

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

January 8, 2018

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 8<sup>th</sup> day of January, 2018, 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
Kelly P. Fessler	Vice President
Lenox A. Sigler	Secretary
Ron Graham	Assistant Secretary
Jim Pulliam	Treasurer/Investment Officer

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Jun Chang, P. E., D.WRE, Deputy 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. Stephen Berckenhoff, P.E., Michael Baugher, P.E., and Doug Haude, 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. W. John Seifert, P.E., of LGB-Guyton Associates, on-call engineers for the Authority; Messrs. Wendell L. "Buddy" Barnes, P.E., and Harrison Steed, P.E., of ARCADIS US, Inc., on-call engineers for the Authority; Ms. Melinda Silva, P.E., of Dannenbaum Engineering Corporation, on-call engineers for the Authority; Mr. David Warner, P.E., of Jones Carter, Inc., on-call engineers for the Authority; Mr. Fred Bauhof, P.E., of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Messrs. Dennis Sander, P.E., and Erik Miller, 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. Mike Reedy, P.E., of Freese and Nichols, Inc., on-call engineers for the Authority; Mr. Dustin O'Neal, P.E., of Costello, Inc., on-call engineers for the Authority; Mr. Carlton McDevitt of Inframark (formerly, Severn Trent Environmental Services) operator for the Authority; Mr. John Howell of The GMS Group, co-financial advisor to the Authority; and Mr. Jonathan D. Polley, attorney, and Ms. Alison Miller, 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.

## PRESIDENT'S MESSAGE

Director Rendl first wished the meeting attendees a Happy New Year.

## PUBLIC COMMENTS

Director Rendl then stated that no public comment cards had been received.

## 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 the Authority will be holding a directors workshop on February 1<sup>st</sup>, from 6:00 p.m. to 8:00 p.m., at the Authority's office. Ms. Payne stated that invitations for the workshop will be mailed out shortly. Director Rendl further explained that Mr. Berckenhoff will be making the same presentation that he gave at the Authority's Budget Workshop in November, and will also be providing an overview of the Authority's 2018-2019 Capital Improvement Plan. Ms. Payne added that anyone that is interested in attending the workshop can RSVP on the Authority's website, or by calling the Authority's office.

Ms. Payne next reported that the new "Rising Cost of Water" brochures will be available online next week. Ms. Payne noted that the brochures and billing inserts can be ordered from the Authority's website or by calling the Authority's office.

## GENERAL MANAGER'S REPORT

In the absence of Mr. Schindewolf, Mr. Chang reported that City of Houston (the "City") Mayor Sylvester Turner recently held a press conference to address water quality issues. Mr. Chang went on to explain that the treated surface water that the Authority receives from the City's Northeast Water Purification Plant (the "NEWPP") was not affected by such water quality issues. Mr. Chang added that the Authority independently tests the City's water, and that the water provided to Authority customers is safe and meets all applicable safety standards.

Mr. Chang then noted that Mr. Evans' update on the status of the Authority's State Water Implementation Revenue Fund for Texas ("SWIRFT") Financial Assistance Applications will be moved to item G.2 of tonight's agenda.

## PROGRAM MANAGER'S REPORT

Mr. Chang next asked Mr. Berckenhoff to present the Program Manager's Report to the Board, a copy of which is included behind Tab 3 of the meeting packet and is attached hereto.

## UPDATE ON STATUS OF SURFACE WATER CONVERSION

Mr. Berckenhoff then reported that the Spears Road Regional Pump Station delivered a daily average rate of approximately 21.5 million gallons per day ("MGD") of surface water during December. Mr. Berckenhoff added that the alternative water used in November was approximately 35.4%, as compared to 34.2% in October.

Mr. Berckenhoff further explained that during November, approximately 79% of the water used by the Public Water Systems (the "PWSs") in the Authority's 2010 service area was Alternative Water.

## MAJOR ACTIVITIES

Concerning other activities, Mr. Berckenhoff reported that during the prior month, AECOM had assisted the Authority with the following items: 1) implementing and performing tasks regarding its aggregate water well permit (the "Permit"); 2) assisted the Authority in a variety of activities involving the City; 3) continued oversight of engineering and acquisition related efforts; 4) provided oversight of Inframark's activities and its contract to operate the Authority's system; 5) assisted the Authority in preparation and submittal of the Annual Reconciliation Report for Permit Year 2016-2017 to the Harris-Galveston Subsidence District; and 6) monitored, tabulated and analyzed amounts of water used by the PWSs covered by the Authority's Permit and, where necessary and practical, in consort with STES and the respective PWS operators and took appropriate actions to optimize the use of surface water.

## LUCE BAYOU INTERBASIN TRANSFER PROJECT (THE "LUCE BAYOU PROJECT") UPDATE

Concerning the Luce Bayou Project, Mr. Berckenhoff reported the following items: 1) construction of the Luce Bayou Project Maintenance Facility is progressing, including installation of sanitary sewer lines and water well, concrete building slab and tilt up walls, as well as construction of the access drive from State Highway 321 to the maintenance facility; 2) Capers Ridge Pump Station foundation concrete pour was completed on December 9<sup>th</sup> and took approximately 17 hours and 3,200 cubic yards of concrete to complete; 3) construction of all five (5) canal segments is ongoing, including installation of the 96-inch inverted siphons, box culvert bridges, siphon headwall at County Road 2326 and baffled outfall and rip rap at the Lake Houston/Luce Bayou outfall; and 4) Sam Houston Electric Coop ("SHEC") continues construction of the electrical substation at the pump station site and transmission pole foundations, with completion of both the substation and the transmission lines scheduled to occur by no later than January 2018.

## THE NORTHEAST WATER PURIFICATION PLANT (THE "NEWPP") EXPANSION PROJECT UPDATE

Mr. Berckenhoff next reported that the Houston Waterworks Team (the "HWT") is continuing to progress on the various Engineering Studies as defined in the Component 2 Scope of Services, including High Service Pump Station Hydraulic Modeling, Computational Fluid Dynamics Modeling and Hydraulic Surge Analysis. Mr. Berckenhoff went on to report that the City and the HWT completed negotiations on the Guaranteed Maximum Price for Early

Work Package ("EWP") 1 Site Development. Mr. Berckenhoff also reported that the HWT continues procurement activities for EWP 2 and continues to advance the balance of project 30% design documents. Mr. Berckenhoff then reported that the Project Advisor/Technical Consultant ("PATC") reviewed and provided comments to the EWP 4 draft issue for construction documents and is currently negotiating the GMP for EWP 4 Raw Water Pipeline with the HWT. Mr. Berckenhoff went on to report that the PATC continued working on the permit documentation and agency coordination for obtaining the 404 permit from the United States Army Corps of Engineers for the NEWPP Expansion Project. Mr. Berckenhoff also noted that multiple workshops and technical meetings were conducted during the month relating to the SCADA System Network, electrical distribution and chemical facilities for the NEWPP Expansion Project.

#### NORTHEAST TRANSMISSION LINE (THE "NETL") PROJECT UPDATE

Mr. Berckenhoff next reported that competitive sealed proposals have been received for two (2) additional segments of the 108-inch (108") line and the 54-inch (54") interconnect line, and that the City is in the process of evaluating such proposals. Mr. Berckenhoff further informed the Board that acquisition of the necessary right-of-way easements is proceeding forward on several segments of the NETL and that design work is progressing on ten (10) additional segments of the NETL, including one (1) 120-inch (120") section, eight (8) 108-inch (108") sections and one (1) 66-inch (66") interconnect line.

Mr. Chang then reported that Severn Trent Environmental Services, operator for the Authority, has recently changed its name to Inframark as of December 4, 2017. Director Rendl added that it is a name change only and not a change in the operating company.

#### ATTORNEY'S REPORT

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

#### REGULAR AGENDA

##### APPROVAL OF MINUTES

The Board next considered approval of the minutes of the December 4, 2017 public hearing and the December 4, 2017 regular meeting. 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 minutes of the December 4, 2017 public hearing and the December 4, 2017 regular meeting, as written.

##### FINANCIAL ASSISTANT'S REPORT, INCLUDING APPROVE PAYMENT OF BILLS, ISSUANCE OF CHECKS, REVIEW BUDGET COMPARISON, AND REPORT ON STATUS OF PAYMENTS OF QUARTERLY 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 November 30, 2017, a copy of which is included behind Tab 5 of the meeting packet and 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.

#### GENERAL MANAGER'S ACTION ITEMS

#### AUTHORIZE GENERAL MANAGER AND CONSULTANTS TO NEGOTIATE, FINALIZE AND EXECUTE INTERLOCAL AGREEMENT BY AND BETWEEN THE AUTHORITY AND HARRIS COUNTY (THE "COUNTY") REGARDING EASEMENT ACQUISITION FOR THE AUTHORITY'S WATERLINE PROJECT (28D, 28E AND 28F)

Mr. Berckenhoff next explained that the Interlocal Agreement being submitted for Board approval is for a joint right-of-way acquisition project with the County and will allow the Authority to use County rights-of-way for Projects 28D, 28E and 28F. Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager and consultants to negotiate, finalize and execute the Interlocal Agreement.

#### AUTHORIZE PREPARATION AND SUBMISSION OF STATE WATER IMPLEMENTATION FUND FOR TEXAS ("SWIFT") 2018 ABRIDGED APPLICATION(S) TO THE TEXAS WATER DEVELOPMENT BOARD (THE "TWDB") FOR AUTHORITY'S PARTICIPATION IN VARIOUS INFRASTRUCTURE PROJECTS

Mr. Evans reported that the SWIFT 2018 Abridged Application(s) for funding of Phase II of the Authority's 2025 Distribution System are due on Friday, February 2, 2018. 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 authorize the preparation and submission of the Authority's SWIFT 2018 Abridged Application(s) to the TWDB.

#### REVIEW AND APPROVE AMENDMENT TO WATER CONSERVATION REUSE INCENTIVE PROGRAM

Mr. Polley next reminded the Board that they had previously adopted and implemented a Water Conservation Reuse Incentive Program (the "Reuse Program") in 2009 to incentivize utility districts within the Authority to construct alternative and water reuse systems. Mr. Polley further explained that at the time the Reuse Program was implemented with an incentive of \$0.75 per 1,000 gallons, the pumpage fee was \$1.50 per 1,000 gallons. Mr. Polley further explained that he is proposing to update the Reuse Program to provide a maximum reuse credit of 50% of the then-current pumpage fee, which would allow the reuse credit to increase as the Authority's pumpage fee increases. Director Rendl added that the proposed amendment to the Water Conservation Reuse Program would reimburse utility districts for their reuse projects at a faster rate, and that the Authority hopes this will encourage more districts to participate in water reuse projects. Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Amendment to the Water Conservation Reuse Incentive Program, a copy of which is included behind Tab 7 of the meeting packet and attached hereto.

ELECTION OF OFFICERS

Director Fessler then nominated the following 2018 slate of officers for the Board's approval:

President	Alan J. Rendl
Vice President	Kelly P. Fessler
Secretary	Lenox A. Sigler
Assistant Secretary	Ron Graham
Treasurer/Investment Officer	Jim Pulliam

Upon motion by Director Fessler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to approve the proposed slate of officers for 2018, as outlined herein.

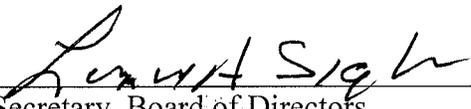
CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held on Monday, February 5, 2018, 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 5<sup>th</sup> day of February, 2018.



  
Secretary, Board of Directors