

MINUTES  
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

November 14, 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 14th day of November, 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, thus constituting a quorum.

Also present at the meeting were Bryan Thomas of Inframark Water Infrastructure Operations ("Inframark"); Melinda Silva of Dannenbaum Engineering Corporation ("DEC"); Erin Garcia of Myrtle Cruz, Inc.; Barbara Payne of Payne Communications & Associates; Alia Vinson, Sanjay Bapat 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 October 10, 2018, meeting. Following discussion, Director Struzick moved to approve the minutes of the October 10, 2018, minutes as submitted. The motion was seconded by Director Owens 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

Mr. Payne reported that ABHR, McGrath & Co., DEC, Radcliffe Bobbitt Adams Polley PLLC, City of Houston, Jones & Carter, Inc., Sander Engineering, AECOM, ARCADIS, and 14 municipal utility districts are sponsors of the water conservation materials.

Ms. Payne then reported on the Diggin' Old Stuff Heritage Festival in Precinct 3 was held on November 3, 2018.

Ms. Payne also reported that the "Rising Cost of Water" brochure will be available online tomorrow.

Ms. Payne reported that the waterworks newsletter is being prepared and will be direct mailed to residents in the Authority.

## 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 September is approximately 116.9% of the previous year at this date. Ms. Silva reported that approximately 20.47 million gallons per day ("MGD") of surface water was purchased from the City of Houston (the "City") during October, 2018.

## 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

Ms. Silva reported that wells for Harris County Municipal Utility District No. 566 and Harris County Improvement District No. 13 will be added to the Authority's GRP.

Ms. Vinson reported that the Harris Galveston Subsidence District's disincentive fee will be \$9.00 per 1,000 gallons effective January 1, 2019.

## 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. 5 in the amount of \$76,135.95 to Accurate Utility Supply, LLC, for the automated meter reading system. Upon a motion made by Director Struzick and seconded by Director Thornhill, 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 November 9, 2018, and the next meeting has been scheduled for November 30, 2018.

## CONTRACTS FOR SERVICES

Ms. Silva reported that KIT Professionals, Inc., the engineer for Contract 35, submitted 95% design plans. She also reported that the design package has been submitted to the Texas Water Development Board ("TWDB") for review.

Ms. Silva then reported that RPS Consultants, the engineer for Contract 36, is working on submittal of 100% design plans. She also reported that DEC is preparing the design package for submittal to the TWDB.

Ms. Silva then reported that Sander Engineering Corporation, the engineer for Contract 37, submitted 90% design plans. She also reported that DEC is preparing the design package for submittal to the TWDB.

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. She reported that DEC is preparing the design package for submittal to the TWDB.

Ms. Silva then reported that IDS Engineering Group, Inc., the engineer for Contract 50, submitted 60% design plans and DEC has provided comments. She also reported that the alignment review meeting has been scheduled.

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 60% design drawings for the western portion of alignment and is working to combine western, central, and eastern portions of design into one design package for 90% submittal.

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 30% drawings for the 4.4 mile long tunnel east of I-45 on October 18, 2018.

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, submitted 60% design plans on October 11, 2018.

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

The Board considered approving the Master Services Agreement with Mbroh Engineering, Inc. in the amount of \$367,010.00 to perform wide area network, fiber optic, and incidental electrical design services. Following discussion, Director Weppler moved to approve the Master Services Agreement with Mbroh Engineering, Inc. Director Hansen seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

The Board then considered Addendum No. 2 to the contract with Texas American Title Company to provide right-of-way acquisition services and other related technical services that may be required, and Addendum No. 9 to the contract with Terracon Consultants, Inc. to provide professional environmental engineering services. Following review and discussion, Director Weppler moved to approve the above-described addenda. Director Hansen 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) Work Authorization No. 1 to Mbroh Engineering, Inc. in the amount of \$367,010.00; (2) Work Authorization No. 30 to Terracon Consultants, Inc. in the amount of \$62,450.00; (3) Supplement No. 1 to Work Authorization No. 25 to V&A Consulting Engineers, Inc. to amend the termination date from June 30, 2018, to December 31, 2019; (4) Supplement No. 11 to Work Authorization No. 4 to Fugro USA Land, Inc. to amend the maximum amount payable under Work Authorization No. 4 from \$3,282,118.00 to \$3,400,015.00; (5) Work Authorization No. 17 to Texas American Title in the amount of \$15,400.00; (6) Work Authorization No. 79 to Lupher, LLC in the amount of \$4,500.00; (7) Work Authorization No. 80 to Lupher, LLC in the amount of \$5,600.00; (8) Work Authorization No. 81 to Lupher, LLC in the amount of \$7,200.00; (9) Work Authorization No. 82 to Lupher, LLC in the amount of \$2,300.00; (10) Work Authorization No. 99 to Abstract Services of Houston in the amount of \$800.00; (11) Work Authorization No. 18 to Heidaker Land Services, Inc. in the amount of \$3,000.00; (12) Work Authorization No. 19 to Heidaker Land Services, Inc. in the amount of \$45,000.00; (13) Work Authorization No. 55 to JLL Valuation & Advisory Services, LLC in the amount of \$3,000.00; (14) Work Authorization No. 56 to JLL Valuation & Advisory Services, LLC in the amount of \$20,000.00; (15) Work Authorization No. 115 to Rapid Research, Inc. in the amount of \$1,100.00; and (16) Work Authorization No. 116 to Rapid Research, Inc. in the amount of \$3,250.00. Following review and discussion, Director Weppler moved to approve the above-described work authorizations. Director Hansen seconded the motion, which carried by a vote of seven for the motion with Director Postle abstaining.

Ms. Vinson reviewed a legal conflicts waiver regarding representation of the Authority and Harris County Municipal Utility District No. 495 regarding the preparation and review of a rights of entry. Following review and discussion, Director Struzick moved to approve the legal conflicts waiver. Director Hansen 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

There was no discussion on this matter.

TEXAS WATER DEVELOPMENT BOARD FUNDING, INCLUDING APPLICATIONS AND FINANCING AGREEMENTS

Ms. Vinson reported that the West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2018 and the West Harris County Regional Water Authority Water System Revenue Bonds, Series 2018A closed.

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. 1948 in the amount of \$3,446.00 payable to Jones & Carter, Inc., check no. 1949 in the amount of \$12,225.00 payable to Munsch Hardt Kopf & Harr, P.C., and check no. 10328 in the amount of \$174.97 payable to Bruce Parker. Following review and discussion, Director Struzick moved to approve the bookkeeper's report, the disbursements reflected in the bookkeeper's report, and check nos. 1948, 1949, and 10328. Director Gorden seconded the motion, which carried by a vote of six for the motion with Directors Weppler and Postle abstaining.

DRAFT BUDGET FOR FISCAL YEAR END DECEMBER 31, 2019

Ms. Garcia reviewed the proposed operating budget and joint facilities budget for fiscal year ending December 31, 2019. The Board deferred action on this matter.

APPROVE AMENDMENT TO CONTRACT WITH MYRTLE CRUZ, INC.

The Board deferred action on this matter.

AGREEMENT FOR INVESTMENT ADVISORY SERVICES WITH FIRST SOUTHWEST ASSET MANAGEMENT, LLC

The Board considered approving an Agreement for Investment Advisory Services with First Southwest Asset Management, LLC. Following review and discussion, Director Owens moved to approve the Agreement for Investment Advisory Services with First Southwest Asset Management, LLC. 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 then requested that the Board authorize Inframark to renew its agreement for a three-year term with Schneider Electric for annual SCADA maintenance and support in an amount not to exceed \$60,210.95. Following discussion, Director Wepler moved to approve the agreement with Schneider Electric, as a subcontractor to Inframark. Director Struzick seconded the motion, which carried unanimously.

AUTHORIZE OPERATOR TO READ GROUNDWATER METERS

The Board considered authorizing Inframark to read all of the well meters between December 15, 2018, and January 15, 2019, to comply with Harris Galveston Subsidence District rules. Following discussion, Director Wepler moved to authorize Inframark to read all meters between December 15, 2018, and January 15, 2019. Director Hansen seconded the motion, which carried unanimously.

ADOPT AMENDED RATE ORDER AND AUTHORIZE DISTRIBUTION OF NOTICE OF RATE INCREASE

Ms. Vinson reviewed an Amended Rate Order. Following review and discussion, Director Struzick moved to adopt the Amended Rate Order and to authorize distribution of a notice of the \$0.25 fee increase set forth in the Amended Rate Order. Director Thornhill 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)

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Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
list of persons present at the November 14, 2018, meeting .....	1
engineer's report .....	2
bookkeeper's report .....	6
operator's report.....	7