

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors June 6, 2018

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 June 6, 2018, 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; Rose Montalbano of F. Matuska, Inc. ("Matuska"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Linda S. Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Cordelia Brown of Harris County Municipal Utility District No. 217 ("No. 217"); Laura Davis of Harris County Municipal Utility District No. 33 ("No. 33"); and Abraham I. Rubinsky of Schwartz, Page & Harding, L.L.P. ("SPH"), attorney 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 May 2, 2018. After discussion, Director Boddy moved that the minutes of the meeting held May 2, 2018, be approved as written. Director Gower seconded said motion, which unanimously carried.

ACCEPTANCE OF OFFICIAL BONDS, STATEMENTS OF ELECTED OFFICER, AFFIDAVITS OF CURRENT DIRECTOR, AND OATHS OF OFFICE FOR ELECTED DIRECTORS

In connection with their election as Directors of the Authority, Directors Cox, Meek and Gower presented their respective Statements of Elected Officer and Affidavits of Current Directors and took their Oaths of Office. Directors Cox, Meek and Gower also presented their respective Official Bonds to the Board and the Board found said Bonds to be in proper form. After discussion on the matter, it was moved by Director Granadino, seconded by Director Gower and unanimously carried, that the Board approve said Bonds, accept said Statements of Elected Officer, Affidavits of

Current Director, and Oaths of Office and declare Margaret L. Cox, Richard C. Meek and Tom Gower to be duly elected and qualified Directors of the Authority.

ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION

Mr. Rubinsky advised the Board that, pursuant to Section 552.024 of the Texas Government Code, Directors are permitted to elect to withhold public access to certain information in the custody of the Authority relating to home addresses, home telephone numbers, social security numbers and information regarding family members. Following discussion, each Director executed an Election Not to Disclose Certain Information presented for such purpose.

ELECTION OF OFFICERS

The Board considered the election of officers of the Board of Directors of the Authority. The Board concurred that all Directors continue to serve on the Board in their current respective positions.

DISTRICT (AUTHORITY) REGISTRATION FORM

The Board considered approving a District (Authority) Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Rubinsky advised that, with the Board's approval, SPH will complete the District (Authority) Registration Form to reflect the new terms of office for Directors Cox, Meek and Gower and will file the form with the TCEQ. After further discussion of the matter, Director Gower moved that the Board authorize SPH to complete the District (Authority) Registration Form as discussed and file same with the TCEQ. Director Meek seconded said motion, which unanimously carried.

LOCAL GOVERNMENT OFFICERS LIST

Mr. Rubinsky advised the Board that the Authority is required to maintain a list of Local Government Officers, which includes the members of the Board and the Authority's Investment Officers in connection with conflict of interest disclosure requirements. After discussion on the matter, Director Gower moved that SPH be authorized to update the Authority's list of local government officers as required by law. 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.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

The Board next considered the status of the Authority's annual continuing disclosure report due on June 30, 2018. In that regard, Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall"), the Authority's continuing disclosure counsel, will complete and file the annual continuing disclosure report with the appropriate repositories upon

the receipt of certain information from John Howell. Mr. Rubinsky reported that Mr. Howell has advised that the information will be provided to McCall next week.

BOOKKEEPER'S REPORT

Ms. Montalbano next 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 May 1, 2018 through June 6, 2018, and the checks and wire transfers presented for payment from the General Fund and the Series 2008 Capital Projects Fund, a Summary of Investments, a Statement of Revenues and Expenditures for the month of April 2018 and the first four (4) months of the Authority's fiscal year ended December 31, 2018, and a Summary of Pumpage Fees Paid by Member Districts through April 2018. Ms. Montalbano reviewed the status and activity in each of the Authority's accounts and discussed certain transactions with the Board. After discussion, Director Boddy moved that the Bookkeeper's Report be approved and that the disbursements listed therein be approved for payment. Director Meek seconded said motion, which unanimously carried.

FINANCIAL ADVISOR'S REPORT

The Board next discussed financial matters of the Authority, including the status of communications with the City of Houston ("City") regarding the City's FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016 and FY 2017 True Up Reports related to Operations and Maintenance of the City's NEWPP. Mr. Rubinsky advised the Board that he had no new activity upon which to report regarding the True Up Reports.

Mr. Rubinsky next reported that the Authority's formal application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") for (i) the additional funds required for the City's NEWPP Expansion Project in the amount of \$7,585,000, and (ii) the Luce Bayou Interbasin Transfer Project in the amount of \$1,500,000, was submitted to the TWDB on May 4, 2018.

Mr. Rubinsky advised the Board that, on June 4, 2018, Mr. Howell provided the TWDB with a revised Debt Service Schedule for the Authority's proposed \$7,735,000 Series 2018 Bonds based upon updated interest rates provided by the TWDB. Mr. Rubinsky further reported that SPH will provide the TWDB with a draft Bond Resolution and Private Placement Memorandum in connection with the proposed Series 2018 Bonds prior to the TWDB's June 11, 2018, deadline.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated June 6, 2018, 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.

Messrs. Khouw and Martin 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. Mr. Khouw advised the Board that the Authority received the aggregated Water Well Permit from the HGSD for the period June 1, 2018 through May 31, 2019, and that IDS will be preparing water allocation letters to the Member Districts for said period prior to the end of this month.

Mr. Khouw addressed the Board regarding the status of the proposed construction of an extension of an Authority surface water supply line and meter station to serve Harris County Municipal Utility District No. 304's ("No. 304") Water Plant, as detailed in the Engineer's Report. After discussion, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that: (i) a proposal from Tolunay-Wong Engineers, Inc. in the amount of \$1,148.00 for construction material testing services in connection with the surface water supply line and meter station project be approved by the Board; and (ii) IDS be authorized to perform construction management and observation services in connection with the project at a cost not to exceed \$26,850.00.

Mr. Khouw advised the Board that he had no new activity upon which to report regarding No. 217's possible abandonment of its water well due to continuing arsenic and volatile organic compound issues with the well.

Mr. Khouw next reported to the Board regarding discussions at the meeting of the City Water Advisory Committee regarding the long term operation and maintenance of the NEWPP. In that regard, Mr. Khouw discussed the meetings that IDS and SPH have been attending to negotiate the First Amendment to the Second Supplement to Water Supply Contract between the Authority and the City, including the creation of an Operations Manual/Facilities Management Manual for the NEWPP. Mr. Khouw stated that IDS and SPH want to ensure that the regional water authorities' investment in the NEWPP is protected and that measures are in place for the long-term preservation of this important asset.

Mr. Khouw addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report. He discussed some of the design highlights of the proposed new intake pump station. Mr. Khouw noted that the NEWPP is the first Ozone-type disinfection water treatment plant in this part of the world.

Mr. Khouw next reported to the Board concerning the status of Phase I of the Northeast Transmission Line, as further detailed in the Engineer's Report, including the contracts for the construction of (i) the 54-inch water line along Vickery Drive, and (ii) the 108-inch water line from Lee Road to Vickery Drive. Mr. Khouw advised the Board that the Authority has already advanced its share of the funds for these two contracts.

Mr. Khouw advised the Board that he had no new activity upon which to report with respect to Phase II of the Northeast Transmission Line.

Mr. Khouw next reported to the Board regarding the proposed alignment of the Authority's 2025 Internal Distribution System lines, as further detailed in the Engineer's Report. After discussion, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that the proposal from IDS to perform a topographical survey along the

water line routes to No. 33 and Fallbrook at a cost not to exceed \$63,400.00 be approved by the Board.

Mr. Khouw advised the Board that he had no new activity upon which to report concerning the Luce Bayou Interbasin Transfer Project.

Mr. Khouw advised the Board that the water quality management study and blending study being performed by AOS Treatment Solutions, LLC is currently on hold pending a meeting with the NEWPP Program Advisor/Technical Consultant to discuss the water quality analyses.

ISSUANCE OF SURFACE WATER COMMITMENTS TO MEMBER DISTRICTS

The Board next deferred action regarding the issuance of surface water commitments to those Member Districts that have been converted to surface water in accordance with the terms of the Authority's Rate Order, including Rankin Road West Municipal Utility District, No. 217, Harris County Municipal Utility District No. 150 ("No. 150") and Harris County Municipal Utility District No. 200, pending the receipt of updated water usage demand requirements from the Member Districts.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for May 2018, a copy of which is attached hereto as **Exhibit C**.

Mr. Martin reported to the Board regarding the percentage of surface water usage within the Authority for the current month, as well as surface water accountability for the permit year to date, as reflected in the Operator's Report.

Mr. Martin next addressed the Board concerning an issue with the cla-val located at No. 150's Water Plant No. 1. He advised the Board that the controller had water damage and that the cla-val was replaced. Mr. Khouw recommended that the Board authorize the purchase of an additional cla-val to be kept in stock in the event this issue occurs again. The Board authorized MOC to order an additional cla-val, as recommended by Mr. Khouw.

Mr. Martin presented for the Board's review and approval the Authority's Consumer Confidence Report ("CCR") for 2017. After discussion on the matter, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the CCR be approved and that MOC be authorized to distribute the CCR to the Member Districts.

The Board next considered ratifying its prior action relative to the adoption of a Resolution Approving Treasury Management Services and Authorizing Operator. After discussion, it was moved by Director Gower, seconded by Director Boddy and unanimously carried, that such prior action be ratified and authorized in all respects.

GOVERNMENT AFFAIRS UPDATE

Mr. Rubinsky next advised the Board that a Government Affairs Update was not received from C.J. Tredway this month.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that SPH is working on a letter to all Member Districts regarding the importance of maintaining their groundwater wells and having reliable emergency interconnects with other Member Districts.

DISCUSSION REGARDING STATUS OF AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS

Mr. Rubinsky next advised the Board that he had no new activity to report regarding the Authority's website.

REQUEST FROM AUTHORITY'S RECORDS MANAGEMENT OFFICER TO DESTROY SPH'S NOTES OF BOARD MEETINGS

The Board next considered a request from the Authority's Records Management Officer to destroy SPH's notes of Board meetings from February 1, 2017, through March 7, 2018. A copy of the subject request is attached hereto as **Exhibit D**. After discussion on the matter, Director Boddy moved that the destruction of said notes be authorized as requested in accordance with the provisions of the Authority's Records Management Program. Director Meek seconded said motion, which unanimously carried.

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.

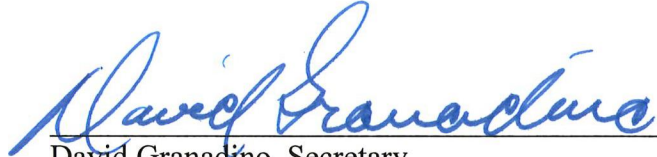
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

The Board considered items for placement on future agendas. Except as may be reflected above, there were no additional agenda items requested other than routine, ongoing matters.

Due to the Fourth of July holiday, the Board rescheduled its July meeting from Wednesday, July 4, 2018, to Wednesday, July 11, 2018, at 6:00 p.m.

ADJOURN MEETING

There being no further business to come before the meeting, it was unanimously carried that the meeting be adjourned.

A handwritten signature in blue ink, reading "David Granadino", is written over a horizontal line.

David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Bookkeeper's Report
<u>Exhibit B</u>	Engineer's Report
<u>Exhibit C</u>	Operator's Report
<u>Exhibit D</u>	Records Destruction Request