

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

July 6, 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 6th day of July, 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 Graham, 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. Krystal Boggs, Administrative Assistant for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Mr. Steve Berckenhoff, 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. Lance McLeod, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Marcel Khouw, P.E., of IDS Engineering Group, on-call engineers for the Authority; Mr. Wayne Ahrens, P.E., and Ms. Melinda Silva, P.E., of Dannenbaum Engineering, on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, 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. Tom Matkin, P.E., of AEI Engineering, Inc., on-call engineers for the Authority; Mr. David Warner, P.E., of Jones Carter, 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. 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. Dale Conger 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; Messrs. Eugene Shepherd, of RBC Capital Markets, co-financial advisor to the Authority; Mr. John Howell of The GMS Group, L.L.C., co-financial advisor to the Authority and Ms. Robin S. Bobbitt, 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.

PRESIDENT'S COMMENTS

Director Rendl then offered his and the Board's condolences to Mr. Gordon Landwermeyer regarding his wife, who passed away on July 1, 2015. Director Rendl noted that there would be a visitation on Thursday, July 9th at Klein Funeral Home on Champions Forest Drive, from 5:00 to 8:00 p.m. and that the funeral would be held at the Christ the Good Shepherd Catholic Church, in Spring, Texas, at 11:00 a.m., on Friday July 10, 2015.

PUBLIC COMMENTS

Director Rendl then stated that one (1) public comment card had been submitted by Mr. Ron Chapman, Director of Harris County Municipal Utility District No. 222, a copy of which is attached hereto. Mr. Chapman then stated that the Authority has indicated that the pumpage fee will increase \$0.40-.50/1,000 gallons this year and the next and asked why there is such a dramatic increase. Director Rendl responded that the Authority is currently servicing a bond debt of \$465 million and will need to issue an additional \$80 million of debt in the near future in connection with the Authority's share of costs for the Northeast Water Purification Plant (the "NEWPP"). Director Rendl explained that over the next 15 years, the Authority will be required to spend approximately \$1.2 billion for infrastructure, the Luce Bayou Interbasin Transfer Project, the NEWPP Expansion Project; and the Second Source Transmission Line Project from the NEWPP. Director Rendl noted that the amount of the future debt issued will depend on the amount of funds the Authority is able to obtain from the Texas Water Development Board's (the "TWDB") State Water Implementation Fund for Texas ("SWIFT") in connection with the Authority's four (4) SWIFT applications, currently being processed. Director Rendl added that it is very important that the customers and residents of the Authority understand what the Authority intends to do and how the goal will be realized.

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 Teacher Workshops will be held for Grade 4 Social Studies teachers of Spring Independent School District ("ISD") on August 12th. Ms. Payne further reported that a new curriculum for Grade 4 Social Studies and Science teachers is in the process of being developed.

Mr. Payne further reported that the education trailer featuring the *Patty Potty No Wipes In The Pipes* Campaign will participate in the Klein ISD's Wunderlich Farms monthly Farmers Market on the last Saturday of each month.

GENERAL MANAGER'S REPORT

Mr. Schindewolf first reported on the status of the Authority's three (3) major projects: 1) the Luce Bayou Interbasin Transfer Project ("Luce Bayou Project"); 2) the Second Water Transmission Line from the NEWPP; and 3) the NEWPP Expansion Project.

Mr. Schindewolf reported that the Luce Bayou Project is well underway and scheduled for completion in 2019. Mr. Schindewolf noted that the project consists of approximately 25 miles of open channel and pipeline to bring additional water to Lake Houston.

Concerning the construction of the Second Source Transmission Line from the NEWPP along the Beltway 8 North Corridor to I.H. 45 in which the Authority, the West Harris County Regional Water Authority, the Central Harris County Regional Water Authority and the North Ft. Bend Authority will participate, Mr. Schindewolf reported that the participants received the first draft of the Second Source Line Agreement from the City of Houston (the "COH"), on June 30, 2015.

Mr. Schindewolf next reported that the COH has selected three (3) design/build teams to submit proposals for the construction of the NEWPP Expansion Project under the design/build procurement method. Mr. Schindewolf noted that the design/build teams are currently preparing proposals for the project, which are due in the latter part of October 2015.

Mr. Evans was then called upon to present a status report on the Authority's SWIFT Applications that were submitted to the TWDB on June 4, 2015. Mr. Evans reported that the Authority received administratively complete notices on the four (4) applications on June 8th and that the Authority's technical responses are due on July 13, 2015. Mr. Evans further reported that the TWDB will meet on July 23rd to consider approving the applications for the SWIFT funds and within 30 to 45 days after the TWDB approval, the Authority will enter into the Financing Agreements with the TWDB. Director Rendl then asked for the total amount of the four (4) applications. Mr. Evans responded that the total amount requested is \$953,405,000.

PROGRAM MANAGER'S REPORT

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

Mr. Berckenhoff went on to report that the contractor for Project 24B was still unable to complete the work due to wet site conditions.

Mr. Berckenhoff next stated that the contractor for Project 100B has been working on the final punch list items and indicated that the Project will be ready for acceptance at the August meeting.

Mr. Berckenhoff further reported that the contractor for Project 100C has been working on punch list items and additional work items.

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff next reported that the Spears Road Regional Pump Station delivered a daily average of approximately 24.4 million gallons per day of surface water during the reporting period. Mr. Berckenhoff added that the alternative water used in May was 36.6% as compared to 37.6% in April. Mr. Berckenhoff explained that during April, approximately 85.9% 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. Berckenhoff reported that during the prior month, AECOM had assisted the Authority in implementing and performing tasks regarding its aggregate water well permit, with primary emphasis on compiling information to support the permit renewal application for per year 2015-2016 and submitting same to the Harris-Galveston Subsidence District; assisted the Authority in a variety of activities involving the COH; continued 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; 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; and assisted in the preparation and submittal of applications for the TWDB SWIFT funding.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she hopes to have the RBAP Legislative Update of the 84th Legislature Session ready to handout to the Board at the August meeting.

REGULAR AGENDA

APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of June 1, 2015. 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 regular meeting of June 1, 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 May 31, 2015, a copy of which 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.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be held on Monday, August 3, 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 3rd day of August, 2015.


Secretary, Board of Directors

