

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

February 14, 2018

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 14th day of February, 2018, 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, except Director Hansen, thus constituting a quorum.

Also present at the meeting were Bryan Thomas of Inframark Water Infrastructure Operations ("Inframark"); Wayne Ahrens and Melinda Silva of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications & Associates; Mike Harrington of American Enerpower, Inc.; 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 January 10, 2018, meeting. Following discussion, Director Struzick moved to approve the minutes of the January 10, 2018, meeting, as submitted. The motion was seconded by Director Cannon and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

Mr. Mike Owens provided comments regarding the Authority's website and requested that the Board consider hiring additional personnel.

CUSTOMER APPEALS

No appeals were presented.

2018 APPOINTMENT PROCESS FOR DIRECTORS

Mr. Garcia reported that ballots will be provided to districts and municipalities located within any contested precinct before March 15, 2018, and noted that the March meeting has been rescheduled for March 7, 2018, at 6:30 p.m., in order to meet that schedule.

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

Ms. Payne reported that John Sutton, with the Texas Water Development Board ("TWDB") will conduct a water loss audit and leak detection workshop at 8:30 a.m. on February 15, 2018, at the Fry Road Municipal Utility District Building.

Ms. Payne then reported that "Learning From Our Past To Influence Our Future" assemblies will be offered to fourth grade classes at Katy Independent School District.

Ms. Payne also reported that the mobile teaching lab will be at the Katy Independent School District Folk Life Festival on April 7, 2018.

Ms. Payne reported that the Authority has been invited to be a speaker to discuss water issues on March 22, 2018, at a special Ricewood Municipal Utility District and Westfield Homeowners Association meeting.

Ms. Payne then reported that billing inserts, conservation brochures, and "Rising Cost of Water" brochures can now be ordered online.

Ms. Payne also reported that she is working on the frequently asked questions to be added to the website.

Ms. Vinson then discussed the Gulf Coast Water Conservation Symposium to be held March 22, 2018, in Houston, and stated that the cost to the Authority to sponsor the event is \$250.00. She then stated that the cost to renew the Authority's Texas Water Conservation Association ("TWCA") membership is \$358.00. Following discussion, Director Postle moved to authorize sponsorship of the Gulf Coast Water Conservation Symposium by the Authority and to renew membership in the TWCA. 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 December is approximately 99.2% of the previous year at this date. Ms. Silva reported that approximately 17.13 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during January, 2018.

Ms. Silva then reported that the Coastal Water Authority meeting was held on February 14, 2018.

Ms. Silva reported that the Authority continues to meet with interested Surface Water Supply Project stakeholders.

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 March 9, 2018, and the next construction contract meeting is scheduled for February 26, 2018.

GROUNDWATER REDUCTION PLAN ("GRP")

Ms. Silva reported that wells for Harris County Municipal Utility District No. 105 and Blackhorse Golf Club will be added to the Authority's GRP.

CONSTRUCTION PROJECTS

Ms. Silva reported that the scope of work for Change Order No. 2 for the Accurate Meter contract was completed on February 10, 2018.

Ms. Silva then reported on the status of the Pump Station No. 1 Systems Upgrade contract.

Ms. Silva discussed construction of the Surface Water Supply Project Segments A, B, and C water lines (the "Line Projects"). Discussion ensued. Following discussion, Director Wepler moved to adopt a finding for the Line Projects that the delivery method providing the best value for the Authority is to utilize the competitive sealed proposal ("CSP") method to select construction contractors. Director Struzick seconded the motion, which carried unanimously.

PAY ESTIMATES AND CHANGE ORDERS

The Board considered approval of Change Order No. 5 in the amount of \$4,850.00, resulting in an increase in the amount of the contract with The Texas Network. The Board determined that Change Order No. 5 is beneficial to the Authority. After discussion, Director Wepler moved to approve Change Order No. 5 in the amount of \$4,850.00 based on the Board's finding that the change order is beneficial to the Authority. The motion was seconded by Director Postle and carried by unanimous vote.

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

Ms. Vinson discussed Consensus Item No. 15A for Early Work Package 2 and the related upcoming cash call for the Northeast Water Purification Plant Expansion Project, pursuant to the Second Supplement to the Water Supply Contract. Following discussion, Director Wepler moved to authorize Director Hansen to approve cash call 6C for Early Work Package 2 and for payment to be made in an amount not to exceed \$12,000,000, subject to approval of Consensus Item No. 15A. Director Struzick seconded the motion, which carried unanimously.

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 RPS Consultants/Klotz's work on the design of Contract 36.

Ms. Silva then reported on Sander 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.

The Board considered Addendum No. 4 to the contract with Hawkins Lease Service, Inc. to revise the contractor's rate schedule, Addendum No. 5 to the contract with Crouch Environmental Services, Inc. to increase the maximum amount that Crouch Environmental Services, Inc. may earn from work authorizations, Addendum No. 1 to the contract with Klotz Associates dba RPS to provide Geotechnical Investigation and Phase I Geologic Fault Assessment Services, and Addendum No. 1 to the contract with Sander Engineering Corporation, Contract 37, Master Services Agreement to provide Geotechnical Investigation Services. Following review and discussion, Director Weppler moved to approve Addendum No. 4 to the contract with Hawkins Lease Service, Inc. to revise the contractor's rate schedule, Addendum No. 5 to the contract with Crouch Environmental Services, Inc. to increase the maximum amount of work authorizations, Addendum No. 1 to the contract with Klotz Associates dba RPS to provide Geotechnical Investigation and Phase I Geologic Fault Assessment Services, and Addendum No. 1 to the contract with Sander Engineering Corporation, Contract 37, Master Services Agreement to provide Geotechnical Investigation Services. Director Thornhill seconded the motion, which carried by a vote of six for the motion with Directors Struzick and Postle abstaining.

The Board then considered the following work authorizations: (1) Work Authorization No. 39 to Hawkins Lease Service, Inc. in the amount of \$203,692.80; (2) Work Authorization No. 8 to Crouch Environmental Services, Inc. in the amount of \$150,000.00; (3) Work Authorization No. 27 to V&A Consulting Engineers, Inc. in the amount of \$68,250.00; (4) Work Authorization No. 67 to Weisser Engineering Company, Inc. to in the amount of \$900.00; (5) Work Authorization No. 61 to Luper, LLC in the amount of \$11,000.00; (6) Supplement No. 6 to Work Authorization No. 2 to Fugro USA Land, Inc. to amend the termination date of the Supplement No. 2 to Work Authorization No. 2 from December 31, 2017, to September 30, 2018; (7) Work Authorization No. 85 to Abstract Services of Houston in the amount of \$500.00; (8) Work Authorization No. 44 to JLL Valuation & Advisory Services, LLC in the amount of \$20,000.00; (9) Work Authorization No. 84 to Rapid Research, Inc. in the amount of \$4,400.00; (10) Work Authorization No. 86 to Rapid Research, Inc. in the amount of

\$400.00; (11) Work Authorization No. 87 to Rapid Research, Inc. in the amount of \$50.00; (12) Work Authorization No. 2 to LJA Engineering, Inc. in the amount of \$25,00.00; and (13) Work Authorization No. 3 to LJA Engineering, Inc. in the amount of \$25,00.00. Following review and discussion, Director Weppler moved to approve the above-described work authorizations. Director Gorden seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

The Board requested that the report be revised to delete duplicate Work Authorization No. 86 to Rapid Research, Inc. in the amount of \$400.00.

Ms. Vinson reviewed with the Board an amendment proposed by Munsch Hardt Kopf & Harr PC ("MHKH") to the MHKH engagement letter, providing for MHKH's joint representation of the Authority and North Fort Bend Water Authority regarding the Surface Water Supply Project. Following review and discussion, Director Struzick made a motion to authorize execution of the amendment. Director Postle seconded the motion, and it carried by unanimous vote.

ENVIRONMENTAL PERMITTING, COMPLIANCE, MITIGATION AND RELATED AGREEMENTS

Ms. Silva reported on the draft Environmental Determination Forms for Region 1 for the revised portions of the CIP alignment.

AUTHORIZE PREPARATION OF GROUNDWATER PUMPAGE REPORT DUE TO HGSD UNDER SECTION 6.2(B) OF SUBSIDENCE DISTRICT RULES

The Board considered authorizing preparation of the annual groundwater pumpage report due to the HGSD under Section 6.2(b) of Subsidence District Rules. Following discussion, Director Thornhill moved to authorize preparation of the groundwater pumpage report due to the HGSD under Section 6.2(b) of Subsidence District Rules. Director Cannon 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. Silva 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.

The Board considered approving an Interlocal Agreement with the Harris County Flood Control District regarding the acquisition of certain properties. Following discussion, Director Weppler moved to authorize the Chief Administrative

Official to approve and execute an Interlocal Agreement with the Harris County Flood Control District. Director Struzick seconded the motion, which carried unanimously.

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

There was no discussion on this matter.

TEXAS WATER DEVELOPMENT BOARD FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

Ms. Silva reported that DEC submitted two abridged applications for additional TWDB SWIFT funds. She noted that one application was submitted for the Northeast Water Purification Plant Expansion Project and the second application was submitted for the Surface Water Supply Project.

CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY AND REQUEST BOARD APPROVAL OF SIXTH AMENDED RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTERESTS TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS ALONG THE SURFACE WATER SUPPLY PROJECT ROUTES, AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

Director Thornhill moved that the Board of Directors of the West Harris County Regional Water Authority, in a record vote applying to all units of property to be condemned, adopt a Sixth Amended Resolution Authorizing Acquisition of Real Property Interests which authorizes the use of the power of eminent domain to acquire properties and property interests for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water at the general locations and along the general routes established for the Surface Water Supply Project, as shown on Exhibit A to the Resolution, and delegates to the Authority's Chief Administrative Official for land and property acquisition the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests. Director Struzick seconded the motion, which carried unanimously.

CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY AND REQUEST BOARD APPROVAL OF FIRST AMENDED RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY INTERESTS TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS ALONG THE CONTRACT 35 ROUTE, CONTRACT 36 ROUTE, CONTRACT 37 ROUTE, AND CONTRACT 38 ROUTE, AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

Director Thornhill moved that the Board of Directors of the West Harris County Regional Water Authority, in a record vote applying to all units of property to be condemned, adopt a First Amended Resolution Authorizing Acquisition of Real Property Interests which authorizes the use of the power of eminent domain to acquire properties and property interests for the construction, installation, operation, and maintenance of facilities and appurtenances thereto necessary and convenient for the transportation and delivery of water at the general locations and along the general routes established for Contract 35, Contract 36, Contract 37, and Contract 38, as shown on Exhibit A to the Resolution, and delegates to the Authority's Chief Administrative Official for land and property acquisition the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests. Director Cannon seconded the motion, which carried by a vote of seven for the motion with Director Struzick abstaining.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT SUMMER CONFERENCE

The Board considered approving reimbursement to the directors for expenses incurred in attending the AWBD winter conference and authorizing attendance of its members at the AWBD summer conference. After discussion, Director Gorden moved to approve reimbursement of the AWBD winter conference expenses and to authorize attendance of the Board members at the AWBD summer conference. The motion was seconded by Director Thornhill and carried by unanimous vote.

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

Ms. Garcia reviewed the bookkeeper's report, a budget comparison, and the disbursements in the bookkeeper's report submitted for the Authority's review. She then reviewed check no. 1667 in the amount of \$7,930.24 payable to Munsch Hardt Kopf & Harr PC. Ms. Garcia then reviewed a cash call in the amount of \$8,265,000.00 due from the Authority to the Authority's account for anticipated Surface Water Supply Project costs. Following review and discussion, Director Janneck moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report and the

above-described check, and payment of such cash call. Director Gorden seconded the motion, which carried by a vote of six for the motion with Directors Struzick and Postle abstaining.

INSURANCE PROPOSAL FOR CYBER LIABILITY COVERAGE

The Board reviewed the insurance proposal for cyber liability coverage from McDonald & Wessendorff. Following review and discussion, Director Weppler moved to accept option 2 of the cyber liability coverage proposal from McDonald & Wessendorff. Director Struzick seconded the motion, which carried by a vote of seven for the motion, with Director Thornhill abstaining.

CONSTELLATION NEWENERGY, INC. ("CONSTELLATION") ELECTRICITY SUPPLY AGREEMENT

Mr. Harrington reviewed electricity rates with the Board. The Board considered approving a 46-month electricity contract with Constellation. Following discussion, Director Gorden moved to approve a 46-month electricity contract with Constellation. Director Postle seconded the motion, which carried unanimously.

ARBITRAGE REBATE ANALYSIS

Mr. Garcia reviewed with the Board the final arbitrage rebate analysis prepared by OmniCap Group LLC for the Series 2007 Water System Revenue Bonds. He noted that OmniCap Group LLC determined that there was no rebate or yield reduction payment due on the Series 2007 Water System Revenue Bonds.

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 then requested that the Board authorize Inframark to renew its agreement with Prime Controls for annual SCADA maintenance and support. Following discussion, Director Struzick moved to authorize such agreement with Prime Controls, as a subcontractor to Inframark. Director Thornhill seconded the motion, which carried unanimously.

Mr. Thomas requested that the Board authorize the purchase of four flow control valve motors in the estimated amount of \$13,488.00 from Scruggs Company. Following discussion, Director Struzick moved to authorize the purchase of four flow control valve motors. Director Thornhill seconded the motion, which carried unanimously.

Mr. Thomas then reviewed a notice from the City of Houston indicating the chlorine disinfectant residual levels during the months of October, November and December 2017 were below the Texas Commission on Environmental Quality ("TCEQ") required minimum standards. He stated that the TCEQ usually requires notice to consecutive systems but because the Authority monitors incoming residuals and provides disinfection retreatment, he requested that the Board authorize a letter to the TCEQ requesting exemption. Following discussion, Director Struzick moved to authorize a letter to the TCEQ requesting exemption. Director Wepler 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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