

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

September 12, 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 12th day of September, 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 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.; 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 August 8, 2018, meeting. Following discussion, Director Struzick moved to approve the minutes of the August 8, 2018, minutes as submitted. The motion was seconded by Director Weppler 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"), asked if a district could receive groundwater from the Authority. Mr. Ahrens stated that the Authority only provides surface water. Mr. Blumrick then asked the fee difference between the Authority's pumpage fee and surface water fee. Director Parker stated that there is a \$0.40 difference between the two fees.

CUSTOMER APPEALS

No appeals were presented.

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

In Ms. Payne's absence, Mr. Ahrens reported that Ms. Payne is planning for the Authority's fall forum event scheduled for October 25, 2018, at 6:00 p.m. at the Fry Road Municipal Utility District Administration Building. He reported that Ms. Payne is working on a documentary video, Partners in Progress, for the fall event.

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 July is approximately 102.1% of the previous year at this date. Ms. Silva reported that approximately 28.07 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during August, 2018.

Ms. Silva reported that DEC met with Harris County elected officials and staff and is waiting for Harris County to have internal meetings related to the Surface Water Supply Project and CIP projects.

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 Rooted Development for early conversion to surface water for its proposed water plant. She stated that there are no surface water distribution lines in the area at this time. Following discussion, Director Owens moved to authorize DEC to send a letter denying the request. Director Wepler 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. 238 ("MUD 238") requested a water supply commitment due to water quality issues. She stated that the Authority will not have sufficient surface water supplies needed to enter into

any additional water supply commitments until the Northeast Water Purification Plant expansion project is online. Following discussion, Director Struzick moved to authorize DEC to send a letter to MUD 238 denying its request for the water supply commitment. Director Gorden seconded the motion, which carried unanimously.

REIMBURSEMENTS TO UTILITY DISTRICTS

There was no discussion on this matter.

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

Ms. Silva reported that a well for Katy Pointe Community Association will be added to the Authority's GRP.

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

Ms. Silva recommended approval of Pay Estimate No. 3 in the amount of \$138,872.50 for the automated meter reading system. Upon a motion made by Director Postle and seconded by Director Wepler, 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 August 20, 2018, and the next meeting has been scheduled for September 14, 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, is working on submittal of 100% design plans.

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

Ms. Silva also reported that Jones & Carter, Inc., the engineer for Contract 38, is waiting on comments from CenterPoint Energy to submit 90% design plans.

Ms. Silva then reported that IDS Engineering Group, Inc., the engineer for Contract 50, submitted 60% design plans on September 10, 2018.

Ms. Silva also reported that KIT Professionals, Inc. has completed water sampling and is performing data analysis for the additional groundwater sampling sites.

Ms. Silva reported that AECOM, the engineer for Segment A of the Surface Water Supply Project, submitted a preliminary plan 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 20, 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 on October 18, 2018.

Ms. Silva reported that DEC held preproposal meetings for the Kinder Morgan and Segment 3 water line projects on September 6 and 11, 2018.

Ms. Silva also reported that the value engineering workshop was held the week of August 27, 2018, for the Central Pump Station. She stated that the draft report was received on September 10, 2018, and is under review.

The Board then considered Addendum No. 2 to the contract with LJA Engineering, Inc. to provide electrical/instrumentation/control related services. Following review and discussion, Director Struzick moved to approve the above-described addendum. Director Thornhill seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

The Board then considered the following work authorizations: (1) Supplement No. 1 to Work Authorization No. 3 to LJA Engineering, Inc. to amend the maximum amount payable under Work Authorization No. 3; (2) Supplement No. 2 to Work Authorization No. 7 to KDM Acquisition Services, Inc. to amend the termination date from June 30, 2018, to June 30, 2019; (3) Supplement No. 1 Work Authorization No. 1 to V&A Consulting Engineers, Inc. to amend the termination date from June 1, 2018, to December 31, 2019; (4) Work Authorization No. 10 to Kuo Associates, Inc. in the amount of \$2,443.00; (5) Work Authorization No. 8 to S&V Surveying, Inc. in the amount of \$3,080.00; (6) Work Authorization No. 96 to Abstract Services of Houston in the amount of \$400.00; (7) Work Authorization No. 97 to Abstract Services of Houston in the amount of \$100.00; (8) Work Authorization No. 14 to Heidaker Land Services, Inc. in the amount of \$18,000.00; (9) Work Authorization No. 15 to Heidaker Land Services, Inc. in the amount of \$9,000.00; (10) Work Authorization No. 16 to Heidaker Land Services, Inc. in the amount of \$9,000.00; (11) Work Authorization No. 50 to JLL Valuation & Advisory Services, LLC in the amount of \$30,000.00; (12) Work Authorization No. 51 to JLL Valuation & Advisory Services, LLC in the amount of \$14,000.00; (13) Work Authorization No. 99 to Rapid Research, Inc. in the amount of \$100.00; (14) Work Authorization No. 102 to Rapid Research, Inc. in the amount of \$200.00; (15) Work Authorization No. 103 to Rapid Research, Inc. in the amount of \$600.00; (16) Work Authorization No. 110 to Rapid Research, Inc. in the amount of \$600.00; (17) Work Authorization No. 111 to Rapid Research, Inc. in the amount of \$200.00; and (18) Work Authorization No. 112 to Rapid Research, Inc. in the amount of \$50.00. Following review and discussion, Director Weppler moved to approve the above-described work authorizations. Director Struzick 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 FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

Mr. Garcia updated the Board on the status of the Series 2018 Junior Lien Water System Revenue Bonds and the Series 2018A Water System Revenue Bonds.

AUTHORIZE DISTRIBUTION OF NOTICE REGARDING PROPOSED RATE INCREASE

The Board then considered authorizing distribution of a notice regarding a proposed \$0.25 increase in its pumpage fee, surface water fee, and imported water fee to be considered by the Board at its November 14, 2018, meeting. In response to a question regarding the proposed rate increase, Director Parker discussed the Authority's ratemaking process. Following discussion, Director Struzick moved to authorize distribution of such notice. Director Thornhill 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. 1892 because of a misprint. Ms. Garcia then reviewed check no. 1890 in the amount of \$5,050.00 payable to Cynthia Resendiz Reyes aka

Cynthia Carreon, check no. 1891 in the amount of \$7,000.00 payable to Georgetown Colony II/2 Street Light Association, Inc., and check no 1893 in the amount of \$9,859.00 payable to Jim Sai-Ching Yeung and Roxana Mei-Yuet Yeung. Following review and discussion, Director Thornhill moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report, and check nos. 1890, 1891, and 1893. Director Gorden seconded the motion, which carried by a vote of five for the motion with Directors Weppler, Struzick, and Postle 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

There was no discussion on this matter.

APPROVE DRAFT 2019 OPERATIONAL AND MAINTENANCE BUDGET TO BE SENT TO THE NORTH FORT BEND WATER AUTHORITY

Ms. Garcia reviewed the draft 2019 Operational and Maintenance budget for joint facilities to be sent to the North Fort Bend Water Authority. After review and discussion, Director Struzick moved to authorize the draft 2019 Operational and Maintenance budget to be sent to the North Fort Bend Water Authority. Director Thornhill seconded the motion, which carried unanimously.

ANNUAL REVIEW OF AUTHORITY'S INVESTMENT POLICY

The Board reviewed the Authority's Investment Policy to determine if any amendments were necessary. After discussion, the Board determined to make no amendments at this time. Upon a motion made by Director Janneck and seconded by Director Struzick, the Board voted unanimously to adopt a Resolution Regarding Annual Review of 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 Janneck and seconded by Director Struzick, 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.

OPERATOR'S REPORT

Mr. Thomas presented copies of the operator's report and reviewed it with the Board, a copy of which is attached.

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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