

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

April 11, 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 11th day of April, 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; 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 March 7, 2018, meeting. Following discussion, Director Gorden moved to approve the minutes of the March 7, 2018, meeting, as submitted. The motion was seconded by Director Struzick and passed by unanimous vote.

QUESTIONS, FEEDBACK FROM THE PUBLIC

There were no questions 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 on the special Ricewood Municipal Utility District and Westfield Homeowners Association meeting held on March 22, 2018, to discuss water issues.

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

Ms. Payne then reported that she is completing the work on the frequently asked questions to be added to the website.

Ms. Payne reported that there have been more requests for the "Learning From Our Past To Influence Our Future" assemblies for the fourth grade classes at Katy Independent School District.

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 February 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 a representative from DEC attended the Coastal Water Authority meeting today.

Ms. Silva also reported that the annual Hurricane Preparedness Workshop has been scheduled for May 17, 2018, at the Fry Road Municipal Utility District Administration Building.

Ms. Silva reported that the Harris-Galveston Subsidence District issued the 2015 and 2016 over conversion credits in March. She also reported that the 2017 Permit Reconciliation Process was submitted.

Ms. Silva then reported that letters awarding appropriate credits for alternate water use were issued to Harris County Municipal Utility District No. 418 and

Remington Municipal Utility District, upon receipt of the over conversion credits from the Harris-Galveston Subsidence District.

REQUESTS FOR SURFACE WATER CONVERSION

There was no discussion on this matter.

WATER SUPPLY COMMITMENT LETTER AGREEMENT

Ms. Silva reported that a request for additional water supply commitment and supply to its second water plant has been received from Harris County Municipal Utility District No. 500 and is under review.

REIMBURSEMENTS TO UTILITY DISTRICTS

Ms. Silva reported that DEC sent a letter to Harris County Municipal Utility District No. 284 authorizing reimbursement of a meter replacement. She noted that this meter was scheduled for replacement by the Authority as part of the AMR project, but needs to be replaced sooner due to performance issues.

JOINT WATER LINE PROJECTS

Ms. Silva reported on an upcoming Joint Facilities Committee meeting and a construction contract meeting for the Surface Water Supply Project.

Ms. Silva then reported that a contractor outreach meeting for the Surface Water Supply Project has been scheduled for June 29, 2018.

Ms. Silva also reported on the subdividing of the water line design packages into seven packages.

GROUNDWATER REDUCTION PLAN ("GRP")

Ms. Silva reported that wells for Harris County Municipal Utility District Nos. 157, 418, 449, and 536 will be added to the Authority's GRP.

CONSTRUCTION PROJECTS

Ms. Silva reported that one bid was received for the automated meter reading system. She recommended that the Board accept the bid in the amount of \$1,509,207.08 submitted by Accurate Utility Supply, LLC and waive the minor bidding irregularities. Based on the engineer's recommendation, the Board determined in their judgment that Accurate Utility Supply, LLC would be the most advantageous to the Authority and would result in the best and most economical completion of the Authority's facilities. Director Wepler moved that the contract in the amount of \$1,509,207.08 be awarded to

Accurate Utility Supply, LLC and to waive the minor bidding irregularities. Director Cannon seconded the motion, which carried unanimously.

Ms. Silva recommended that the Board accept the automatic reading pilot program project. Following discussion, Director Weppler moved to accept the automatic reading pilot program project. Director Cannon seconded the motion, which carried unanimously.

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

Ms. Silva reported that the City has hired a third party construction management firm to oversee the Northeast Transmission Line project.

Ms. Silva then reported that letters were sent to the City and districts receiving surface water in the Authority regarding the interruption of surface water supply due to the City water line repair.

Mr. Ahrens reported that DEC has received the FY2019 preliminary water rate from the City.

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. 3 to the contract with Black & Veatch Corporation to continue to provide engineering design services, Addendum No. 8 to the contract with Terracon Consultants, Inc. to continue to provide engineering design services, and the Seventh Amendment to the DEC Professional Engineering Services Agreement to add real estate acquisition services. Following review and discussion, Director Struzick moved to approve Addendum No. 3 to the contract with Black & Veatch Corporation to continue to provide engineering design services, Addendum No. 8 to the contract with Terracon Consultants, Inc. to continue to provide engineering design services, and the Seventh Amendment to the DEC Professional Engineering Services Agreement to add real estate acquisition services. Director Thornhill seconded the motion, which carried by a vote of seven for the motion with Director Weppler abstaining.

The Board then considered the following work authorizations: (1) Supplement No. 2 to Work Authorization No. 19 to V&A Consulting Engineers, Inc. to amend the termination date of Supplement No. 1 to Work Authorization No. 19 from December 31, 2017, to December 31, 2018; (2) Supplement No. 6 to Work Authorization No. 22 to Terracon Consultants, Inc. in the amount of \$41,693.75; (3) Supplement No. 1 to Work Authorization No. 6 to Terracon Consultants, Inc. to amend the termination date from January 31, 2018, to January 31, 2019; (4) Work Authorization No. 12 to Texas American Title Company in the amount of \$5,250.00; (5) Work Authorization No. 13 to Texas American Title Company to in the amount of \$3,500.00; (6) Supplement No. 1 to Work Authorization No. 69 to Rapid Research, Inc. to amend the termination date from December 31, 2017, to December 31, 2018; (7) Work Authorization No. 92 to Rapid Research, Inc. in the amount of \$2,550.00; (8) Work Authorization No. 93 to Rapid Research, Inc. in the amount of \$1,150.00; (9) Work Authorization No. 94 to Rapid Research, Inc. in the amount of \$900.00; (10) Work Authorization No. 70 to Weisser Engineering Company, Inc. in the amount of \$900.00; (11) Work Authorization No. 71 to Weisser Engineering Company, Inc. in the amount of \$4,000.00; and (12) Work Authorization No. 5 to S&V Surveying, Inc. in the amount of \$755.00. Following review

and discussion, Director Gorden moved to approve the above-described work authorizations. Director Thornhill seconded the motion, which carried by a vote of seven 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

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 the TWDB extended an invitation to the Authority to submit full applications for additional funds for the Northeast Water Purification Plant Expansion Project and the Surface Water Supply Project which are due by May 4, 2018. Following discussion, Director Weppler moved to approve submission of the full applications to the TWDB and all necessary documentation for the application, including the Application Filing and Representative Resolution and the Application Resolution. Director Cannon seconded the motion, which carried unanimously.

APPROVE WATER CONSERVATION PLAN ANNUAL REPORT

The Board considered approving the Water Conservation Plan annual report. After discussion, Director Thornhill moved to approve the annual report on the Water Conservation Plan, and direct that the report be filed appropriately with the TWDB and retained in the Authority's official records. Director Struzick seconded the motion, which passed by unanimous vote.

REVIEW DROUGHT CONTINGENCY PLAN

The Board reviewed the Authority's Drought Contingency Plan ("DCP"). After discussion, Director Janneck moved to make no amendments to the DCP at this time. Director Weppler seconded the motion, which carried unanimously.

DISCUSS FINANCIAL ADVISORY SERVICES AND AUTHORIZE TERMINATION AND APPROVAL OF FINANCIAL ADVISORY SERVICES CONTRACT

Director Parker reported that the Finance Committee discussed financial advisory services and met with representatives from each financial advisory firm. After discussion, Director Janneck moved to authorize termination of the financial advisory services agreement with Hilltop Securities and Robert W. Baird & Co. Incorporated ("Baird"). Director Postle seconded the motion, which carried unanimously.

Director Postle then moved to approve the Financial Advisory Agreement with Post Oak Municipal Advisors LLC and Robert W. Baird & Co. Incorporated. Director Janneck seconded the motion, which 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. 10075 in the amount of \$415.57 payable to Dennis Gorden. 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. Director Thornhill seconded the motion, which carried by a vote of five for the motion with Directors Postle, Weppler, and Struzick abstaining.

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

Director Weppler discussed a request from Chelford City for the waiver penalties and interest for late payments due to complications caused by Hurricane Harvey. He reported that the participants of the Mission Bend Integrated Water System ("MBIWS") have orally agreed to establish a two-month reserve for Authority fees. Following discussion, Director Weppler moved to approve the one-time waiver of penalties and interest for late payments, subject to receipt of a written agreement no later than October 31, 2018, between MBIWS participants establishing the two-month reserve. Director Janneck seconded the motion, which carried by a vote of seven for the motion with Director Thornhill abstaining.

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 that the City performed a repair on a 54-inch main line supplying water to the Pump Station. He noted that the Authority did not receive water for 20 days. Director Struzick requested that the operating costs incurred during the time period the Authority did not receive water be documented.

Director Parker reminded districts receiving surface water from the Authority to maintain district wells and interconnects with districts having groundwater capacity in the event the City is unable to provide surface 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

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