

MINUTES
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

December 11, 2019

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 December, 2019, 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:

Eric Hansen	President
Larry Weppler	Vice President
Douglas (Cam) Postle	Secretary
Gary Struzick	Assistant Vice President
Michael Thornhill	Assistant Secretary
Mark Janneck	Director
Michael Owens	Director
Dennis Gorden	Director
John "Jay" Wheeler	Director

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Bryan Thomas of Inframark Water Infrastructure Operations ("Inframark"); Erin Garcia of Myrtle Cruz, Inc.; Wayne Ahrens and Melinda Silva of Dannenbaum Engineering Corp.; 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 November 13, 2019, meeting. Following discussion, Director Struzick moved to approve the minutes of November 13, 2019, meeting, as submitted. The motion was seconded by Director Owens and passed by unanimous vote.

PUBLIC COMMENT

Director Hansen requested that any questions or comments be presented during the "public comment" agenda item.

Ms. Janice Little stated that she is a resident of Harris County Municipal Utility District No. 120 ("MUD 120") and had high water usage in July when she was out of the country. She also stated that MUD 120 issued a credit on her utility bill, but did not

waive Authority fees on her bill. She requested that the Authority grant a credit to her for the Authority fees charged by MUD 120. Director Hansen explained that because the Authority is a wholesale water provider, it is limited as to actions it can take with respect to a retail utility bill from MUD 120. Ms. Vinson asked Ms. Little to send her any information she would like the Authority to review on this matter.

CUSTOMER APPEALS

No appeals were presented.

AUTHORIZE MCCALL GIBSON SWEDLUND BARFOOT PLLC TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2019; ENGAGE MCGRATH & CO., PLLC TO PREPARE AGREED UPON PROCEDURES

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC to prepare the audit for fiscal year ending December 31, 2019. The Board then considered engaging McGrath & Co., PLLC to prepare the agreed-upon procedures regarding the audit. Following discussion, Director Thornhill moved to authorize McCall Gibson Swedlund Barfoot PLLC to prepare the audit for fiscal year ending December 31, 2019, and engage McGrath & Co., PLLC to prepare the agreed-upon procedures regarding the audit. Director Janneck seconded the motion, which carried unanimously.

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

Ms. Payne discussed the history of the Authority's website and communications, including the availability of billing inserts and water conservation brochures.

Ms. Payne reported that the mobile teaching lab was at the Katy Independent School District STEAM event on December 6, 2019.

Ms. Payne stated that the mobile teaching lab is also available to districts for their use at functions.

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 2019 through October is approximately 104.6% of the previous year at this date. Ms. Silva reported that approximately 19.38 million gallons per day ("MGD") of surface water was purchased from the City of Houston during November, 2019.

Ms. Silva reported that a representative from Dannenbaum Engineering Corporation (“DEC”) attended the Coastal Water Authority meeting.

Ms. Silva then reported that free training sessions for well owners and operators have been scheduled for January, 9, 23, and 30, 2020, on the AMR software capabilities.

REQUESTS FOR SURFACE WATER CONVERSION

There was no discussion on this matter.

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

There was no discussion on this matter.

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

There was no discussion on this matter.

HARRIS-GALVESTON SUBSIDENCE DISTRICT (“HGSD”)

Ms. Silva reported that the invoice in the amount of \$360,000 has been received from the HGSD for the 2020 permit.

AUTHORITY CONSTRUCTION PROJECTS AND CONTRACTS, INCLUDING PRE-QUALIFICATION OF CONTRACTORS, 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, the Surface Water Supply Project Segment A clearing contract, Contract 35, Contract 38, and the Contract for Segment 3-A4.

Ms. Silva recommended approval of Pay Estimate No. 8 in the amount of \$11,227.50 to Hawkins Lease Service, Inc. for the Surface Water Supply Project Segment A clearing contract and Pay Estimate No. 1 in the amount of \$182,232.00 to Main Lane Industries, Ltd. for Contract 38. Upon a motion made by Director Wheeler and

seconded by Director Gorden, the Board voted unanimously to approve the above mentioned pay estimates, as recommended.

CITY OF HOUSTON 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

There was no discussion on this matter.

AUTHORIZE ENGINEER TO NOTIFY CITY OF HOUSTON OF THE AUTHORITY'S ANTICIPATED DEMAND FOR UPCOMING FISCAL YEAR

The Board considered authorizing DEC to notify the City of the Authority's anticipated demand for the upcoming fiscal year. Following discussion, Director Weppler moved to authorize DEC to notify the City of Houston of the Authority's anticipated demand for the City's upcoming fiscal year. Director Struzick seconded the motion, which carried unanimously.

CONTRACTS FOR SERVICES FOR ENGINEERING, ENGINEERING DESIGN, GEOTECHNICAL, ABSTRACTING, SURVEYING, LEGAL, RIGHT-OF-WAY ACQUISITION, COMMUNICATIONS AND CRISIS MANAGEMENT, WEBSITE, OPERATING SERVICES, AND APPRAISAL SERVICES, INCLUDING APPROVAL OF CONTRACTS FOR SERVICES, WORK AUTHORIZATIONS, CHANGE ORDERS, AMENDMENTS TO AND ASSIGNMENTS OF CONTRACTS, TERMINATIONS, AND LEGAL CONFLICTS WAIVER

Ms. Silva reported that RPS Consultants, the engineer for Contract 36, submitted plans to the City of Houston for signatures.

Ms. Silva then reported that Sander Engineering Corporation, the engineer for Contract 37, is working on City of Houston signatures.

Ms. Silva then reported that IDS Engineering Group, Inc., the engineer for Contract 50, is working on City of Houston signatures.

Ms. Silva reported that EHRA, the engineer for Kinder Morgan 7, received comments on the 30% design plans that were submitted.

Ms. Silva also reported that EHRA, the engineer for Contract 32, received comments on the 30% design plans that were submitted.

Ms. Silva reported that AECOM Technical Services, Inc., the engineer for Segment A of the Surface Water Supply Project, is working on the separate casing design and surveying new development.

Ms. Silva also reported that Black & Veatch, the engineer for Segment B of the Surface Water Supply Project, is working on submittal of 100% design plans west of I-45, including the update for White Oak Bayou and Hollister Detention Pond Reroute and working on submittal of 100% design plans for Segment B3 long tunnel.

Ms. Silva then reported that Freese & Nichols, the engineer for Segment C of the Surface Water Supply Project, submitted plans to Harris County for signatures.

Ms. Silva also reported that Freese & Nichols, the engineer on the RePump Station, is working on submittal of 90% electrical and controls plans and addressing revised floodplain criteria.

Ms. Silva reported that AECOM Technical Services, Inc., the engineer on the Central Pump Station, received comments on the 90% design plans that were submitted for the balance of the pump station.

Ms. Silva then reported that Mbroh Engineering, Inc., the engineer for the wide area network, fiber optic, and incidental electrical design services, is coordinating with the pump station consultants to complete the design plans.

Ms. Silva also reported that Halff Associates, Inc., the engineer for Kinder Morgan 1, is working on submittal of 90% design plans.

Ms. Silva reported that IDS Engineering Group, Inc., the engineer for Kinder Morgan 2, is working on submittal of 90% design plans.

Ms. Silva then reported that Garver, the engineer for Kinder Morgan 3, is working on submittal of 90% design plans.

Ms. Silva also reported that Lockwood, Andrews & Newnam, Inc., the engineer for Kinder Morgan 4, submitted design plans to the agencies. The Board then considered approving the request for payment of \$3,174 to CenterPoint Energy for relocation of a power pole. Following discussion, Director Struzick moved to authorize the payment of \$3,174 to CenterPoint Energy for relocation of a power pole. Director Janneck seconded the motion, which carried unanimously.

Ms. Silva reported that Jones & Carter, Inc., the engineer for Kinder Morgan 5, is working on submittal of 90% design plans.

Ms. Silva also reported that Black & Veatch Corporation, the engineer for Kinder Morgan 6, is working on submittal of 90% design plans.

Ms. Silva then reported that Binkley & Barfield, Inc., the engineer for Segment 3-A1, received comments on the 60% design plans that were submitted.

Ms. Silva reported that Kimley-Horn & Associates, Inc., the engineer for Segment 3-A2, is working on submittal of 90% design plans. She reported that Kimley-Horn & Associates, Inc. is waiting on feedback from CenterPoint Energy regarding the substation alignment.

Ms. Silva also reported that Freese & Nichols, Inc., the engineer for Segment 3-A3, received comments on the 90% design plans that were submitted.

Ms. Silva reported that Huitt-Zollars, Inc., the engineer for Segment 3-A5, is working on submittal of 90% design plans.

Ms. Silva also reported that BGE, Inc., the engineer for Segment 3-B1, is working on submittal of 90% design plans. She stated that BGE, Inc. is waiting on feedback from the Harris County Flood Control District regarding ultimate right-of-way alignment.

Ms. Silva then reported that bid opening for the analyzer replacement package for Pump Station No. 1 is scheduled for December 13, 2019.

The Board then considered approving Addendum No. 1 to the contract with Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) to adjust the maximum amount that may be earned from all work authorizations from \$100,000 to \$250,000 and Addendum No. 6 to the contract with Fugro USA Land, Inc. to adjust the maximum amount that may be earned from all work authorizations from \$3,750,000 to \$4,250,000. Following review and discussion, Director Postle moved to approve the above-described addenda. Director Wheeler seconded the motion, which carried unanimously.

The Board then considered the following work authorizations: (1) Work Authorization No. 1 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$45,000.00; (2) Work Authorization No. 2 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$6,000.00; (3) Work Authorization No. 3 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$6,000.00; (4) Work Authorization No. 4 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$8,000.00; (5) Work Authorization No. 5 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$18,000.00; (6) Work Authorization No. 6 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$24,000.00; (7) Work Authorization No. 7 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$24,000.00; (8) Work Authorization No. 8 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$24,000.00; (9) Work Authorization No. 9 to Edward B. Schulz & Co., LLC (doing business as Integra Realty Resources - Houston) in the amount of \$9,000.00; (10) Work Authorization No. 10 to Edward B. Schulz & Co.,

LLC (doing business as Integra Realty Resources - Houston) in the amount of \$18,000.00; (11) Supplement No. 1 to Work Authorization No. 30 to JLL Valuation & Advisory Services, LLC to amend the termination date to December 31, 2020; (12) Supplement No. 1 to Work Authorization No. 24 to JLL Valuation & Advisory Services, LLC to amend the termination date to December 31, 2020; (13) Work Authorization No. 138 to Rapid Research, Inc. in the amount of \$800.00; (14) Work Authorization No. 139 to Rapid Research, Inc. in the amount of \$200.00; (15) Work Authorization No. 140 to Rapid Research, Inc. in the amount of \$100.00; (16) Work Authorization No. 141 to Rapid Research, Inc. in the amount of \$50.00; (17) Work Authorization No. 142 to Rapid Research, Inc. in the amount of \$800.00; (18) Work Authorization No. 104 to Abstract Services of Houston in the amount of \$1,400.00; (19) Work Authorization No. 105 to Abstract Services of Houston in the amount of \$9,800.00; (20) Work Authorization No. 8 to Baseline Corporation, Inc. in the amount of \$3,500.00; (21) Work Authorization No. 109 to Lupher, LLC in the amount of \$5,100.00; (22) Work Authorization No. 110 to Lupher, LLC in the amount of \$22,300.00; (23) Work Authorization No. 111 to Lupher, LLC in the amount of \$2,900.00; and (24) Work Authorization No. 31 to Terracon Consultants, Inc. in the amount of \$15,725.00. Following review and discussion, Director Wheeler moved to approve the above-described work authorizations and the supplements to work authorizations. Director Wepler seconded the motion, which carried by a vote of eight 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, AND APPROVE INTERLOCAL AGREEMENTS WITH HARRIS COUNTY AND HARRIS COUNTY FLOOD CONTROL DISTRICT

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. Vinson reported that the West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2019A and the West Harris County Regional Water Authority Water System Revenue Bonds, Series 2019B closed on November 22, 2019.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF BILLS, REVIEW OF INVESTMENTS, AUTHORITY FEES AND CHARGES, AND DRAFT BUDGET FOR FISCAL YEAR END DECEMBER 31, 2020

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. 2531 in the amount of \$250.00 payable to Sharonda Joy Thomas, check no. 2532 in the amount of \$250.00 payable to Michael Copland, check no. 2533 in the amount of \$250.00 payable to William McLeod, and check no. 2534 in the amount of \$10,660.00 to replace check no. 1769. Ms. Garcia also requested approval of a wire from the Improvement Fund to the Coverage Fund so that the Coverage Fund is fully funded, in accordance with the Indenture of Trust. Following review and discussion, Director Struzick moved to approve the bookkeeper's report, the above-described checks, the disbursements reflected in the bookkeeper's report, check nos. 2531, 2532, 2533, and 2534, and the wire from the Improvement Fund to the Coverage Fund. Director Thornhill seconded the motion, which carried by a vote of seven for the motion with Directors Postle and Weppler abstaining.

BUDGET AND JOINT FACILITIES BUDGET FOR FISCAL YEAR END DECEMBER 31, 2020

Ms. Garcia reviewed the proposed operating budget and joint facilities budget for fiscal year ending December 31, 2020. Following review and discussion, Director Struzick moved to approve the operating budget and joint facilities budget for fiscal year ending December 31, 2020. Director Thornhill seconded the motion, which carried by a vote of seven for the motion with Directors Postle and Weppler abstaining.

LETTER TO NFBWA REGARDING ANNUAL DEBT SERVICE PAYMENTS DUE UNDER THE JOINT FACILITIES AGREEMENT

The Board considered authorizing the bookkeeper to prepare the annual letter to the NFBWA regarding the NFBWA's share of the 2020 debt service payments for the Series 2012 Bonds issued for Surface Water Supply Project. Following discussion, Director Wheeler moved to authorize the bookkeeper to prepare the annual letter to the NFBWA regarding the NFBWA's share of the 2020 debt service payments for the Series 2012 Bonds issued for Surface Water Supply Project. Director Janneck seconded the motion, which carried by a vote of eight for the motion with Director 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.

RESOLUTION ADOPTING CRISIS MANAGEMENT MEDIA RELATIONS PLAN; PROVIDING FOR IMPLEMENTATION THEREOF; AND CONTAINING OTHER RELATED PROVISIONS

The Board then considered adopting a Resolution Adopting Crisis Management Media Relations Plan; Providing for Implementation Thereof; and Containing Other Related Provisions. Upon a motion made by Director Struzick and seconded by Director Owens, the Board voted unanimously to adopt the Resolution Adopting Crisis Management Media Relations Plan; Providing for Implementation Thereof; and Containing Other Related Provisions.

RESOLUTION ESTABLISHING RULES AND REGULATIONS GOVERNING THE USE OF THE AUTHORITY'S AUTOMATED METER READING ONLINE PORTAL SYSTEM

The Board then considered adopting a Resolution Establishing Rules and Regulations Governing the Use of the Authority's Automated Meter Reading Online Portal System. Upon a motion made by Director Struzick and seconded by Director Gorden, the Board voted unanimously to adopt the Resolution Establishing Rules and Regulations Governing the Use of the Authority's Automated Meter Reading Online Portal System.

OPERATION OF AUTHORITY FACILITIES, BILLINGS, REPAIRS, INSPECTIONS, MAINTENANCE, CATHODIC PROTECTION, AUTOMATIC METER READING, RIGHT OF WAY MAINTENANCE, AND WATER SUPPLY ISSUES, INCLUDING APPROVAL OF CONTRACTS FOR SUCH WORK, CHANGE ORDERS, WORK AUTHORIZATIONS, AMENDMENTS TO AND ASSIGNMENTS OF CONTRACTS, AND TERMINATIONS

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 Inframark to collect and test additional water well samples in the amount of \$3,400.00. Following discussion, Director Owens moved authorize Inframark to collect and test the additional water well samples. Director Thornhill seconded the motion, which carried unanimously.

DISCUSS CHANGE IN BILLING SYSTEM EFFECTIVE JANUARY 1, 2020

Ms. Vinson discuss the change in the billing system effective January 1, 2020. She noted that the self-reporting of usage will be through December 31, 2019, after which Inframark will send bills for usage.

AUTHORIZE OPERATOR TO READ GROUNDWATER METERS

The Board considered authorizing Inframark to read all of the well meters at calendar year end, to comply with Harris Galveston Subsidence District rules. Following discussion, Director Gorden moved to authorize Inframark to read all meters at calendar year end. Director Wheeler seconded the motion, which carried unanimously.

REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

Ms. Vinson reported that ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas.

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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