bresnen and his staff are very closely monitoring the affairs of both the Senate and House of Representatives, and working closely with Ms. Robin S. Bobbitt and Mr. Polley of RBAP.

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

Mr. Schindewolf next reported that there has been no recent progress regarding the proposed Second Source Line Agreement regarding the second transmission line from the NEWPP and running westerly to a point west of where the proposed line would cross under Interstate Highway 45.

Mr. Schindewolf went on to report that the City Council approved the Second Supplement with the Authority and similar contracts with the West Harris County Regional Water Authority, the North Fort Bend Water Authority, and the Central Harris County Regional Water Authority, on February 18, 2015, and noted that the Second Supplement is effective as of February 25, 2015. Mr. Schindewolf stated that the primary purpose of the Second Supplement is to memorialize the terms pursuant to which the City will construct the NEWPP Expansion Project. Mr. Schindewolf noted that Mr. Polley had done an excellent job of presenting his Executive Summary regarding the complexity of the Second Supplement at the special meeting of February 12, 2015, and called on Mr. Polley to deliver an abbreviated review of the Executive Summary at tonight's meeting.

Mr. Polley then delivered a broad overview of the major concepts contained within the Second Supplement, including: 1) a detailed description of the NEWPP Expansion Project and the Authority's participation in same; 2) the mechanisms by which the Authority will receive notice of and fund its share of costs for the project; 3) a description of the design-build project delivery and process the City will follow to procure a design-builder for the NEWPP Expansion Project; 4) the mechanisms that ensure the Authority will have input during the NEWPP Expansion Project; and 5) the financial accountability and reporting requirements included in the Second Supplement. A copy of Mr. Polley's Executive Summary is attached hereto, and posted on the Authority's website.

Director Rendl acknowledged that the NEWPP Expansion Project will be very costly, but noted that the Second Supplement is a fair agreement that has achieved a groundbreaking level of cooperation with the City. Director Rendl also reported that the Authority has submitted four (4) State Water Implementation Fund for Texas ("SWIFT") applications, and will likely be issuing bonds in 2017, 2018, 2019, and 2020 to help fund the Authority's share or costs of the NEWPP Expansion Project and for the construction of the necessary water distribution system.

Director Sigler then noted that the First Phase 80 million gallons per day ("MGD") module of the NEWPP Expansion Project the Authority will receive 51.05 MGD and the City will receive 0 MGD.

PROGRAM MANAGER'S REPORT

Mr. Schindewolf then called on Mr. Rolan, at which time Mr. Rolan 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. Rolan first reported that during the prior month, the contractor for Project 2-5 (Spears Road Regional Pump Station) worked on additional work items.

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

Mr. Rolan next stated that the contractor for Project 100B has completed the piping installation at all sites and is working on painting and restoration.

Mr. Rolan further reported that the contractor for Project 100C has completed the tank connection at Candlelight Hills and is working on piping at Harris County Fresh Water Supply District No. 52.

Concerning Project 100D, Mr. Rolan reported that the contractor has completed installing piping at Bilma Public Utility District.

Mr. Rolan next informed the Board that the contractor for Project 100E is working on the substantial completion punch list.

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Rolan next reported that the Spears Road Regional Pump Station delivered a daily average of approximately 21 MGD of surface water during the reporting period. Mr. Rolan added that the alternative water used in January was approximately 36.2%, as compared to approximately 40.8% in December. Mr. Rolan explained that during January, approximately 83.0% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water.

Concerning other activities, Mr. Rolan reported that during the prior month, AECOM had assisted the Authority and its General Counsel in their efforts in developing the Second Supplement to the Authority's Master Water Supply Contract with the City; assisted the Authority in implementing and performing tasks regarding its aggregate water well permit with special emphasis on development of the Authority's 2014 Annual Report for submission to the Harris-Galveston Subsidence District; assisted the Authority in a variety of activities involving the City; continues oversight of engineering and acquisition related efforts; provided construction administration services and project representative services on construction projects, as required; 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 February 2, 2015, and the special meeting of February 12, 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 February 2, 2015, and the special meeting of February 12, 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 month ended January 31, 2015, 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.

EXECUTIVE SESSION

Director Rendl then adjourned the regular meeting at 6:35 p.m. and announced that the Board would convene in executive session pursuant to Section 551.074(a)(1), Texas Government Code, as amended, to discuss personnel matters. The Board, Mr. Polley and Ms. Dold remained in the executive session.

RECONVENE IN OPEN SESSION

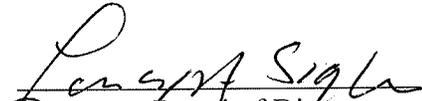
Director Rendl then reconvened the meeting in open session at 6:50 p.m., at which time the following action was taken by the Board. Upon motion by Director Pulliam, seconded by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize the President and Secretary to execute the Third Amended and Restated Employment Agreement between the Authority and Mr. Schindewolf.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be held on Monday, April 6, 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 6th day of April, 2015.


Secretary, Board of Directors

