

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

August 8, 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 8th day of August, 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
Michael Owens	Director
Dennis Gorden	Director

and all of the above were present, except Directors Thornhill and 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; 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 July 11 and July 13, 2018, meetings. Following discussion, Director Struzick moved to approve the minutes of the July 11, 2018, meeting, as revised and minutes of the July 13, 2018, minutes as submitted. The motion was seconded by Director Janneck and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

Mr. Bob Blumrick, a director with Harris County Municipal Utility District No. 163 ("MUD 163"), reported that MUD 163 was unable to use surface water. He asked if this would require MUD 163 to pay Harris-Galveston Subsidence District disincentive fees. Mr. Ahrens stated that it would not.

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 she is planning for the Authority's fall event scheduled for October 25, 2018, at 6:00 p.m. at the Fry Road Municipal Utility District Administration Building. She stated that she is working on a documentary video, Partners in Progress, for the fall event.

Ms. Payne also discussed proposed revisions to the Authority's website.

Director Parker discussed the 2019 Water for Texas Conference by the Texas Water Development Board to be held January 23-25, 2019, and recommended that the Authority sponsor the event in the amount of \$2,100.00. Following discussion, Director Struzick moved to authorize sponsorship of the 2019 Water for Texas Conference in the amount of \$2,100.00 and to authorize any interested board members to attend the conference. Director Gorden 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 2018 through June is approximately 101.7% of the previous year at this date. Ms. Silva reported that approximately 26.16 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during July, 2018.

Ms. Silva reported that additional meetings are being scheduled to coordinate with Harris County elected officials and staff.

Ms. Silva then reported that a representative from DEC attended the Coastal Water Authority meeting today.

REQUESTS FOR SURFACE WATER CONVERSION

Ms. Silva reviewed a request from Harris County Municipal Utility District No. 165 ("MUD 165") for surface water for its water plant no. 5. She stated that there are no surface water distribution lines in the area at this time. Following discussion, Director Weppeler moved to authorize DEC to send a letter denying the request. Director Janneck seconded the motion, which carried unanimously.

WATER TRUNKLINE FINANCING AGREEMENTS AND WATER SUPPLY COMMITMENT LETTER AGREEMENTS

Ms. Silva reported that Harris County Municipal Utility District No. 500 (“MUD 500”) requested an increase of its daily water supply commitment pursuant to the Trunkline Financing Agreement between the Authority and MUD 500 and an additional line to serve MUD 500’s proposed Water Plant No. 2. Following discussion, Director Struzick moved to authorize: (i) DEC to send a letter to the MUD 500 denying its request for the increase in the maximum contract amount, but notifying MUD 500 that the water supply commitment will be increased to the maximum amount permitted pursuant to the Trunkline Financing Agreement, and (ii) preparation of an amendment to the Trunkline Finance Agreement for an additional line to water plant no. 2 provided MUD 500 pays 50% of the construction costs. Director Janneck seconded the motion, which carried unanimously.

REIMBURSEMENTS TO UTILITY DISTRICTS

The Board considered authorizing reimbursement to MUD 500 based on a 50/50 split for tank overflows due to Authority and MUD 500 operations. Mr. Garcia then reviewed a Receipt and Release reflecting payment to MUD 500, including the legal conflicts waiver set forth therein regarding ABHR’s representation of the Authority and MUD 500. Following discussion, Director Weppler moved to approve: (i) the Receipt and Release, and (ii) payment of the reimbursement, subject to execution of the Receipt and Release by MUD 500. Director Owens seconded the motion, which carried unanimously.

JOINT WATER LINE PROJECTS

Ms. Silva reported on an upcoming Joint Facilities Committee meeting.

GROUNDWATER REDUCTION PLAN (“GRP”); AGREEMENT REGARDING CREDITS FOR ALTERNATIVE WATER SUPPLY USE

There was no discussion on this matter.

AUTHORITY CONSTRUCTION PROJECTS AND CONTRACTS, INCLUDING AWARD CONSTRUCTION CONTRACTS, AUTHORIZE NEGOTIATION OF CONSTRUCTION CONTRACTS, APPROVE CHANGE ORDERS AND PAY ESTIMATES, ACCEPT PROJECTS, AND AUTHORIZE ANY NECESSARY TERMINATION

Ms. Silva reported that bids were received for the Segment A right-of-way clearing, grubbing and maintenance project. She recommended that the Board award the contract to Hawkins Lease Service, Inc. ("Hawkins") in the amount of \$668,784.40. The Board concurred that, in its judgment, Hawkins was a responsible bidder who would be most advantageous to the Authority and would result in the best and most economical completion of the project. Following review and discussion, Director Wepler moved to award the contract for the Segment A right-of-way clearing, grubbing and maintenance project to Hawkins in the amount of \$668,784.40, based upon DEC's recommendation and subject to approval of the payment and performance bonds. Director Struzick seconded the motion, which passed by unanimous vote.

Ms. Silva then reported on the status of the automated meter reading system.

Ms. Silva recommended approval of Pay Estimate No. 2 in the amount of \$111,342.24 for the automated meter reading system. Upon a motion made by Director Wepler and seconded by Director Struzick, the Board voted unanimously to approve the above mentioned pay estimate for the automated meter reading system, as recommended.

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

Ms. Silva reported that a meeting to discuss the Amendment to the Second Supplement to the Water Supply Contract with the City and the Authorities was held on July 27, 2018.

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

Ms. Silva reported that KIT Professionals, Inc., the engineer for Contract 35, is working on submittal of 95% design plans.

Ms. Silva then reported that RPS Consultants/Klotz, the engineer for Contract 36, submitted 90% design plans to DEC for review and is working on submittal of 100% design plans.

Ms. Silva then reported that Sander Engineering Corporation, the engineer for Contract 37, submitted 60% design plans, and is now working on submittal of 90% design plans.

Ms. Silva also reported that Jones & Carter, Inc., the engineer for Contract 38, submitted 60% design plans, and submittal of 90% design submittal is scheduled for September 11, 2018.

Ms. Silva then reported that IDS Engineering Group, Inc., the engineer for Contract 50, is working on submittal of 60% design plans by September 4, 2018.

Ms. Silva also reported that KIT Professionals, Inc. is working on the water quality and blending study.

Ms. Silva reported that AECOM, the engineer for Segment A of the Surface Water Supply Project, submitted preliminary plans and profile for the western portion of the alignment and is working to combine western, central, and eastern portions of design into one design package.

Ms. Silva also reported that Black & Veatch, the engineer for Segment B of the Surface Water Supply Project, submitted 90% design plans west of I-45 and is working on submittals of 30% design plans for the 4.4 mile long tunnel east of I-45.

Ms. Silva then reported that Freese and Nichols, the engineer for Segment C of the Surface Water Supply Project, is working on submittal of 90% design plans, which is due September 28, 2018.

Ms. Silva also reported that Freese and Nichols, the engineer on the RePump Station, has submitted 30% design plans to DEC for review and anticipates submittal of 60% design plans on September 4, 2018. She said that the value engineering workshop was held the week of July 30, 2018.

Ms. Silva reported that AECOM, the engineer on the Central Pump Station, submitted 30% design plans for review by DEC. She stated that AECOM is proceeding with submittal of the 60% design plans based on six pumps with a capacity of 170 MGD. She said that the value engineering workshop is scheduled for the week of August 27, 2018.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 1 with Half Associates, Inc. Following discussion, Director Weppler moved to select

Halff Associates, Inc., as the design engineer for Kinder Morgan 1 and authorize negotiating an engineering design services agreement for Kinder Morgan 1 with Halff Associates, Inc. Director Struzick seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 2 with IDS Engineering Group, Inc. Following discussion, Director Struzick moved to select IDS Engineering Group, Inc., as the design engineer for Kinder Morgan 2 and authorize negotiating an engineering design services agreement for Kinder Morgan 2 with IDS Engineering Group, Inc. Director Weppler seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 3 with Garver USA. Following discussion, Director Weppler moved to select Garver USA as the design engineer for Kinder Morgan 3 and authorize negotiating an engineering design services agreement for Kinder Morgan 3 with Garver USA. Director Gorden seconded the motion, which carried unanimously.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 4 with Lockwood, Andrews & Newnam, Inc. Following discussion, Director Janneck moved to select Lockwood, Andrews & Newnam, Inc., as the design engineer for Kinder Morgan 4 and authorize negotiating an engineering design services agreement for Kinder Morgan 4 with Lockwood, Andrews & Newnam, Inc. Director Weppler seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 5 with Jones & Carter, Inc. Following discussion, Director Owens moved to select Jones & Carter, Inc., as the design engineer for Kinder Morgan 5 and authorize negotiating an engineering design services agreement for Kinder Morgan 5 with Jones & Carter, Inc. Director Gorden seconded the motion, which carried by a vote of five for the motion with Directors Weppler and Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 6 with Black & Veatch Corporation. Following discussion, Director Struzick moved to select Black & Veatch Corporation as the design engineer for Kinder Morgan 6 and authorize negotiating an engineering design services agreement for Kinder Morgan 6 with Black & Veatch Corporation. Director Janneck seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Kinder Morgan 7 with EHRA Engineering. Following discussion, Director Gorden moved to select EHRA Engineering as the design engineer for Kinder Morgan 7 and authorize negotiating an engineering design services agreement for Kinder Morgan 7 with EHRA Engineering. Director Janneck seconded the motion, which carried unanimously.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-A1 with Binkley & Barfield, Inc. Following discussion, Director Owens moved to select Binkley & Barfield, Inc., as the design engineer for Segment 3-A1 and authorize negotiating an engineering design services agreement for Segment 3-A1 with Binkley & Barfield, Inc. Director Struzick seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-A2 with Kimley-Horn & Associates, Inc. Following discussion, Director Gorden moved to select Kimley-Horn & Associates, Inc., as the design engineer for Segment 3-A2 and authorize negotiating an engineering design services agreement for Segment 3-A2 with Kimley-Horn & Associates, Inc. Director Janneck seconded the motion, which carried unanimously.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-A3 with Freese & Nichols, Inc. Following discussion, Director Janneck moved to select Freese & Nichols, Inc., as the design engineer for Segment 3-A3 and authorize negotiating an engineering design services agreement for Segment 3-A3 with Freese & Nichols, Inc. Director Weppeler seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-A4 with Costello, Inc. Following discussion, Director Struzick moved to select Costello, Inc., as the design engineer for Segment 3-A4 and authorize negotiating an engineering design services agreement for Segment 3-A4 with Costello, Inc. Director Owens seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-A5 with Huitt-Zollars, Inc. Following discussion, Director Gorden moved to select Huitt-Zollars, Inc., as the design engineer for Segment 3-A5 and authorize negotiating an engineering design services agreement for Segment 3-A5 with Huitt-Zollars, Inc.

Director Janneck seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Director Parker reported that the Design Committee recommends that the Board authorize negotiating the engineering design services agreement for Segment 3-B1 with BGE, Inc. Following discussion, Director Struzick moved to select BGE, Inc., as the design engineer for Segment 3-B1 and authorize negotiating an engineering design services agreement for Segment 3-B1 with BGE, Inc. Director Janneck seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

The Board then considered Addendum No. 2 to the contract with IDS Engineering Group, Inc. to provide geotechnical investigation services. Following review and discussion, Director Weppler moved to approve the above-described addendum. Director Struzick seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

The Board then considered the following work authorizations: (1) Supplement No. 10 to Work Authorization No. 4 to Fugro USA Land, Inc. in the amount of \$57,835.00; (2) Work Authorization No. 75 to Weisser Engineering Company, Inc. in the amount of \$1,515.00; (3) Work Authorization No. 44 to Cobb, Fendley & Associates, Inc. in the amount of \$2,870.00; (4) Work Authorization No. 69 to Lupher, LLC in the amount of \$3,800.00; (5) Work Authorization No. 70 to Lupher, LLC in the amount of \$78,300.00; (6) Work Authorization No. 71 to Lupher, LLC in the amount of \$4,000.00; (7) Work Authorization No. 73 to Lupher, LLC in the amount of \$4,500.00; (8) Work Authorization No. 74 to Lupher, LLC in the amount of \$2,500.00; (9) Work Authorization No. 93 to Abstract Services of Houston in the amount of \$200.00; (10) Work Authorization No. 94 to Abstract Services of Houston in the amount of \$6,725.00; (11) Work Authorization No. 95 to Abstract Services of Houston in the amount of \$100.00; (12) Work Authorization No. 106 to Rapid Research, Inc. in the amount of \$100.00; (13) Work Authorization No. 107 to Rapid Research, Inc. in the amount of \$350.00; (14) Work Authorization No. 108 to Rapid Research, Inc. in the amount of \$1,460.00; (15) Work Authorization No. 109 to Rapid Research, Inc. in the amount of \$50.00; (16) Work Authorization No. 48 to JLL Valuation & Advisory Services, LLC in the amount of \$30,000.00; (17) Work Authorization No. 49 to JLL Valuation & Advisory Services, LLC in the amount of \$24,000.00; and (18) Work Authorization No. 15 to Texas American Title Company in the amount of \$2,000.00. Following review and discussion, Director Owens moved to approve the above-described work authorizations. Director Janneck seconded the motion, which carried by a vote of six for the motion with Director Postle abstaining.

Ms. Vinson reviewed Change Order No. 6 in the amount of \$8,840.00 for enhancements to the Authority's website and Change Order No. 7 in an amount not to exceed \$29,775.00 for video production services to increase the contract with The Texas Network. She noted that Change Order No. 7 requires a deposit of \$7,443.75. The

Board determined that Change Order Nos. 6 and 7 are beneficial to the Authority. After review and discussion, Director Struzick moved to approve Change Order No. 6 in the amount of \$8,840.00 and Change Order No. 7 in an amount not to exceed \$29,775.00, including the deposit of \$7,443.75, as an increase to the contract with The Texas Network, based upon the Board's finding that the Change Orders are beneficial to the Authority, subject to final review by Director Parker. Director Weppler seconded the motion, which passed by unanimous vote.

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

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 FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

Mr. Garcia reviewed the Financing Agreement with the Texas Water Development Board for the Series 2018 Junior Lien Water System Revenue Bonds and the Financing Agreement with the Texas Water Development Board for the Series 2018A Water System Revenue Bonds (the "Agreements"). Following review discussion, Director Weppler moved to approve the Agreements, subject to final review by Director Parker. 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. Garcia reviewed the bookkeeper's report, a budget comparison, and the disbursements in the bookkeeper's report submitted for the Authority's review. She noted that she voided check no. 10195 in the amount of \$264.00 payable to Badger Meter

and she is holding check no. 1689 in the amount of \$64,112.76 payable to RPS. Ms. Garcia then reviewed check no. 10212 in the amount of \$333.45 payable to Michael Owens, check no. 10213 in the amount of \$842.00 payable to Bruce Parker, check no. 10214 in the amount of \$152.43 payable to Mark Janneck, check no. 1849 in the amount of \$500.00 payable to Fairway Townhomes of Inwood Forest, check no. 1850 in the amount of \$6,000.00 payable to Santiago Garza and Alejandra Garza, check no. 1851 in the amount of \$3,300.00 payable to Salvador Roman and Lidia Gonzalez, check no. 1852 in the amount \$8,321.00 payable to Linda A. Derouselle, check no. 1853 in the amount of \$10,233.78 payable to Patrocinia Sanchez Villa, and check no. 1854 in the amount of \$1,096.00 payable to Daniel Bridges and Theresa Cerda. She also noted that on August 1, 2017, the TWDB approved escrow releases in the amounts of \$2,602,216.00, \$351,187.00, and \$2,801,416.22. Following review and discussion, Director Struzick moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report, excluding check no. 1689, and check nos. 10212, 10213, 10214, 1849, 1850, 1851, 1852, 1853, and 1854. Director Gorden seconded the motion, which carried by a vote of five for the motion with Directors Wepler and Postle abstaining.

APPROVE INTERLOCAL AGREEMENT

Ms. Vinson reviewed an Interlocal Agreement with the Harris Galveston Subsidence District regarding the sponsorship of 5,000 conservation kits. Following review and discussion, Director Struzick moved to approve the Interlocal Agreement. Director Janneck seconded the motion, which carried unanimously.

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.

ARBITRAGE REBATE ANALYSIS

Ms. Vinson reviewed with the Board the arbitrage rebate analysis prepared by OmniCap Group LLC for the Series 2013 Water System Revenue Bonds. She noted that OmniCap Group LLC determined that there was no rebate or yield reduction payment due on the Series 2013 Water System Revenue Bonds.

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 enter into an agreement with Specific Energy to monitor Pump Station No. 1. Following discussion,

Director Gorden moved to authorize such agreement with Specific Energy, as a subcontractor to Inframark. Director Struzick 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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