

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 7, 2015

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in special session, open to the public, at 6:00 p.m. on Monday, the 7th day of December, 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
James D. 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. Krystal Boggs, Administrative Assistant for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Messrs. Tom Rolen, P.E., and Dan Edwards, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to AECOM and project representative on several Authority projects; Mr. Larry Barfield, P.E., of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; 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. Wayne Ahrens, P.E., and Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. Dennis Sander, P.E., of Sander Engineering Corporation, on-call engineers for the Authority; Mr. Tobin Synatchk, P.E. and 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. Ravi Yanamandala, P.E., of Geotest Engineering, Inc., materials engineering laboratory services for the Authority; Mr. John Howell of The GMS Group, co-financial advisor to the Authority; Mr. Eugene Shepherd of RBC Capital Markets, 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.

Director Rendl welcomed all of the attendees to the Public Hearing.

PUBLIC HEARING ON INCREASES IN AUTHORITY RATES AND FEES TO BE EFFECTIVE
APRIL 1, 2016

Mr. Schindewolf first announced that the public hearing was being held to review with the Board and members of the public the information regarding the proposed Updated Pricing Policy that will be presented at tonight's regular Board meeting for the Board's approval and adoption. A copy of the PowerPoint presentation for the public hearing is attached hereto.

Mr. Schindewolf reminded the Board that the Authority last increased the pumpage and surface water fees on December 2, 2013, with an effective date of April 1, 2014 and that as part of the review of the 2016 Budget, the review team determined that it is necessary to increase the Authority's fees with such increases to become effective as of April 1, 2016.

Mr. Schindewolf further explained that a Budget Workshop meeting had been held on November 23, 2015, at which time the 2016 Budget was reviewed and the proposed increase in the Authority's pumpage fee from \$2.00 per 1,000 gallons to \$2.40 per 1,000 gallons and an increase in the surface water fee from \$2.45 per 1,000 gallons to \$2.85 per 1,000 gallons, to be effective on April 1, 2016, was discussed, along with the Authority's proposed 2016-2017 Capital Improvement Plan (the "2016-2017 CIP"). Mr. Schindewolf noted that the increased rates were due to not only the need to fund the costs of a number of capital improvement items, but also due to significantly higher operation and maintenance costs the Authority must pay to the City of Houston (the "COH"), which costs have increased by approximately 82% since the Authority began taking surface water from the COH in 2010.

Mr. Schindewolf further explained that the Authority will be required to expand its water transmission and distribution system in order to meet the 2025 conversion requirement of the Harris-Galveston Subsidence District and will also be participating in the funding of its pro rata share of costs for the COH's expansion of the Northeast Water Purification Plant (the "NEWPP"). Mr. Schindewolf added that the Authority will also participate in the funding of its pro rata share of costs for the construction of a second transmission line from the NEWPP and also pay the Authority's pro rata share of costs for constructing the Luce Bayou Interbasin Transfer Project.

Mr. Schindewolf then called on Mr. Howell, who reviewed the "Cost of Water" PowerPoint presentation and further explained the need for the pumpage and surface water fee increases.

Mr. Schindewolf then noted that the increased pumpage and surface water fees, 2016 Budget and 2016-2017 CIP will be presented to the Board for approval and adoption at tonight's regular meeting, beginning at 6:30 p.m.

Director Rendl noted that the proposed increase in the pumpage and surface water fees was extensively reviewed at the five (5) Special Briefing meetings that were recently held by the Authority.

QUESTIONS & ANSWERS

Mr. Schindewolf then asked for questions from the audience.

Mr. Greg Dicioccio, President of Cypress Forest Public Utility District, then asked how many years there would be a \$0.40/1,000 gallons pumpage and surface water fee increases. Mr. Howell responded that there will likely be pumpage and surface water fee increases on an annual basis going forward. Mr. Dicioccio stated that the utility districts need to let their residents know what to expect with regard to the anticipated increases.

Director Rendl then noted that the audiences in attendance at the recent Special Briefing meetings made good comments and suggestions. Director Rendl offered to attend any homeowners' association meeting or utility district meeting to make presentations about the Authority.

There being no further business to come before the Board, the public hearing was adjourned at 6:18 p.m.

PASSED, APPROVED AND ADOPTED this 4th day of January, 2016.




Secretary, Board of Directors