

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

September 14, 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 14th day of September, 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; Mr. Tom Rolen, P.E., of AECOM Technical Services, Inc. ("AECOM"), Program Manager for the Authority; Mr. Charles Shumate, 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. Wendell L. "Buddy" Barnes, P.E., of Jacobs Engineering Group Inc., on-call engineers for the Authority; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, 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. David Warner, 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. Tom Martens of Terracon Consultants, Inc., materials engineering laboratory services 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.

MESSAGE FROM THE PRESIDENT, INCLUDING COMMENTS ON PROPOSED PUBLIC EDUCATION EFFORTS CONCERNING FINANCIAL STRATEGIES AND FUNDING FOR 2025 SURFACE WATER CONVERSION PROGRAM

Director Rendl first gave a summary of events regarding the Second Supplement Agreement with the City of Houston ("COH") for the expansion of the Northeast Water Purification Plant (the "NEWPP"); the Luce Bayou Interbasin Transfer project (the "Luce Bayou Project"); and infrastructure costs for a new pump station, additional water storage facilities and 107 miles of water lines and other costs necessary to provide surface water to 80 additional utility districts in connection with the Authority's 2025 surface water conversion program. Director Rendl explained that the Authority will require nearly \$1.4 billion over the next 10 years. Director Rendl further stated that the Texas Water Development Board (the "TWDB") had approved \$953.4 million in State Water Implementation Revenue Fund for Texas ("SWIRFT") funding for the Authority for projects that will be spread out over the next 10 years. Director Rendl added that the low interest rate on the SWIRFT funds will save the Authority millions of dollars. Director Rendl added that over the past few months, hundreds of hours have been spent in negotiations with the COH by Mr. Schindewolf, Ms. Robin S. Bobbitt, Mr. Polley and Mr. Evans. Director Rendl further noted that Mr. Howell and Ms. Plunkett are working on cash flows regarding future surface water fees and groundwater pumpage fees. Mr. Rendl added that he and Ms. Payne have been crafting an overarching, comprehensive, multi-media outreach program to improve public awareness and understanding of the Authority's constituents in the following critical areas: 1) where will our water come from in the future; 2) what will it cost; 3) how will it be paid for; 4) are there any alternatives to current and future water supplies; and 5) how can we use water more efficiently to stretch our long-term resources. A copy of Director Rendl's talking notes is attached hereto.

PUBLIC COMMENTS

Director Rendl then stated that two (2) public comment cards had been submitted by: 1) Mr. Ron Chapman, resident of Harris County Municipal Utility District ("MUD") No. 22 regarding increased surface water fee and groundwater pumpage fees; and 2) Mr. Jerry Homan, regarding the Water Users Coalition (the "WUC").

Mr. Chapman expressed his dissatisfaction with the impending pumpage fee increase. Director Rendl responded that his comments earlier offer the explanation for the upcoming fee increases.

Mr. Homan then read a statement that he no longer believes the Authority has an interest in being a good faith partner with the WUC and that the Authority does not want utility districts getting in their way. Mr. Homan concluded that a change in leadership at the Authority may add a new perspective that appreciates and respects the utility district community. A copy of Mr. Homan's statement is attached hereto.

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 IMPACT News recently featured a front-page interview with Director Rendl.

Concerning the comprehensive, multi-media outreach program Director Rendl mentioned earlier, Ms. Payne stated that she is working on the final details of the outreach program.

Ms. Payne further 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 has recently supplied classroom water conservation education materials to Klein Independent School District ("ISD"), Spring ISD, and Cy-Fair ISD. Ms. Payne concluded her report with a reminder to 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 Luce Bayou Project; 2) the NEWPP Expansion Project; and 3) the Second Source Water Transmission Line from the NEWPP.

Mr. Schindewolf next reported that the Luce Bayou Project is on schedule to be completed in July of 2019.

Mr. Schindewolf went on to report 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 by October 27, 2015. Mr. Schindewolf added that the goal is to award a design contract by the end of this year.

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 COH, 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 negotiating the Second Source Line Agreement with COH representatives.

PROGRAM MANAGER'S REPORT

Mr. Schindewolf then heartily welcomed Mr. Rolan back to the Board meeting. Mr. Rolan expressed his sincere appreciation for all the prayers, cards, flowers, and well wishes he has received over the last three (3) months.

Mr. Rolan next 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 then stated that the acceptance of Project 100C is on this evening's agenda and will be further discussed later in the meeting.

Mr. Rolan further 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 is coordinating activities to complete work on remaining additional work items.

UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Rolan 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. Rolan added that the alternative water used in July was approximately 28.3% compared to 35.2% in June. Mr. Rolan explained that during June, approximately 64.3% 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 in implementing and performing tasks regarding its aggregate water well permit; 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; 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.

Director Rendl then asked if the Authority is trying to add more utility districts to the transmission system to receive surface water during the winter months. Mr. Rolan responded that Project 28 will add six (6) more utility districts to the system, but that the Authority cannot add more districts until additional water is obtained from the COH.

Director Pulliam then inquired if any utility districts have contacted him about needing water prior to 2025 which could be addressed by another Groundwater Transfer Program, to which Mr. Rolan replied that they had not. In response to an inquiry from Director Rendl, Mr. Rolan noted that the City of Tomball has indicated their desire to participate in the surface

water conversion program. Director Pulliam added that the City of Jersey Village is in the process of conducting a water study and that they may want surface water as well.

ATTORNEY'S REPORT

Mr. Polley stated that he had nothing to report.

REGULAR AGENDA

APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of August 3, 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 the minutes of the regular meeting of August 3, 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 July 31, 2015, a copy of which is attached hereto.

Upon motion by Director Pulliam, 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 100C

Mr. Schindewolf then noted that Tab 6 of the meeting packet includes letters from AECOM and his recommendation for acceptance of Project 100C for the work performed by T & C Construction, Ltd., in connection with the construction of the surface water connections at Northwest Harris County MUD No. 24, Harris County MUD No. 104, Harris County Freshwater Supply District No. 52, and the Candlelight Hills subdivision. 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 100C in the final amount of \$645,108.30 (the original contract amount was \$679,325).

CONFIRM UPCOMING MEETING DATE

Director Rendl then noted that the Board's next regular meeting will be held on Monday, October 5, 2015, at 6:00 p.m., at the Authority's office.

Mr. Schindewolf further noted that the Authority is close to finalizing the Second Source Line Agreement with the COH and that special Board meetings in October and November may be necessary in order to meet the goal of having such agreement finalized and approved by the COH City Council in a timely manner for submission to the TWDB.

PUBLIC COMMENT

Mr. Homan then asked whether the Board was going to mention the letter he had sent to Mr. Schindewolf dated September 1, 2015. Mr. Polley responded that although an agenda item allows the Board to discuss an item, the Board is not required or obligated to discuss the item.

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

PASSED, APPROVED AND ADOPTED this 5th day of October, 2015.


Secretary, Board of Directors

