

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

November 8, 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 8th day of November, 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"); Wayne Ahrens of Dannenbaum Engineering Corporation ("DEC"); Tracey Scott of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications & Associates; William Callegari; The Honorable Jon Lindsay; 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 October 11, 2017, meeting. Following discussion, Director Gorden moved to approve the minutes of the October 11, 2017, meeting, as submitted. The motion was seconded by Director Struzick and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

Mr. Mike Owens discussed his visitation of the conservation trailer and feedback from vendors regarding the Authority, and commented on Authority investments.

## CUSTOMER APPEALS

No appeals were presented.

## ENGINEERING MATTERS

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

Mr. Ahrens reviewed with the Board a monthly pumpage report. He pointed out that the pumpage for 2017 through September is approximately 99% of the previous year at this date. Mr. Ahrens reported that approximately 26.26 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during October, 2017.

Mr. Ahrens then reported that the Coastal Water Authority meeting was held on November 8, 2017.

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

Mr. Ahrens also reported that the sale of 3,533,200 gallons of Type A credits to Bayshore Industrial in the amount of \$18,549.30 has been finalized. He stated that the Authority has sold all of its Type A credits.

## 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

Mr. Ahrens reported that a Joint Facilities Committee meeting is scheduled for November 10, 2017.

## GROUNDWATER REDUCTION PLAN ("GRP")

There was no discussion on this matter.

## CONSTRUCTION PROJECTS

Mr. Ahrens reported that Triple B Services, the contractor for Contract 33B, is working on the punch list items for closeout scheduled for December, 2017. He also reported that Schneider Electric Systems USA, Inc. ("Schneider"), formerly Invensys Systems, Inc., will be on site in December, 2017 to install the Windows 10 upgrade. Discussion ensued.

## PAY ESTIMATES AND CHANGE ORDERS

There was no discussion on this matter.

## 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

There was no discussion on this matter.

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

Mr. Ahrens reported on KIT Professionals, Inc.'s work on the design of Contract 35.

Mr. Ahrens also reported on RPS Consultants/Klotz's work on the design of Contract 36.

Mr. Ahrens then reported on Sanders Engineering Corporation's work on the design of Contract 37.

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

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

Mr. Ahrens reported on AECOM's work on Segment A of the Surface Water Supply Project.

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

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

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

Mr. Ahrens reported that DEC is preparing a procurement package to implement the Badger System automatic meter reading program.

The Board considered Addendum No. 1 to the contract with Freese and Nichols, Inc. for Segment C of the Surface Water Supply Project. Following review and discussion, Director Weppler moved to approve Addendum No. 1 to the contract with Freese and Nichols, Inc. for Segment C of the Surface Water Supply Project. Director Thornhill seconded the motion, which carried unanimously.

The Board then considered the following work authorizations: (1) Supplement No. 7 to Work Authorization No. 4 to Fugro USA Land, Inc. in the amount of \$20,302.00 to add 153 Atterberg Limit Tests, 29 sieve analyses and 69 hydrometers at the request of additional laboratory testing from Black & Veatch; (2) Work Authorization No. 26 to V&A Consulting Engineers, Inc. in the amount of \$24,541.00 to perform corrosion engineering services for Contract 35; (3) Work Authorization No. 8 to Texas American Title Company in the amount of \$1,500.00 to perform abstracting services to update tile reports for 15 easement parcels located along, adjacent to and in the immediate vicinity of the Harris County Flood Control District Brays Bayou and Brays Bayou Tributary; (4) Work Authorization No. 54 to Lupher, LLC in the amount of \$19,800.00 to prepare four water line easement surveys located in Segment 2 (Parcels 12386-029-SS001, 12387-002-S001, 12388-011-SS001, and 12388-012-SS001); (5) Work Authorization No. 55 to Lupher, LLC in the amount of \$2,119.22 to provide surveying services for Parcel 12397-021N-SS001; and (6) Work Authorization No. 82 to Rapid Research, Inc. in the amount of \$50.00 to obtain a title certificate for Parcel 12397-021N-SS001 located in Segment 2. Following review and discussion, Director Struzick moved to approve the above-described: (1) Supplement No. 7 to Work Authorization No. 4 to Fugro USA Land, Inc.; (2) Work Authorization No. 26 to V&A Consulting Engineers, Inc.; (3) Work Authorization No. 8 to Texas American Title Company; (4) Work Authorization No. 54 to Lupher, LLC; (5) Work Authorization No. 55 to Lupher, LLC; and (6) Work Authorization No. 82 to Rapid Research, Inc. Director Hansen seconded the motion, which carried by a vote of eight for the motion with Director Postle abstaining.

#### ENVIRONMENTAL PERMITTING, COMPLIANCE, MITIGATION AND RELATED AGREEMENTS

There was no discussion on this matter.

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

Mr. Ahrens 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

There was no discussion on this matter.

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. 9904 in the amount of \$329.85 payable to Dennis Gorden. 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 check, and the investment report. Director Janneck seconded the motion, which carried by a vote of six for the motion with Directors Weppler, Struzick, and Postle abstaining.

RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board considered amending the District's Investment Policy. Upon a motion made by Director Struzick, and seconded by Director Janneck, the Board voted unanimously to adopt the Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE AUTHORITY MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board then considered adopting a resolution that approves a list of authorized depository institutions and a list of qualified broker/dealers with whom the Authority may engage in investment transactions. Upon a motion made by Director Struzick and seconded by Director Gorden, the Board voted unanimously to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting a List of

Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

BUDGET AND JOINT FACILITIES BUDGET FOR FISCAL YEAR END DECEMBER 31, 2018

Ms. Scott reviewed the proposed operating budget and joint facilities budget for fiscal year ending December 31, 2018. The Board deferred action on this matter.

AUTHORIZE CASH REDEMPTION OF SERIES 2007 WATER SYSTEM REVENUE BONDS, APPROVE NOTICE OF CASH REDEMPTION OF BONDS, APPROVE TRANSFER TO DEBT SERVICE RESERVE FUND, AND ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY

The Board discussed authorizing the cash redemption of the Authority's Series 2007 Water System Revenue Bonds ("Series 2007 Bonds"), transfer to the debt service reserve fund, and approving notice of cash redemption of Bonds. Following discussion, Director Postle moved that the Board authorize the cash redemption, transfer to the debt service reserve fund, and approve notice of cash redemption of Bonds. Director Hansen seconded the motion, which passed unanimously.

Ms. Vinson stated that OmniCap Group, LLC will need to prepare a final Arbitrage Rebate/Yield Restriction Analysis of the Authority's Series 2007 Bonds. Upon a motion made by Director Postle and seconded by Director Struzick, the Board voted unanimously to authorize OmniCap Group, LLC to prepare the final Arbitrage Rebate/Yield Restriction Analysis of the Authority's Series 2007 Bonds.

AUTHORITY'S SIXTEENTH ANNIVERSARY

Director Parker discussed the history of the Authority and the work of former Senator Lindsay and former Representative Callegari on the legislative creation of the Authority. Former Senator Lindsay and former Representative Callegari were presented with leadership awards.

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 then reported on the townhall meeting held on October 26, 2017, at 6:00 p.m. at the Fry Road Municipal Utility District Administration Building, 20111 Saums Road, Katy, Texas 77449.

Ms. Payne reported that water conservation billing inserts are available to the district operators for distribution.

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 Northside Electric Motors, a subcontractor of Severn Trent, to repair the booster pump and motor no. 4 at an estimated amount of \$43,492.00. Following discussion, Director Struzick moved to authorize Northside Electric Motors, a subcontractor of Severn Trent, to repair the booster pump and motor no. 4. Director Wepler seconded the motion, which carried unanimously.

Mr. Thomas then requested that the Board authorize Severn Trent to renew its agreement with Schneider Electric for annual SCADA maintenance and support in the amount of \$58,498.00. Following discussion, Director Struzick moved to approve the agreement with Schneider Electric, as a subcontractor to Severn Trent. Director Cannon seconded the motion, which carried unanimously.

ADOPT AMENDED RATE ORDER AND AUTHORIZE DISTRIBUTION OF NOTICE OF RATE INCREASE

Mr. Garcia reviewed an Amended Rate Order. Following review and discussion, Director Janneck moved to adopt the Amended Rate Order and to authorize distribution of a notice of the \$0.25 fee increase set forth in the Amended Rate Order. Director Hansen seconded the motion, which carried unanimously.

AUTHORIZE OPERATOR TO READ GROUNDWATER METERS

The Board considered authorizing Severn Trent to read all of the well meters between December 15, 2017, and January 15, 2018, to comply with Harris-Galveston Subsidence District rules. Following discussion, Director Cannon moved to authorize Severn Trent to read all meters between December 15, 2017, and January 15, 2018. Director Janneck seconded the motion, which carried unanimously.

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 Struzick moved to authorize renewal of the Letter of Credit with Central Bank. Director Gorden 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)

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Secretary, Board of Directors



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