

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 3, 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 3rd day of August, 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; Mr. Steve Bresnen of Steve Bresnen & Associates, legislative consultant 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. Charles Shumate, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Larry Barfield, P.E., of Binkley & Barfield, Inc., on-call engineers for the Authority; 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. Tom Matkin, P.E., of AEI Engineering, Inc., on-call engineers for the Authority; Mr. Tobin Synatschk, P.E., of Jones & Carter, Inc., 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. Tony Sarman, P.E., of AEI Engineering, Inc., on-call Engineers for the Authority; Mr. Ravi Yanamandala, P.E., of Geotest Engineering, Inc., materials engineering laboratory services for the Authority; Mr. Thurman Black 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. 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; Mr. Robert M. Collie, Jr., of Andrews Kurth LLP, co-bond counsel for the Authority; and Mr. Jonathan D. Polley, attorney, and Ms. Brooke T. Dold, 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.

PUBLIC COMMENTS

Director Rendl then stated that one (1) public comment card had been submitted by Mr. Robert Brengel, Director of Reid Road Municipal Utility District No. 1, a copy of which is attached hereto. Mr. Brengel stated that his district's meeting room had recently been re-rated by the fire department for a maximum occupancy capacity of 100 people. Mr. Brengel noted that the Authority's meeting room is smaller than his district's and asked what the Authority's meeting room had been rated, to which Mr. Schindewolf responded that he did not know and that he would look into such matter.

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 will be speaking to the Gleannloch Farms Homeowners Association on September 15th, at 7:00 p.m.

Ms. Payne next reported that the Authority is producing a video history of the Authority that will be available online and on DVD later this fall.

Ms. Payne reminded the Board and meeting attendees that the Authority's water conservation brochures and billing inserts are available for use by districts at no cost.

GENERAL MANAGER'S REPORT

Mr. Schindewolf first reported on the status of the three (3) major projects in which the Authority is a participant, including: 1) the Northeast Water Purification Plant (the "NEWPP") Expansion Project; 2) the Luce Bayou Interbasin Transfer Project (the "Luce Bayou Project"); and 3) the Second Source Water Transmission Line from the NEWPP.

Mr. Schindewolf reported that the City of Houston (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. Schindewolf next reported that the Luce Bayou Project is well underway and that all right-of-way easements have been acquired for such project.

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

Fort Bend Water Authority will participate, Mr. Schindewolf reported that the attorneys for the participants are in the process of reviewing and negotiating the Second Source Line Agreement with COH representatives.

PROGRAM MANAGER'S REPORT

Mr. Schindewolf then called on Mr. Berckenhoff, at which time Mr. Berckenhoff, in the absence of Mr. Tom 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. 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 is coordinating activities to complete work on such project and on additional work items.

Mr. Berckenhoff next stated that the acceptance of Project 100B is on this evening's agenda.

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 31 million gallons per day of surface water during the reporting period. Mr. Berckenhoff added that the alternative water used in June was 35.4% as compared to 36.5% in May. Mr. Berckenhoff explained that during June, approximately 82.0% 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. 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 permit year 2015-2016 and submitting same to the Harris-Galveston Subsidence District (the "HGSD"); 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 the Authority's applications for the Texas Water Development Board (the "TWDB") State Water Implementation Revenue Fund for Texas ("SWIRFT") funding program.

Director Rendl then inquired if any of the Authority's water lines had experienced issues due to the recent dry weather conditions, to which Mr. Berckenhoff responded that there had been no issues to his knowledge.

ATTORNEY'S REPORT

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

REGULAR AGENDA

APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of July 6, 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 July 6, 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 June 30, 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.

GENERAL MANAGER'S ACTION ITEMS

ACCEPTANCE OF PROJECT 100B

Mr. Schindewolf then noted that Tab 6 of the meeting packet includes letters from AECOM and his recommendation for acceptance of Project 100B for the work performed by TarTob Commercial Services, LLC, in connection with the construction of the surface water connections at Charterwood Municipal Utility District Water Plant No. 2, Harris County Water Control and Improvement District No. 114 Water Plant No. 1, Klein Public Utility District Water Plant No. 1, and Louetta North Public Utility District Water Plant No. 1. 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 authorize final acceptance of Project 100B in the final amount of \$715,406 (the original contract amount was \$784,531).

APPROVE AND AUTHORIZE EXECUTION OF INTERLOCAL AGREEMENT WITH THE HGSD FOR PARTICIPATION IN THE 2015-2016 WATERWISE PROGRAM

Mr. Schindewolf then directed the Board's attention to Tab 7 of the meeting packet containing the proposed Interlocal Agreement with the HGSD under which the Authority would sponsor 24,000 students in the 2015-2016 WaterWise program at a cost of \$35.40 per student for a total estimated expenditure of \$849,600. Mr. Schindewolf noted that this was a great opportunity for the Authority to support water conservation and obtain additional groundwater credits through the Authority's sponsorship of the program. Mr. Schindewolf recommended approval of the Interlocal Agreement.

Director Rendl then asked if HGSD has ever given the Authority credit for all of the Authority's ongoing water conservation efforts. Mr. Schindewolf responded that the HGSD had not provided any recognition of the Authority's water conservation efforts.

Director Fessler next stated that the Authority in past years has been purchasing as many groundwater credits as possible to use in the event that the Authority has a shortfall in the surface water conversion program. Director Fessler further stated that he views participation in the WaterWise program as a good investment for the Authority.

Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted two (2) votes in favor and three (3) votes opposed to the approval of the Interlocal Agreement with the HGSD for the sponsorship of the 2015-2016 WaterWise program, with Directors Fessler and Sigler voting in favor of such motion and Directors Rendl, Pulliam and Graham voting against such motion.

APPROVE AND AUTHORIZE EXECUTION OF THE FINANCING AGREEMENTS WITH THE TWDB

Mr. Schindewolf then called on Mr. Evans to report on the TWDB meeting held on July 23, 2015, regarding the TWDB's approval of the Authority's four (4) applications to receive SWIRFT funding. Mr. Evans reported that the TWDB approved SWIRFT funds for the Authority in the total amount of \$953,405,000 for the following multi-year, low interest loan commitment projects: 1) NEWPP - \$551,760,000; 2) Second Source Transmission Line Phase I - \$222,135,000; 3) Second Source Transmission Line Phase II - \$135,385,000; and 4) 2025 Distribution System - \$44,125,000.

Mr. Polley then explained that the Board was being asked to approve and authorize execution of the Financing Agreements with the TWDB pending final review and comments by the Authority attorneys at the end of this week. Mr. Polley added that the deadline for submitting the Financing Agreements is September 15, 2015, but due to the Labor Day holiday, the Board will not meet again until September 14th. Mr. Polley stated that the Authority will issue the first installment of bonds in the amount of \$80,435,000 later in 2015.

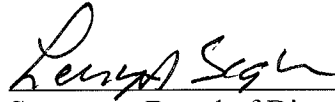
Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize execution of the Financing Agreements with the TWDB, pending final review and comments by the Authority's attorneys.

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be held on Monday, September 14, 2015, at 6:00 p.m., at the Authority's office, due to the Labor Day holiday on Monday, September 7th.

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

PASSED, APPROVED AND ADOPTED this 14th day of September, 2015.



Secretary, Board of Directors

