

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

October 10, 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 10th day of October, 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 Janneck 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.; Joe Blasi of McGriff, Seibels & Williams, Inc.; Greg Womack of Texas Water Conservation Association ("TWCA") Risk Management Fund; Terrell Palmer of Post Oak Municipal Advisors LLC; David Smalling of Robert W. Baird & Co. Incorporated; 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 September 12, 2018, meeting. Following discussion, Director Struzick moved to approve the minutes of the September 12, 2018, minutes as submitted. The motion was seconded by Director Weppler and passed by unanimous vote.

#### QUESTIONS, FEEDBACK FROM THE PUBLIC

Director Parker requested that questions be asked during the "questions, feedback from the public" agenda item. No questions or comments were presented.

## 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.

## 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 August is approximately 104.7% of the previous year at this date. Ms. Silva reported that approximately 22.54 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during September, 2018.

Ms. Silva reported that DEC has scheduled a meeting with the Harris County Flood Control District to discuss issues related to the Surface Water Supply Project.

Ms. Silva then reported that the Coastal Water Authority replaced CDM with CH2M as the construction manager for the Capers Ridge Pump Station Project.

## REQUESTS FOR SURFACE WATER CONVERSION

There was no discussion on this matter.

## WATER TRUNKLINE FINANCING AGREEMENTS AND WATER SUPPLY COMMITMENT LETTER AGREEMENTS

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 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 then reported on the status of the automated meter reading system and the Surface Water Supply Project Segment A clearing contract.

Ms. Silva recommended approval of Pay Estimate No. 4 in the amount of \$172,509.30 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 September 28, 2018, and the next meeting has been scheduled for October 26, 2018. She also reported that the next City Advisory Committee meeting is tentatively scheduled for October 30, 2018.

CONTRACTS FOR SERVICES

Ms. Silva reported that KIT Professionals, Inc., the engineer for Contract 35, submitted 95% design plans.

Ms. Silva then reported that RPS Consultants, 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 working on submittal of 90% design plans.

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

regarding the alignment.

Ms. Silva then reported that IDS Engineering Group, Inc., the engineer for Contract 50, submitted 60% design plans and is awaiting comments from DEC.

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, submitted 90% design plans on September 28, 2018.

Ms. Silva also reported that Freese and Nichols, the engineer on the RePump Station, anticipates submittal of 60% design plans on October 20, 2018.

Ms. Silva reported that AECOM, the engineer on the Central Pump Station, anticipates submittal of the 60% design plans on October 18, 2018.

Ms. Silva reported that DEC received six Kinder Morgan water line design proposals and six Segment 3 water line design proposals. She stated that proposal comments were returned for Kinder Morgan Projects 1 through 5 and the Kinder Morgan Project 6 and Segment 3 proposals are still under review. Ms. Silva also stated that the Kinder Morgan water line design proposal for Project 7 has not yet been received.

The Board then considered the following work authorizations: (1) Supplement No. 1 to Work Authorization No. 39 to Hawkins Lease Service, Inc. to amend the maximum amount payable under Work Authorization No. 39; (2) Work Authorization No. 9 to S&V Surveying, Inc. in the amount of \$3,170.00; (3) Work Authorization No. 10 to S&V Surveying, Inc. in the amount of \$2,265.00; (4) Work Authorization No. 75 to Luper, LLC in the amount of \$10,900.00; (5) Work Authorization No. 76 to Luper, LLC in the amount of \$1,650.00; (6) Work Authorization No. 77 to Luper, LLC in the amount of \$2,300.00; (7) Work Authorization No. 78 to Luper, LLC in the amount of \$3,200.00; (8) Work Authorization No. 16 to Jones & Carter, Inc. in the amount of \$3,446.00; (9) Work Authorization No. 98 to Abstract Services of Houston in the amount of \$400.00; (10) Work Authorization No. 17 to Heidaker Land Services, Inc. in the

amount of \$9,000.00; (11) Work Authorization No. 53 to JLL Valuation & Advisory Services, LLC in the amount of \$45,000.00; (12) Work Authorization No. 54 to JLL Valuation & Advisory Services, LLC in the amount of \$15,000.00; (13) Work Authorization No. 113 to Rapid Research, Inc. in the amount of \$100.00; (14) Work Authorization No. 114 to Rapid Research, Inc. in the amount of \$150.00; and (15) Work Authorization No. 16 to Texas American Title Company in the amount of \$6,500.00. Following review and discussion, Director Struzick moved to approve the above-described work authorizations. Director Gorden seconded the motion, which carried by a vote of five for the motion with Directors Wepler and Postle abstaining.

The Board considered approving an engagement letter with McCall Parkhurst & Horton in connection with the amendment to the Joint Facilities Agreement with the North Fort Bend Water Authority. Following review and discussion, Director Postle made a motion to authorize execution of the engagement letter with McCall Parkhurst & Horton. Director Owens seconded the motion, and it carried by unanimous vote.

The Board considered approving an engagement letter with McCall Gibson Swedlund Barfoot PLLC for reviewing escrow releases. Following review and discussion, Director Postle made a motion to authorize execution of the engagement letter with McCall Gibson Swedlund Barfoot PLLC. Director Owens seconded the motion, and it carried by unanimous vote.

#### MOBILE TEACHING LAB TRAILER TRANSPORTER AGREEMENT, AND AMENDMENT THERETO

Ms. Vinson reviewed the Amendment to the Mobile Teaching Lab Trailer Transporter Agreement (the "Amendment"). Following review and discussion, Director Struzick moved to approve the Amendment. Director Gorden seconded the motion, which carried unanimously.

#### 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

Ms. Silva reported that a letter of no objection has been approved for Parcel TX-2-558-050, Grandway West for West Harris County Municipal Utility District No. 2 for the crossing of the Kinder Morgan Pipeline Corridor at Elkana Deane Lane with a water line, sanitary sewer line, storm sewer line and concrete paving.

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 check no. 1716 in the amount of \$11,246.53 payable to RPS is being held. Ms. Garcia then pointed out the wire in the amount \$258,848.16 to the City for the Luce Bayou debt service payment and the correction to the bookkeeper's report regarding check no. 1850. She then reviewed check no. 1916 in the amount of \$202,563.57 payable to Black & Veatch and check no. 10280 in the amount of \$91.67 payable to AT&T. Following review and discussion, Director Gorden moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report, and check nos. 1916 and 10280. Director Hansen seconded the motion, which carried by a vote of five for the motion with Directors Wepler and Postle abstaining.

TEXAS WATER DEVELOPMENT BOARD FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

There was no discussion on this matter.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2018; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION OF A FOURTEENTH SUPPLEMENTAL INDENTURE OF TRUST RELATING TO SUCH BONDS; AUTHORIZING AND RATIFYING OTHER ACTIONS OF THE AUTHORITY; MAKING CERTAIN FINDINGS AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT ("SERIES 2018 BOND RESOLUTION")

Mr. Garcia reviewed with the Board the Series 2018 Bond Resolution and the various documents authorized and approved by the Series 2018 Bond Resolution. Mr. Palmer recommended issuance of the West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2018 to the Texas Water Development Board. After review and discussion, Director Postle moved that the Board adopt the Series 2018 Bond Resolution. Director Hansen seconded the motion, which was approved by unanimous vote.

AUTHORIZE THE AUTHORITY'S ATTORNEY AND THE FINANCIAL ADVISORS TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM JUNIOR LIEN REVENUE BONDS, SERIES 2018 ("SERIES 2018 BONDS")

Mr. Garcia next explained that there will be various documents related to delivery of the Series 2018 Bonds requiring execution by the directors prior to closing. The Board then considered authorizing the President and Secretary to execute documents necessary in connection with the transaction and authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Series 2018 Bonds to the purchaser. Director Postle moved that the Board authorize execution of documents related to the sale and delivery of the Series 2018 Bonds, and authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Bonds. Director Hansen seconded the motion, which was approved by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Garcia presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice regarding the Series 2018 Bonds. After review and discussion, Director Postle moved to authorize execution of the Certificate Regarding Provision of Financial Advice and direct that it be filed appropriately and retained in the District's official records. Director Hansen seconded the motion, which passed by unanimous vote.

AUTHORIZE MCCALL GIBSON SWEDLUND BARFOOT PLLC TO PERFORM PLEDGED REVENUES ANALYSIS

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC to perform a pledged revenues analysis for the West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2018. After review, Director Postle moved to authorize McCall Gibson Swedlund Barfoot PLLC to perform a pledged revenues analysis. Director Hansen seconded the motion, which carried unanimously.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM REVENUE BONDS, SERIES 2018A; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION OF A FIFTEENTH SUPPLEMENTAL INDENTURE OF TRUST RELATING TO SUCH BONDS; AUTHORIZING AND RATIFYING OTHER ACTIONS OF THE AUTHORITY; MAKING CERTAIN FINDINGS AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT ("SERIES 2018A BOND RESOLUTION")

Mr. Garcia then reviewed with the Board the Series 2018A Bond Resolution and the various documents authorized and approved by the Series 2018A Bond Resolution. Mr. Palmer recommended issuance of the West Harris County Regional Water Authority Water System Revenue Bonds, Series 2018A to the Texas Water Development Board. After review and discussion, Director Postle moved that the Board adopt the Series 2018A Bond Resolution. Director Hansen seconded the motion, which was approved by unanimous vote.

AUTHORIZE THE AUTHORITY'S ATTORNEY AND THE FINANCIAL ADVISORS TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY WATER SYSTEM REVENUE BONDS, SERIES 2018A ("SERIES 2018A BONDS")

Mr. Garcia next explained that there will be various documents related to delivery of the Series 2018A Bonds requiring execution by the directors prior to closing. The Board then considered authorizing the President and Secretary to execute documents necessary in connection with the transaction and authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Series 2018A Bonds to the purchaser. Director Postle moved that the Board authorize execution of documents related to the sale and delivery of the Series 2018A Bonds, and authorize the Authority's attorney and financial advisor to take all necessary action to deliver the Series 2018A Bonds. Director Hansen seconded the motion, which was approved by unanimous vote.



## EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Garcia presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice regarding the Series 2018A Bonds. After review and discussion, Director Postle moved to authorize execution of the Certificate Regarding Provision of Financial Advice and direct that it be filed appropriately and retained in the District's official records. Director Hansen seconded the motion, which passed by unanimous vote.

## AUTHORIZE MCCALL GIBSON SWEDLUND BARFOOT PLLC TO PERFORM PLEDGED REVENUES ANALYSIS

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC to perform a pledged revenues analysis for the West Harris County Regional Water Authority Water System Revenue Bonds, Series 2018A. After review, Director Postle moved to authorize McCall Gibson Swedlund Barfoot PLLC to perform a pledged revenues analysis. Director Hansen 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.

## 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 requested that the Board authorize Prime Controls, a subcontractor of Inframark, to perform the SCADA system maintenance services, in an amount not to exceed \$16,000.00. Following discussion, Director Struzick moved to authorize Prime Controls, a subcontractor of Severn Trent, to perform the SCADA system maintenance services in an amount not to exceed \$16,000.00. Director Gorden seconded the motion, which carried unanimously.

## RISK MANAGEMENT AND INSURANCE SERVICES AGREEMENT WITH MCGRUFF, SEIBELS & WILLIAMS, INC.

Mr. Blasi reviewed the Risk Management and Insurance Services Agreement with McGriff, Seibels & Williams, Inc. Following review and discussion, Director Wepler moved to approve the Risk Management and Insurance Services Agreement. Director Postle seconded the motion, which carried unanimously.

INSURANCE COVERAGE, INCLUDING RENEWAL PROPOSAL AND TEXAS WATER CONSERVATION ASSOCIATION RISK MANAGEMENT FUND PROPOSAL

The Board reviewed the insurance renewal proposals from McDonald & Wessendorff. Following review and discussion, Director Owens moved to accept only the proposals for directors bond, public employee blanket crime, and business travel from McDonald & Wessendorff. Director Struzick seconded the motion, which carried unanimously.

The Board then reviewed the proposals from the TWCA Risk Management Fund for property, boiler & machinery, crime-employee dishonesty, auto physical damage, auto liability, general liability, sudden events pollution, errors & omissions liability, excess liability, workers' compensation, expanded legal defense for public officials, legal defense for breach of contract, expanded employment practices and punitive damages. Messrs. Blasi and Womack reviewed the proposals. Following review and discussion, Director Owens moved to accept the proposals for property, boiler & machinery, crime-employee dishonesty, auto physical damage, auto liability, general liability, sudden events pollution, errors & omissions liability, excess liability, workers' compensation, expanded legal defense for public officials, legal defense for breach of contract, expanded employment practices and punitive damages from TWCA Risk Management Fund. Director Struzick seconded the motion, which carried unanimously.

Ms. Vinson noted that the Authority's current cyber liability coverage through McDonald & Wessendorff expires February, 2019.

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)

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Secretary, Board of Directors

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