

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
July 5, 2017

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 July 5, 2017, 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  
David Granadino, 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; Fran Matuska of F. Matuska, Inc. ("Matuska"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan Johnson of Rankin Road West Municipal Utility District ("Rankin Road"); Laura Davis of Harris County Municipal Utility District No. 33 ("No. 33"); Marian Henderson of Harris County Municipal Utility District No. 217 ("No. 217"); Ryan Casey of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); 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 June 7, 2017. After discussion, Director Boddy moved that the minutes of the meeting held June 7, 2017, 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. Matuska 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 funds for the period June 1, 2017 through July 5, 2017, and the checks presented for payment from the General Fund and Series 2008 Capital Projects Fund, a Summary of Investments, a Statement of Revenues and Expenditures for the month of May 2017 and the first five months of the current fiscal year, and a Summary of Pumpage Fees Paid by Member Districts through May 2017. Ms. Matuska reviewed the status and activity in each of the Authority's accounts, and discussed certain transactions with the Board. After discussion, Director Meek moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment. Director Boddy seconded said motion, which unanimously carried.

Ms. Matuska then further reviewed the Summary of Pumpage Fees paid and advised the Board that all Authority Member Districts, with the exception of No. 217, have paid all pumpage fees and surface water charges through May 2017. Ms. Matuska noted that Harris County Municipal Utility District No. 150's ("No. 150") payment was just recently received and was therefore not yet reflected on the Summary of Pumpage Fees include in the Bookkeeper's Report.

### **FINANCIAL ADVISOR'S REPORT**

The Board next discussed financial matters of the Authority. Ms. Cole advised the Board that she had no new activity upon which to report with respect to the status of communications with the City of Houston (the "City") regarding the City's FY 2011, FY 2012, FY 2013, FY 2014, FY 2015 and FY 2016 True Up Reports related to Operations and Maintenance of the Northeast Water Purification Plant ("NEWPP").

Ms. Cole next reported that the Authority's final version of the application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") for the additional funds required to pay the Authority's share of the City's NEWPP Expansion Project in the amount of \$4,900,000 was submitted to the TWDB earlier today. Ms. Cole further advised the Board that the draft documents relating to the Authority's proposed Series 2017 Bond Issue will be submitted to the TWDB prior to its deadline of August 1, 2017.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 5, 2017, a copy of which is attached hereto as **Exhibit B**, and updated the Board on the status of various matters of interest to the Authority.

Mr. Khouw reported to the Board regarding ground water usage, surface water usage, and total water usage, as well as the Harris-Galveston Subsidence District (the "HGSD") permit requirements, as detailed in the Engineer's Report. He advised the Board that the HGSD has still not yet issued the over conversion credits for the 2015-2016 permit year. Mr. Khouw further advised the Board that IDS has received the Authority's 2017 Aggregated Water Well Permit from the HGSD and that the ground water and surface water allocation letters have been forwarded to each Member District accordingly.

In connection with the extension of an Authority surface water supply line to No. 304's Water Plant, Mr. Khouw reported that Berg Oliver Associates, Inc. has completed the environmental study and submitted the study to the governmental agencies for their review and approval. Mr. Khouw further reported that once a response has been received from the U.S. Army Corp of Engineers, IDS will then submit the study to the TWDB for final approval.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report. Mr. Khouw advised the Board that the Houston Waterworks Team ("HWT") and the City are working to finalize their negotiation on the Basis of Design Report cost model and schedule for the NEWPP Expansion Project. Mr. Khouw reported that HWT is continuing to work on Early Work Packages 1 through 4, as reflected in the Engineer's Report. Mr. Khouw noted that Mr. Ravi Kalyetodi, P.E., has been appointed as Acting Project Director of the NEWPP Expansion Project, and that the City has begun a nationwide search for a candidate to permanently fill the position.

Mr. Khouw next advised the Board that the City is moving forward with the design of Phase I of the Northeast Transmission Line. He reported that the City will be advertising for competitive sealed proposals for the construction of two segments of the 108-inch line and one segment of the 54-inch line.

With respect to the proposed alignment of the 2025 Internal Distribution System lines, Mr. Khouw reported that Harris County has requested that the Authority consider an alternative alignment that will require the acquisition of certain easements along Harris County Flood Control District channels, as further detailed in the Engineer's Report. Mr. Khouw additionally advised the Board that AOS Treatment Solutions, LLC ("AOS") is analyzing the data provided by Harris County Municipal Utility District Nos. 200, 205 and 399 in connection with the water quality management study and blending study it is performing on behalf of the Authority. He reported that AOS has still not yet received data from all Member Districts, but that AOS should have enough information to complete said study at this time.

Mr. Khouw next addressed the Board concerning the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report.

Mr. Khouw additionally noted that, with respect to the NEWPP Expansion Project, the City is still waiting on the U.S. Army Corp of Engineers to issue its 404 permit and that he anticipates that the permit will be issued by the end of July.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for June 2017, a copy of which is attached hereto as **Exhibit C**.

Mr. Martin advised the Board that the percentage of surface water usage within the Authority during June 2017 was 38% and is therefore 38% for the permit year ending May 31, 2018. Mr. Martin reported that the accountability of surface water for the permit year to date is 99%.

## **GOVERNMENT AFFAIRS UPDATE**

Ms. Cole next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway dated July 5, 2017, a copy of which is attached hereto as **Exhibit D**. The Board concurred that no action was required in connection with said Update at this time.

Ms. Cole also presented to and discussed with the Board a summary prepared by SPH, a copy of which is attached hereto as **Exhibit E**, concerning the 85<sup>th</sup> Texas Legislative Session.

## **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Ms. Cole advised the Board that Mr. Khouw had received correspondence from the HGSD regarding No. 217's sponsorship of 21 students in the HGSD's water wise program at a cost of approximately \$36.46 per student. Ms. Cole stated that Mr. Khouw will forward said correspondence to No. 217's counsel.

## **DISCUSSION REGARDING STATUS OF WEBSITE DESIGN FOR THE AUTHORITY BY THE TEXAS NETWORK, LLC ("TTN")**

Ms. Cole addressed the Board concerning the status of the development of the Authority's website. In that regard, she advised the Board that SPH is working to provide the additional documentation requested by TTN.

## **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. In that regard, Director Granadino requested an item be added to the next agenda to consider the addition of some type of device, such as an envelope casing or box, to protect the Authority's valves and meters from inclement weather since the meters are exposed to outside weather conditions. Mr. Khouw noted that, because the cla-val is not exposed to outside weather conditions, it would not require protection, but that he concurs with Director Granadino's suggestion that the meters be protected. After discussion, the Board authorized IDS and MOC to investigate the possibility of the addition of some type of protection for the meters and to provide the Board with their recommendations regarding same at the August Board meeting.

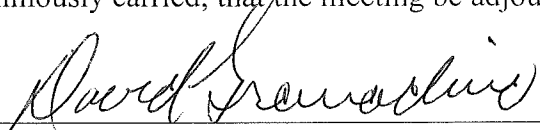
Director Granadino also addressed the Board concerning arsenic issues No. 150 is having at its water plant. Director Granadino stated that No. 150 is currently receiving 100% of its water supply from the Authority, and expressed concerns if there was an interruption with delivery of surface water to No. 150. He advised the Board that No. 150 does not have sufficient funds at this time to cover the repairs to its water plant, which are estimated to cost approximately \$500,000. A discussion next ensued regarding Member Districts having at least

one emergency interconnect with another Member District. The Board took no action on the matter.

Ms. Cole noted that the next meeting of the Board is scheduled for Wednesday, August 2, 2017, at 6:00 p.m.

**ADJOURN MEETING**

There being no further business to come before the meeting, it was moved by Director Meek, seconded by Director Boddy and unanimously carried, that the meeting be adjourned.

A handwritten signature in cursive script, appearing to read "David Granadino", is written over a horizontal line.

David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- EXHIBIT A      Bookkeeper's Report
- EXHIBIT B      Engineer's Report
- EXHIBIT C      Operator's Report
- EXHIBIT D      Government Affairs Update
- EXHIBIT E      Summary concerning 85<sup>th</sup> Texas Legislative Session.