

## CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
March 2, 2016

The Board of Directors (the "Board") of the Central Harris County Regional Water Authority (the "Authority") met in regular session, open to the public on March 2, 2016, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board, as follows:

Margaret L. Cox, President  
Julian F. Boddy, Vice President  
Judge Caston, Secretary  
Tom Gower, Assistant Secretary  
Richard C. Meek, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Marcel Khouw, P.E. of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Rose Montalbano of F. Matuska, Inc. ("Matuska"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Arthur Freeman, Eddy Johnston, and Linda Watkins of Fallbrook Utility District ("Fallbrook"); Julian C. Boddy and Laura Davis of Harris County Municipal Utility District No. 33 ("No. 33"); David Granadino of Harris County Municipal Utility District No. 150 ("No. 150"); Sean McMillan of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); Marian Henderson of Harris County Municipal Utility District No. 217 ("No. 217"); Patricia Tope of Harris County Utility District No. 16 ("No. 16"); Lathan Johnson of Rankin Road West Municipal Utility District ("Rankin"); and Christina Cole of Schwartz, Page & Harding, L.L.P. ("SPH"), attorneys for the Authority.

The President called the meeting to order and declared it open for such business as might properly come before it.

### APPROVAL OF MINUTES

As the first order of business, the Board considered approval of the minutes of its meeting held February 3, 2016. After discussion, Director Boddy moved that the minutes of the meeting held February 3, 2016, be approved, as written. Director Meek seconded said motion, which unanimously carried.

### PUBLIC COMMENTS

The Board opened the meeting for public comments. There were no comments received from the public in attendance at the meeting.

## BOOKKEEPER'S REPORT

Ms. Montalbano presented to and reviewed in detail with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit A, including the Summary of Cash Transactions for the Authority's various accounts for the period February 1, 2016 through March 2, 2016, and the checks presented for payment from the General Fund, a Summary of Investments, a Statement of Revenues and Expenditures for the month of January 2016, and a Summary of Pumpage Fees Paid by Member Districts through January 2016.

Ms. Montalbano reviewed the status and activity in each of the Authority's accounts, and discussed certain transactions with the Board. Ms. Montalbano then further reviewed the Summary of Pumpage Fees paid and advised the Board that all Authority Member Districts have paid all pumpage fees and surface water charges through January 2016.

Ms. Cole next presented to and reviewed with the Board correspondence received from the City of Houston ("City") regarding the Luce Bayou Land and Mitigation Costs True-up Refund, a copy of which is attached hereto as Exhibit B. She advised that based on the City's calculations for Project Right-Of-Way Costs, the Authority is being issued a refund check in the amount of \$7,912.89. Ms. Cole advised that the Authority's consultants are reviewing the correspondence from the City to confirm the accuracy of the City's calculation before Ms. Montalbano deposits such check into the Authority's Capital Projects Fund.

Ms. Montalbano reminded the Board that, pursuant to the terms of the Second Supplement to Water Supply Contract with the City ("Second Supplement"), Cash Call No. 2B in the amount of \$71,406.02 will be submitted to the City no later than March 7, 2016, and advised that a wire to the City in said amount is reflected in the Bookkeeper's Report.

After discussion, Director Gower moved that the Bookkeeper's Report be approved and that the disbursements listed therein be approved for payment. Director Boddy seconded said motion, which unanimously carried.

## AUTHORIZE CONSULTANTS TO RESEARCH UNCLAIMED PROPERTY AND CONSIDER AUTHORIZING BOOKKEEPER TO PREPARE UNCLAIMED PROPERTY REPORT AS OF MARCH 1, 2016

The Board considered authorizing the Authority's consultants to research unclaimed property as of March 1, 2016. After discussion, Director Caston moved that the Authority's consultants be authorized to research their records to determine whether or not there is any unclaimed property for the stated period and that the Authority's consultants be authorized to prepare an unclaimed property report, if necessary, for the Board's consideration, approval and filing with the Comptroller of Public Accounts prior to July 1, 2016. Director Boddy seconded said motion, which carried unanimously.

## FINANCIAL ADVISOR'S REPORT

The Board next discussed financial matters of the Authority. In the absence of the Authority's financial advisor, Mr. John Howell of the GMS Group, LLC, Mr. Khouw advised the Board on future cash calls that will be due to the City pursuant to the Second Supplement. He advised that the City has indicated it will be sending a notice of upcoming cash call in the next couple of weeks, which will include approximately \$13,000,000 to fund the contractor in connection with the expansion of the Northeast Water Purification Plant ("NEWPP") for the period September 2016 to December 2016 and the funds required for the first component of the 80 million gallon per day ("MGD") module.

In connection with the Abridged Applications to the Texas Water Development Board ("TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT"), Ms. Cole reported that Abridged Applications for the Authority's (i) 2025 Internal Distribution System and (ii) additional costs associated with the design and construction of the Northeast Transmission Line – Segments 1 and 2 (the "Phase 1 Project"), were submitted prior to the TWDB deadline of February 5, 2016, as previously authorized by the Board.

## ENGINEER'S REPORT

Mr. Khouw presented to and reviewed with the Board a written Engineer's Report attached hereto as Exhibit C, and updated the Board on the status of various matters of interest to the Authority.

With respect to the Authority's Agreement with Harris County Municipal Utility District No. 304 ("No. 304") for early conversion to surface water, Mr. Khouw advised that the engineer for No. 304 has no objections to the layout of the meter station at No. 304's Water Plant site, and reported that IDS will proceed with the completion of the plans within the coming months.

Mr. Khouw next reported that IDS has completed and submitted the Permit Renewal Request form received from the Harris Galveston Subsidence District ("HGSD") with the \$650 renewal fee. Mr. Khouw advised that IDS is also working on the completion of the annual HGSD pumpage report and reported that the pumpage report is due to the HGSD by March 16, 2016.

In connection with the Phase I Project, Mr. Khouw reported that IDS is continuing to work with the City on an updated hydraulic model to verify the size of the Northeast Transmission Line.

With respect to the Authority's Internal Project, Mr. Khouw reported that IDS is working on preliminary engineering, planning and water modeling of the 2025 Internal Distribution System, as previously authorized by the Board.

## OPERATOR'S REPORT

Mr. Martin presented and reviewed with the Board a written Operator's Report for February 2016, a copy of which is attached hereto as Exhibit D.

Mr. Martin advised the Board that the percentage of surface water usage within the Authority during February 2016 was 43% and is 38% for the current permit year to date.

## REVIEW PROPOSALS RELATIVE TO RENEWAL OF THE AUTHORITY'S VARIOUS INSURANCE FOR POLICIES EXPIRING MARCH 31, 2016

The Board next discussed the solicitation of proposals for the Authority's insurance coverages for the term of April 1, 2016, through March 31, 2017. In connection therewith, Director Meek discussed with the Board the insurance proposal received from HARCO Insurance Company, agent for the Texas Municipal League's ("TML") Intergovernmental Risk Pool, relative to the Authority's general liability, auto liability, and director's and officer's liability insurance policies, and the public officials bond and consultants bond coverage. He noted that the Authority's directors bond was renewed in March of 2015 for a term of three (3) years and would not need to be renewed at this time. Director Meek further noted that the proposal includes a three (3) year renewal of the Authority's blanket crime policy expiring March 31, 2016. Director Meek then recommended that the Authority renew its insurance coverage with TML and that the Board accept TML's proposal with the increased coverage amounts. After discussion on the matter, Director Boddy moved that the TML insurance proposal be accepted as recommended by Director Meek, and that the President be authorized to execute same on behalf of the Board and the Authority. Director Caston seconded said motion, which unanimously carried. A copy of said proposal is attached hereto as Exhibit E.

## WATER CONSERVATION PROGRAM ANNUAL REPORT

A discussion next ensued regarding the submittal of the 2015 Water Conservation Program Annual Report to the TWDB Board prior to May 1, 2016. After discussion on the matter, Director Meek moved that IDS be authorized to prepare and submit the 2015 Water Conservation Program Annual Report to the TWDB prior to May 1, 2016. Director Gower seconded said motion, which unanimously carried.

## GOVERNMENT AFFAIRS UPDATE

The Board considered a Legislative Update. In connection therewith, Ms. Cole presented to and reviewed with the Board a Legislative Update prepared by Ms. C.J. Tredway, dated March 2, 2016, a copy of which is attached hereto as Exhibit F.

## ATTORNEY'S REPORT

The Board considered the Attorney's Report. In that regard, Ms. Cole discussed various general legal and administrative matters with the Board.

Ms. Cole reminded the Board that correspondence had been forwarded to the TWDB on behalf of the Authority regarding the status of the remaining proceeds of the Series 2008 Bonds, requesting authorization to use the remaining \$1,285,851 as a local contribution to the Authority's 2025 Internal Distribution System SWIFT application. She reported that the TWDB has since requested additional information regarding the status of the remaining proceeds of the Series 2008 Bonds and advised that Mr. Khouw provided the requested information to the TWDB on February 19, 2016.

Ms. Cole presented to and reviewed with the Board an Order Establishing Records Management Program for the Authority, attached hereto as Exhibit G. Following review and discussion, Director Gower moved that the Order Establishing Records Management Program be approved and that the President be authorized to execute and the Secretary be authorized to attest same on behalf of the Authority. The motion was seconded by Director Meek and carried by unanimous vote.

Ms. Cole advised the Board that, in accordance with the Texas Local Government Records Act, the Board of Directors must designate a Records Management Officer ("RMO") for the purposes of maintaining the records of the Authority. Following discussion, Director Gower moved that the Resolution Designating Records Management Officer designating the Secretary of the Board as the RMO be passed and adopted by the Board and that the President and Secretary be authorized to execute and attest the same on behalf of the Authority. The motion was seconded by Director Meek and carried by unanimous vote. A copy of the Resolution thus adopted is attached hereto as Exhibit H.

Ms. Cole advised the Board that, pursuant to Section 203.041(a) of the Local Government Records Act, the RMO is required to prepare and file with the Texas State Library and Archives Commission ("TSLAC") records retention schedules listing all records created or received by the Authority and the retention period for General, Public Works, and Utility Service records. She advised the Board that in lieu of such filing, the Authority may adopt the TSLAC's promulgated records retention schedules and file a Declaration of Compliance of same with the TSLAC. Ms. Cole then presented and reviewed with the Board a Resolution Concerning Records Retention Schedules. Following discussion, Director Gower moved that the TSLAC's promulgated form of records retention schedules be adopted pursuant to such Resolution, that the President and Secretary be authorized to execute and attest the same, and that the RMO be authorized to execute and file the Declaration of Compliance with the TSLAC. The motion was seconded by Director Meek and carried by unanimous vote. The Resolution Concerning Records Retention Schedules is attached hereto as Exhibit I.

#### STATUS OF 2016 DIRECTOR APPOINTMENT PROCESS

Ms. Cole discussed with the Board the status of the Authority's 2016 Director Appointment Process. She advised the Board that SPH had received a formal Resolution from Rankin nominating Director Boddy to continue to serve in the At-Large Director No. 1 position, and formal Resolutions from No. 150 and No. 217 nominating David Granadino to serve in the Director Precinct No. 2 position. Mr. Khouw then reported on the status of the 2015 well

pumpage totals and advised the Board that he has now received updated water demand information from all Member Districts' engineers, in order to finalize the voting percentages in connection with the Authority's 2016 Director Appointment Process.

The Board next considered adoption of an Order Declaring Unopposed Nominees Elected to Board of Directors. Ms. Cole advised that, in accordance with the authorization granted in the Authority's creation legislation, the Board is authorized to declare unopposed candidates to be elected. As noted above, Ms. Cole reiterated that Resolutions were received nominating Director Boddy for the At-Large Director No. 1 position and David Granadino to the Director Precinct No. 2 position, and that no other nominations were received by the applicable deadline. Therefore, Director Boddy and David Granadino were unopposed with respect to the positions for which they were nominated. Ms. Cole then presented a written Order Declaring Unopposed Nominees Elected to Board of Directors, which is attached hereto as Exhibit J. After discussion, Director Meek moved that the Order be adopted by the Board declaring Julian F. Boddy and David Granadino appointed to the positions for which they were nominated for terms expiring on May 15, 2020, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the Authority. Director Gower seconded said motion, which carried unanimously. Ms. Cole noted that Director Boddy would be formally re-seated and Mr. Granadino formally seated at the Board's meeting to be held in June 2016.

#### STATUS OF PROPOSAL(S) FOR DEVELOPMENT AND MAINTENANCE OF A WEBSITE FOR THE AUTHORITY

Ms. Cole advised that she and Director Meek met with Ms. Barbara Payne of Payne Communications & Associates ("Payne") regarding the creation and maintenance of a website for the Authority. Director Meek then presented to and reviewed with the Board a proposal received from Payne and The Texas Network. Ms. Cole next discussed a memorandum prepared by SPH in connection with the legal requirements regarding the creation and maintenance of a website. After discussion, the Board deferred further consideration of said proposal until its next meeting.

#### CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071 AND SECTION 551.072

The Board determined that it would not be necessary at this time to convene in closed session.


#### ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

The Board considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters, were requested.

Ms. Cole noted that the next meeting of the Board is scheduled for Wednesday, April 6, 2016, at 6:00 p.m.

ADJOURN MEETING

There being no further business to come before the meeting, upon motion made by Director Meek, seconded by Director Gower and unanimously carried, the meeting was adjourned.

  
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Judge Caston, Secretary  
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

EXHIBIT A	Bookkeeper's Report
EXHIBIT B	Luce Bayou Land & Mitigation Cost True-Up Refund Correspondence
EXHIBIT C	Engineering Report
EXHIBIT D	Operations Report
EXHIBIT E	HARCO Insurance Proposal
EXHIBIT F	Government Affairs Update
EXHIBIT G	Order Establishing Records Management Program
EXHIBIT H	Resolution Designating Records Management Officer
EXHIBIT I	Resolution Adopting Records Retention Schedules
EXHIBIT J	Order Declaring Unopposed Nominees Elected