

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

March 7, 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 7th day of March, 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:

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|----------------------|--------------------------|
| 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 Directors Weppler, Struzick, and Thornhill, 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.; and Alex Garcia 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 February 14, 2018, meeting. Following discussion, Director Janneck moved to approve the minutes of the February 14, 2018, meeting, as submitted. The motion was seconded by Director Gorden and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

There were no questions from the public.

CUSTOMER APPEALS

No appeals were presented.

APPROVE RESOLUTION ESTABLISHING BALLOT FOR CANDIDATES FOR DIRECTOR PRECINCT 5 AND VOTING PERCENTAGES

Mr. Garcia reviewed a Resolution Establishing Ballot for Candidates for Director Precinct 5 and Voting Percentages (the "Resolution"). Following review and discussion, Director Janneck moved that the Board adopt the Resolution. Director Gorden seconded the motion, which passed unanimously.

ADOPT ORDER DECLARING DIRECTORS ELECTED AND CANCELING DIRECTORS APPOINTMENT PROCESS

Mr. Garcia reviewed an Order Declaring Directors Elected and Canceling Directors Appointment Process (the "Order") for Director Precincts 1, 2, 4, and 9, appointing Larry Weppeler, Bruce Parker, Mike Thornhill, and Dennis Gorden directors of the Authority to serve until May, 2022. Following review and discussion, Director Postle moved that the Board adopt the Order. Director Janneck seconded the motion, which passed unanimously.

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

There was no discussion on this matter.

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 2018 through January is approximately 99.2% of the previous year at this date. Ms. Silva reported that approximately 16.35 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during February, 2018.

Ms. Silva then reported that the Coastal Water Authority meeting will be held on March 14, 2018.

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

Ms. Silva reported that DEC is expecting the 2015 and 2016 over conversion credits from the Harris-Galveston Subsidence District shortly. She also reported that DEC is working on the 2017 Permit Reconciliation Process.

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 for the Surface Water Supply Project is scheduled for March 23, 2018.

The Board considered authorizing Crouch Communications, the Surface Water Supply Project outreach coordinator, to proceed with scheduling venues for late June in an amount not to exceed \$8,000 and to proceed with publication in various newspapers and trade publications in an amount not to exceed \$10,000. Following discussion, Director Hansen moved to authorize Crouch Communications to proceed with scheduling venues for late June in an amount not to exceed \$8,000 and to proceed with publication in various newspapers and trade publications in an amount not to exceed \$10,000. Director Cannon seconded the motion, which carried unanimously.

GROUNDWATER REDUCTION PLAN ("GRP")

There was no discussion on this matter.

CONSTRUCTION PROJECTS

Ms. Silva reported that the automated meter reading construction package is being advertised with bid opening scheduled for March 29, 2018.

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.

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

There was no discussion this matter.

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 also reported on KIT Professionals, Inc. work on the water quality and blending study.

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. 9 to the contract with V&A Consulting Engineers, Inc. to increase the maximum amount that V&A Consulting Engineers, Inc. may earn from work authorizations, Addendum No. 7 to the contract with JLL

Valuation & Advisory Services, LLC to increase the maximum amount that JLL Valuation & Advisory Services, LLC may earn from work authorizations, First Amendment to Professional Engineering Services with Lockwood, Andrews & Newnam, Inc. to amend the rate schedule, and Addendum No. 4 to the contract with Fugro USA Land, Inc. to increase the maximum amount that Fugro USA Land, Inc. may earn from work authorizations. Following review and discussion, Director Cannon moved to approve Addendum No. 9 to the contract with V&A Consulting Engineers, Inc. to increase the maximum amount that V&A Consulting Engineers, Inc. may earn from work authorizations, Addendum No. 7 to the contract with JLL Valuation & Advisory Services, LLC to increase the maximum amount that JLL Valuation & Advisory Services, LLC may earn from work authorizations, First Amendment to Professional Engineering Services with Lockwood, Andrews & Newnam, Inc. to amend the rate schedule, and Addendum No. 4 to the contract with Fugro USA Land, Inc. to increase the maximum amount that Fugro USA Land, Inc. may earn from work authorizations. Director Hansen seconded the motion, which carried by a vote of five for the motion with Director Postle abstaining.

The Board then considered the following work authorizations: (1) Work Authorization No. 28 to V&A Consulting Engineers, Inc. in the amount of \$98,000.00; (2) Supplement No. 9 to Work Authorization No. 4 to Fugro USA Land, Inc. in the amount of \$722,410.00; (3) Work Authorization No. 29 to Terracon Consultants in the amount of \$31,000.00; (4) Work Authorization No. 45 to JLL Valuation & Advisory Services, LLC in the amount of \$20,000.00; (5) Work Authorization No. 42 to Cobb, Fendley & Associates, Inc. in the amount of \$410.00; (6) Work Authorization No. 68 to Weisser Engineering Company, Inc. in the amount of \$900.00; (7) Work Authorization No. 69 to Weisser Engineering Company, Inc. in the amount of \$1,165.00; (8) Work Authorization No. 88 to Rapid Research, Inc. in the amount of \$200.00; (9) Work Authorization No. 89 to Rapid Research, Inc. in the amount of \$100.00; (10) Work Authorization No. 90 to Rapid Research, Inc. in the amount of \$75.00; (11) Work Authorization No. 91 to Rapid Research, Inc. in the amount of \$50.00; (12) Work Authorization No. 7 to KDM Acquisition Services, Inc. in the amount of \$27,000.00; (13) Work Authorization No. 8 to KDM Acquisition Services, Inc. in the amount of \$75,000.00; and (14) Work Authorization No. 11 to Texas American Title Company in the amount of \$8,000.00. Following review and discussion, Director Cannon moved to approve the above-described work authorizations. Director Hansen seconded the motion, which carried by a vote of five for the motion with Director Postle abstaining.

The Board reviewed a proposed engagement letter with Copeland & Rice to provide legal services regarding insurance matters. Following review and discussion, Director Cannon made a motion to authorize execution of the engagement letter. Director Janneck seconded the motion, and it carried by unanimous vote.

LEGAL CONFLICTS WAIVERS

Mr. Garcia reviewed a legal conflicts waiver regarding representation of the Authority and Harris County Municipal Utility District No. 500 regarding the preparation and review of water supply commitment letter agreements, amendment to the Water Trunkline Financing Agreement, and agreement regarding credits for alternative water supply use. Following review and discussion, Director Cannon moved to approve the legal conflicts waiver. Director Janneck seconded the motion, which carried unanimously.

ENVIRONMENTAL PERMITTING, COMPLIANCE, MITIGATION AND RELATED AGREEMENTS

Ms. Silva reported that the revised USACE Nationwide Permit for the north-south and east-west portion of the Surface Water Supply Project will be submitted next week.

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, Director Postle, 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.

TEXAS WATER DEVELOPMENT BOARD ("TWDB") FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

Ms. Silva reported that DEC submitted two abridged applications for additional TWDB SWIFT funds.

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. 1697 in the amount of \$2,250.00 payable to Earl and Clara Norris, check no. 1698 in the amount of \$2,250.00 payable to Shelia and Sherlin Norris,

check no. 1701 in the amount of \$4,624.00 payable to Maria Nava, check no. 1702 in the amount of \$6,715.00 payable to Jose Fajardo and Elizabeth Denova, check no. 1703 in the amount of \$8,950.00 payable to Marianna Prashaw, check no. 1704 in the amount of \$1,730.00 payable to Alexandria Alvarado, check no. 1705 in the amount of \$1,730.00 payable to Joel Alexander, check no. 1706 in the amount of \$1,800.00 payable to Lockwood, Andrews, Newnam, and check no. 10041 in the amount of \$152.69 payable to Mark Janneck. 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. Director Gorden seconded the motion, which carried by a vote of five for the motion with Director Postle abstaining.

Director Hansen requested that Ms. Garcia verify that the City of Houston issued a notice of intent for withdrawals from the escrow account for Cash Calls 5B, 5C, and 5D.

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 reviewed a letter from the Texas Commission on Environmental Quality ("TCEQ") approving the Authority's request for an exemption from providing notice to consecutive systems that would have been required because of the notice from the City of Houston indicating the chlorine disinfectant residual levels during the months of October, November and December 2017 were below the TCEQ required minimum standards. He noted that the Authority provided conclusive evidence to the TCEQ that the City's chlorine residual issue had no impact within the Authority's system.

Director Parker reminded everyone to maintain district wells in the event the City is unable to provide water to the Authority.

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

LIST OF ATTACHMENTS TO MINUTES

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