

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

October 11, 2017

The Board of Directors (the "Board") of the West Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, on the 11th day of October, 2017, at the Fry Road Municipal Utility District Administration Building, 20111 Saums Road, Katy, Texas 77449, inside the boundaries of the Authority, and the roll was called of the members of the Board:

Bruce Parker	President
Larry Weppler	Vice President
Douglas (Cam) Postle	Secretary
Gary Struzick	Assistant Vice President
Eric Hansen	Assistant Secretary
Mark Janneck	Director
Michael Thornhill	Director
Karla Cannon	Director
Dennis Gorden	Director

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Bryan Thomas of Severn Trent Environmental Services ("Severn Trent"); Melinda Silva of Dannenbaum Engineering Corporation ("DEC"); Tracey Scott of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications & Associates; Terrell Palmer of FirstSouthwest, a Division of Hilltop Securities; and Alex Garcia, Alia Vinson, and Linda Sotirake of Allen Boone Humphries Robinson LLP ("ABHR"). Also present at the meeting were those persons included on the attached list.

MINUTES OF PREVIOUS MEETING

The Board reviewed the minutes of the September 13, 2017, meeting. Following discussion, Director Struzick moved to approve the minutes of the September 13, 2017, meeting, as submitted. The motion was seconded by Director Hansen and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

There were no comments from the public.

CUSTOMER APPEALS

No appeals were presented.

TOWNHALL MEETINGS, WEBSITE, WATER CONSERVATION PROGRAM AND TRAILERS, ATTENDANCE AT CONFERENCES AND MEMBERSHIP IN ORGANIZATIONS, NEWSLETTERS AND MAILOUTS

Ms. Payne reported that second grade assemblies at Katy Independent School District have been scheduled.

Ms. Payne also reported that an archeology event has been scheduled for October 21, 2017, at Kleb Woods Nature Preserve.

Ms. Payne then reported that the townhall meeting is scheduled for October 26, 2017, at 6:00 p.m. at the Fry Road Municipal Utility District Administration Building, 20111 Saums Road, Katy, Texas 77449.

Ms. Vinson reported that the Texas Water Conservation Association Convention will be held October 18-20, 2017, in San Antonio, Texas. Following discussion, Director Hansen moved to authorize any interested board members to attend the conference. Director Weppler seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Ms. Silva presented an engineer's report, a copy of which is attached, and reviewed it with the Board.

Ms. Silva reviewed with the Board a monthly pumpage report. She pointed out that the pumpage for 2017 through August is approximately 98.9% of the previous year at this date. Ms. Silva reported that approximately 26.40 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during September, 2017.

Ms. Silva then reported that the Coastal Water Authority meeting was held on October 11, 2017.

Ms. Silva reported that the Authority continues to meet with interested Surface Water Supply Project stakeholders. She stated that some stakeholder meetings have been rescheduled due to Hurricane Harvey.

Ms. Silva also reported that the sale of 120,000 gallons of Type A credits to Gail Hartz & Associates in the amount of \$630.00 has been finalized.

REQUESTS FOR SURFACE WATER CONVERSION

There was no discussion on this matter.

WATER SUPPLY COMMITMENT LETTER AGREEMENT

There was no discussion on this matter.

REIMBURSEMENTS TO UTILITY DISTRICTS

There was no discussion on this matter.

JOINT WATER LINE PROJECTS

Ms. Silva reported that a Joint Facilities Committee meeting is scheduled for October 13, 2017.

GROUNDWATER REDUCTION PLAN ("GRP")

The Board considered authorizing DEC to send letters to the districts that will be converted to surface water by 2025. Following discussion, Director Struzick moved to authorize DEC to send letters to the districts that will be converted to surface water by 2025. Director Cannon seconded the motion, which carried unanimously.

CONSTRUCTION PROJECTS

Ms. Silva reported that Triple B Services, the contractor for Contract 33B, is working on completing restoration of the water line alignment. She also reported that Schneider Electric Systems USA, Inc. ("Schneider"), formerly Invensys Systems, Inc., has delayed the Windows 10 upgrade until December, 2017. Discussion ensued.

PAY ESTIMATES AND CHANGE ORDERS

Ms. Silva then recommended approval of Pay Estimate No. 8 in the amount \$37,458.90 for Contract 33B and Pay Estimate No. 5 in the amount of \$47,484.00 for the Pump Station No. 1 Control System Upgrade project. Upon a motion made by Director Weppler and seconded by Director Struzick, the Board voted unanimously to approve the above mentioned pay estimate, as recommended.

CITY OF HOUSTON (THE "CITY") WATER SUPPLY CONTRACT AND SUPPLEMENTS THERETO, INCLUDING CHARGES FOR OPERATION AND MAINTENANCE EXPENSES, NORTHEAST WATER PLANT EXPANSION, LUCE BAYOU, AND NORTHEAST TRANSMISSION LINE-SEGMENT 1

Director Hansen discussed the status of the work packages for the Northeast Water Purification Plant.

ENGINEERING SERVICES, LEGAL SERVICES, AUTOMATIC METER READING SERVICES, COMMUNICATIONS, OPERATOR SERVICES CONTRACTS, WORK AUTHORIZATIONS, AND CHANGE ORDERS

Ms. Silva reported on KIT Professionals, Inc.'s work on the design of Contract 35.

Ms. Silva also reported on Klotz Associates dba RPS's work on the design of Contract 36.

Ms. Silva then reported on Sanders Engineering Corporation's work on the design of Contract 37.

Ms. Silva reported on Jones & Carter, Inc.'s work on the design of Contract 38.

Ms. Silva then reported on IDS Engineering Group, Inc.'s work on the design of Contract 50.

Ms. Silva reported on AECOM's work on Segment A of the Surface Water Supply Project.

Ms. Silva also reported on Black & Veatch's work on Segment B of the Surface Water Supply Project.

Ms. Silva then reported on Freese and Nichols' work on Segment C of the Surface Water Supply Project.

Ms. Silva also reported on Freese and Nichols' work on the RePump Station and AECOM's work on the Central Pump Station.

Ms. Silva reported that DEC is preparing a procurement package to implement the Badger System automatic meter reading program. The Board then considered authorizing advertisement of the AMR package when complete. Following discussion, Director Weppler moved to authorize advertisement of the AMR package when complete. Director Struzick seconded the motion, which carried unanimously.

The Board then considered the following work authorizations: (1) Supplement No. 4 to Work Authorization No. 22 to Terracon Consultants, Inc. in the amount of \$125,112.50 to provide additional services for completed boring depth changes, continuous drilling and sampling at tunnel depths, additional borings and additional laboratory testing; (2) Work Authorization No. 38 to Hawkins Lease Service, Inc. in the amount of \$8,344.00 to provide 50 metallic "No Dumping" signs at the pump stations and along the Authority right-of-way easements; (3) Work Authorization No. 7 to Texas American Title Company in the amount of \$7,500.00 to update title reports for 75 easement parcels from State Highway 6 to Turkey Creek; (4) Work Authorization No. 39 to JLL Valuation & Advisory Services, LLC in the amount of \$6,000.00 to provide estimates of just compensation for the acquisition of two easements and appraisals of

two easements located in the Atascocita area; (5) Work Authorization No. 40 to JLL Valuation & Advisory Services, LLC in the amount of \$106,000.00 to provide estimates of just compensation for the acquisition of 86 parcels and appraisals for 10 parcels located along Segment 2 from State Highway 6 to Turkey Creek; (6) Work Authorization No. 41 to JLL Valuation & Advisory Services, LLC in the amount of \$18,000.00 to provide estimates of just compensation for the acquisition of six parcels located along the Kinder Morgan Pipeline Corridor; (7) Work Authorization No. 42 to JLL Valuation & Advisory Services, LLC in the amount of \$3,000.00 to provide estimates of just compensation for the acquisition of one parcel located along Segment No. 1 from Little York to the North-South alignment; (8) Work Authorization No. 51 to Lupher, LLC in the amount of \$9,400.00 to revise 26 water line easement surveys (Parcels 12437-002.3-SS001, 12437-002.11-SS001, 12437-005.17-SS001, and 12439-003.01-SS001 through 12439-003.23-SS001); (9) Work Authorization No. 52 to Lupher, LLC in the amount of \$14,200.00 to prepare three permanent access easement surveys within Parcel 066-SS001; (10) Work Authorization No. 80 to Title Houston Holdings Ltd. d/b/a/ Abstract Services of Houston in the amount of \$200.00 to provide abstracting services to update title certificates for Parcel Nos. 021-SS001 and 056-SS001; (11) Work Authorization No. 81 to Title Houston Holdings Ltd. d/b/a/ Abstract Services of Houston in the amount of \$100.00 to provide abstracting services to update the title certificate for Parcel No. 066-SS001; and (12) Work Authorization No. 65 to Weisser Engineering Co. in the amount of \$1,530.00 to perform surveying services to make field ties from the northerly corners of a newly constructed building on Parcel 12379-006-SS001 to the southerly line of Parcel 12379-006-SS001. Following review and discussion, Director Struzick moved to approve the above-described: (1) Supplement No. 4 to Work Authorization No. 22 to Terracon Consultants, Inc.; (2) Work Authorization No. 38 to Hawkins Lease Service, Inc.; (3) Work Authorization No. 7 to Texas American Title Company; (4) Work Authorization No. 39 to JLL Valuation & Advisory Services, LLC; (5) Work Authorization No. 40 to JLL Valuation & Advisory Services, LLC; (6) Work Authorization No. 41 to JLL Valuation & Advisory Services, LLC; (7) Work Authorization No. 42 to JLL Valuation & Advisory Services, LLC; (8) Work Authorization No. 51 to Lupher, LLC; (9) Work Authorization No. 52 to Lupher, LLC; (10) Work Authorization No. 80 to Title Houston Holdings Ltd. d/b/a/ Abstract Services of Houston; (11) Work Authorization No. 81 to Title Houston Holdings Ltd. d/b/a/ Abstract Services of Houston; and (12) Work Authorization No. 65 to Weisser Engineering Co.. Director Thornhill seconded the motion, which carried by a vote of eight for the motion with Director Postle abstaining.

The Board considered approving a Risk Management Service Agreement for McGriff, Seibels & Williams, Inc. Following review and discussion, Director Hansen moved to approve the Risk Management Service Agreement. Director Postle seconded the motion, which carried unanimously.

ENVIRONMENTAL PERMITTING, COMPLIANCE, MITIGATION AND RELATED AGREEMENTS

There was no discussion on this matter.

LEGAL CONFLICTS WAIVERS

Mr. Garcia reviewed legal conflicts waivers regarding representation of the Authority and Cimarron Municipal Utility District, Clay Road Municipal Utility District, Harris County Utility District No. 6, Harris County Municipal Utility District No. 81, Harris County Municipal Utility District No. 106, Harris County Municipal Utility District No. 120, Harris County Municipal Utility District No. 147, Harris County Municipal Utility District No. 165, Harris County Municipal Utility District No. 167, Harris County Municipal Utility District No. 171, Harris County Municipal Utility District No. 264, Harris County Municipal Utility District No. 290 and Harris County MUD No. 106 (joint well), and Horsepen Bayou Municipal Utility District regarding the preparation and review of right of entry agreements. Following review and discussion, Director Cannon moved to approve the legal conflicts waivers. Director Struzick seconded the motion, which carried unanimously.

REALTY INTEREST ACQUISITION AND CONVEYANCE, INCLUDING ACCEPT, CONVEY, AMEND, APPROVE, OR RELEASE EASEMENTS, EASEMENT AGREEMENTS, ASSIGNMENTS OF EASEMENTS, DEEDS, PLATS, RIGHT OF ENTRY AGREEMENTS, APPROVE PURCHASE AND SALE AGREEMENTS

Ms. Vinson noted that the Chief Administrative Official has been designated to approve easements and the list of approved easements is reflected on the engineer's report.

ENCROACHMENTS OF EASEMENTS OR OTHER REALTY INTERESTS, INCLUDING ACCEPT, CONVEY, AMEND, OR RELEASE ENCROACHMENT AGREEMENTS

The Board considered authorizing execution of a consent to encroachment with Ameriquet Properties, LLC. Following discussion, Director Postle moved authorize execution of the consent to encroachment with Ameriquet Properties, LLC. Director Struzick seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF BILLS, REVIEW OF INVESTMENTS, AND AUTHORITY FEES AND CHARGES

Ms. Scott reviewed the bookkeeper's report, the investment report, a budget comparison, and the disbursements in the bookkeeper's report submitted for the Authority's review. She then reviewed check no. 1494 in the amount of \$3,500.00 payable to Nabor and Anita Meza, check no. 1495 in the amount of \$10,000.00 payable

to Irma Green, check no. 1496 in the amount of \$4,500.00 payable to Dream Wash, LLC, check no. 1497 in the amount of \$1,000.00 payable to Donald Kennedy, check no 1498 in the amount of \$2,000.00 payable to JLL Valuation & Advisory Services, LLC, check no. 1499 in the amount of \$17,916.34 payable to Andrews Kurth, check no. 1500 in the amount of \$1,060.00 payable to Andrews Kurth, check no. 1501 in the amount of \$12,000.00 payable to Texas American Title, check no. 9866 in the amount of \$91.42 payable to AT&T, check no. 9867 in the amount of \$386.32 payable to Eric Hansen, check no. 9868 in the amount of \$754.68 payable to Mark Janneck, and check no. 9869 in the amount of \$33,496.73 payable to Constellation Energy. Following review and discussion, Director Hansen moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report and the above-described checks, and the investment report. Director Struzick seconded the motion, which carried by a vote of six for the motion with Directors Weppeler, Thornhill, and Postle abstaining.

APPROVE DRAFT 2018 OPERATIONAL AND MAINTENANCE BUDGET TO BE SENT TO THE NORTH FORT BEND WATER AUTHORITY

Ms. Scott reviewed the draft 2018 Operational and Maintenance budget for joint facilities to be sent to the North Fort Bend Water Authority. After review and discussion, Director Hansen moved to authorize the draft 2018 Operational and Maintenance budget to be sent to the North Fort Bend Water Authority. Director Janneck seconded the motion, which carried by a vote of eight for the motion with Director Postle abstaining.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2017; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION OF A THIRTEENTH SUPPLEMENTAL INDENTURE OF TRUST RELATING TO SUCH BONDS; AUTHORIZING AND RATIFYING OTHER ACTIONS OF THE AUTHORITY; MAKING CERTAIN FINDINGS AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT (THE "RESOLUTION")

Mr. Garcia then reviewed with the Board the Resolution and the various documents authorized and approved by the Resolution. Mr. Palmer recommended issuance of the West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2017 (the "Bonds") to the Texas Water Development Board. After review and discussion, Director Weppeler moved that the Board adopt the Resolution. Director Struzick seconded the motion, which was approved by unanimous vote.

AUTHORIZE THE AUTHORITY'S ATTORNEY AND THE FINANCIAL ADVISORS TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2017

Mr. Garcia next explained that there will be various documents related to delivery of the Bonds requiring execution by the directors prior to closing. The Board then considered authorizing the President and Secretary to execute documents necessary in connection with the transaction and authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Bonds to the purchaser. Director Weppler moved that the Board authorize execution of documents related to the sale and delivery of the Bonds, authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Bonds. Director Struzick seconded the motion, which was approved by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Garcia presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Weppler moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Struzick seconded the motion, which passed by unanimous vote.

DELINQUENT AMOUNTS DUE THE AUTHORITY AND VIOLATIONS OF AUTHORITY RULES OR ORDERS; IMPOSE CIVIL PENALTIES AND APPROVE PAYMENT PLAN OR SETTLEMENT AGREEMENTS; CONDUCT HEARING REGARDING SAME

There was no discussion on this matter.

OPERATOR'S REPORT

Mr. Thomas presented copies of the operator's report and reviewed it with the Board, a copy of which is attached.

Mr. Thomas reported on maintenance and repairs at the Pump Station and scheduled repairs.

Mr. Thomas requested that the Board authorize Prime Controls, a subcontractor of Severn Trent, to replace cellular modems at the metering stations located at Harris County Utility District No. 6 and Jackrabbit Road Municipal Utility District at an estimated amount of 7,250.00. He then requested that the Board authorize Severn Trent to replace all components in the surface water panels damaged during Hurricane Harvey at Harris County Utility District No. 6 and Jackrabbit Road Municipal Utility District in an amount not to exceed \$37,000.00. Following discussion, Director Hansen

moved to authorize Prime Controls, a subcontractor of Severn Trent, to replace cellular modems at the metering stations located at Harris County Utility District No. 6 and Jackrabbit Road Municipal Utility District at an estimated amount of 7,250.00, and to replace all components in the surface water panels damaged during Hurricane Harvey at Harris County Utility District No. 6 and Jackrabbit Road Municipal Utility District in an amount not to exceed \$37,000.00. Director Postle seconded the motion, which carried unanimously.

RENEW AUTHORITY INSURANCE

The Board reviewed the insurance proposals from McDonald & Wessendorff. Following review and discussion, Director Postle moved to accept the proposals from McDonald & Wessendorff. Director Janneck seconded the motion, which carried by a vote of eight for the motion, with Director Thornhill abstaining.

Ms. Vinson stated that a quote for cyber liability coverage has been requested.

AUTHORIZE RENEWAL OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC LETTER OF CREDIT

The Board considered renewal of the CenterPoint Energy Houston Electric, LLC Letter of Credit with Central Bank. Following discussion, Director Postle moved to authorize renewal of the Letter of Credit with Central Bank. Director Cannon seconded the motion, which carried unanimously.

CONVENE EXECUTIVE SESSION TO DISCUSS THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY AND CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board did not convene in executive session.

There being no further matters to come before the Authority, the meeting was adjourned.

(SEAL)

Secretary, Board of Directors

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