

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

October 5, 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 5<sup>th</sup> day of October, 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 Directors Rendl and 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., and Stephen 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. Chuck Wolf, P.E., of ARCADIS U. S., 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. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Larry Barfield, P.E., of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Tony Sarman, 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; Mr. Michael Bagstad, P.E., of Zarinkelk Engineering Services, Inc., on-call engineers for the Authority; Mr. Chad Gordon 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. 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, 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 VICE PRESIDENT

Director Pulliam first asked whether any of the utility districts represented at tonight's meeting require assistance from an Authority 2025 groundwater transfer program and if so encouraged the attendees to contact Mr. Rolen if they do need assistance.

### PUBLIC COMMENTS

Mr. Schindewolf then stated that the Authority had run out of the public comment cards that are typically on the table at the sign-in area, but that Ms. Bobbitt has substitute cards for persons wanting to make a public comment.

Mr. Ron Chapman, resident of Harris County Municipal Utility District ("MUD") No. 22, expressed his concern over the lack of communication between the Authority and the utility districts within the Authority. Mr. Chapman further stated that the amount of information that is given at the Authority's brief Board meetings is not enough information for the utility districts to make decisions regarding upcoming costs. Director Graham then asked Ms. Payne what information has been sent out recently in the Waterlines newsletter. Ms. Payne responded that the last issue of Waterlines contained comprehensive information about the increasing costs of water. Ms. Payne also reported that she, Director Rendl, and Mr. Schindewolf are working on the next Waterlines issue. Ms. Payne also informed the Board that IMPACT News has had very good coverage regarding the rising costs of water.

Mr. Pat Cieslewitz, a member of the Board of Reid Road MUD No. 1, stated that his Board stands firmly behind Mr. Jerry Homan and the Water Users Coalition and added that Mr. Homan was ignored by the Board at the September 14, 2015 meeting.

### 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 make presentations on October 27, 2015, at St. Timothy Anglican Church and on October 28<sup>th</sup> at the Greens Bayou North Reach Neighbors Night Out event.

Ms. Payne next reported that Harris County MUD No. 230 and Harris County MUD No. 286 have booked the Mobile Teaching Labs for "Neighbors Night Out" tomorrow night and that the homeowners association in Harris County MUD No. 109 has ordered the Authority's water conservation materials to use as handouts to residents.

Ms. Payne then extended thanks to the following firms and utility districts for their generous sponsorship renewals of the Authority's Mobile Teaching Labs/water conservation program: Radcliffe Bobbitt Adams Polley PLLC; McGrath & Co., PLLC; Jacobs Engineering Group, Inc.; Dannenbaum Engineering Corporation; Harris County MUD No. 24; Prestonwood Forest Utility District, and Allen Boone Humphries Robinson LLP.

## 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 Interbasin Transfer Project ("Luce Bayou Project"); 2) the Northeast Water Purification Plant ("NEWPP") Expansion Project; and 3) the Second Source Water Transmission Line Project.

Mr. Schindewolf went on to report that the Luce Bayou Project is on schedule to be completed in July of 2019. Mr. Schindewolf further reported that the next step in the Luce Bayou Project is to select consulting engineers to design three miles of dual large diameter water lines.

Mr. Schindewolf further 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 October 27, 2015. Mr. Schindewolf added that the COH's goal is to award a design/build contract by the end of the year.

Concerning the construction of the Second Source Transmission Line ("Second Source Line") from the NEWPP – Segment 2, near the Beltway 8 North corridor to I. H. 45 in which the COH, the Authority and the Central Harris County Regional 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 the COH representatives with the goal of completing the contract with the current COH administration. Mr. Schindewolf noted that the West Harris County Regional Water Authority and the North Fort Bend Water Authority will participate in a short 1,200 foot portion of the Second Source Transmission Project, known as Segment 1 of such project.

Mr. Schindewolf next called on Mr. Evans, who gave a status report on the State Water Implementation Fund for Texas ("SWIFT") funding the Authority has obtained from the Texas Water Development Board (the "TWDB"). Mr. Evans reported that the TWDB approved the Authority's Financing Agreement last week and that the Authority and TWDB are proceeding with the issuance of \$80 million in loans to the Authority to fund the Authority's participation in the NEWPP Expansion Project, the Second Source Line Project and other Authority projects that are required to meet the Harris-Galveston Subsidence District's (the "HGSD") 2025 surface water conversion requirement. Mr. Evans further explained that all of the necessary documents for the issuance of the Authority's Senior Lien Revenue Bonds will be presented for the Board's approval at the November 2, 2015 meeting, and that the closing on the bonds with the TWDB is scheduled for December 11, 2015. Mr. Evans added that with the SWIFT low interest loan, the

TWDB projects the Authority will realize a savings of approximately \$9 million in interest costs on the issuance of the \$80 million Senior Lien Revenue Bonds.

#### PROGRAM MANAGER'S REPORT

Mr. Schindewolf next called on Mr. Rolan to present his Program Manager's Report.

Mr. Rolan then 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 final work items.

Mr. Rolan went on to report that the contractor for Project 24B is also working on final 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 August was approximately 25.1% compared to 27.6% in July. Mr. Rolan explained that during August, approximately 55.7% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was alternative water. Mr. Rolan informed the Board that the water usage data received to date indicates that the Authority exceeded the HGSD's 30% conversion requirement for the 2014-2015 Permit Year.

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 optimize the use of surface water.

Director Pulliam then asked if the Authority has started on the design of the 2025 surface water transmission system, to which Mr. Rolan responded yes and that Project 28 will add six (6) more utility districts to the system. Mr. Rolan noted that the Authority is more than happy to work with utility districts who may be interested in a 2025 groundwater transfer program.

#### ATTORNEY'S REPORT

Ms. Bobbitt stated that she had nothing to report.

REGULAR AGENDA

APPROVAL OF THE MINUTES

The Board next considered approval of the minutes of the regular meeting of September 14, 2015. Upon motion by Director Graham, 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 September 14, 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 Pulliam 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 August 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.

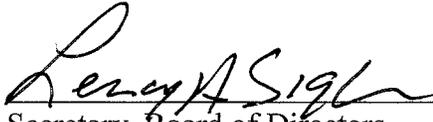
CONFIRM UPCOMING MEETING DATE

Director Pulliam then noted that the Board's next regular meeting will be held on Monday, November 2, 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.

There being no further business to come before the Board, the meeting was adjourned at 6:35 p.m.

PASSED, APPROVED AND ADOPTED this 2<sup>nd</sup> day of November, 2015.

  
Secretary, Board of Directors

