

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
June 7, 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 June 7, 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; Rose Montalbano of F. Montalbano, Inc. ("Montalbano"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Linda Watkins and 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 Abraham Rubinsky 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 May 3, 2017. After discussion, Director Gower moved that the minutes of the meeting held May 3, 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.

## **STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT**

The Board next considered the status of the Authority's annual continuing disclosure report due on June 30, 2017. Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton

L.L.P. ("McCall"), the Authority's continuing disclosure counsel, is waiting on certain information from the Authority's financial advisor in order to complete the report and, upon receipt of the information, McCall will then file said report with the appropriate repositories prior to the filing deadline of June 30, 2017. Mr. Rubinsky reported that Mr. John Howell has advised that he will provide the information to McCall soon.

### **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 funds for the period May 1, 2017 through June 7, 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 April 2017 and the first four months of the current fiscal year, and a Summary of Pumpage Fees Paid by Member Districts through April 2017. Ms. Montalbano reviewed the status and activity in each of the Authority's accounts, and discussed certain transactions with the Board. Ms. Montalbano noted the wire transfer from the Series 2015 Capital Projects Fund which was made on May 11, 2017, after the last meeting, with respect to the City of Houston's (the "City") Cash Call No. 5C. After discussion, Director Meek moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment. Director Gower seconded said motion, which unanimously carried.

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 April 2017. Ms. Montalbano noted that No. 217's payment was received today and was therefore not yet reflected on the Summary of Pumpage Fees.

Ms. Montalbano next presented to and reviewed with the Board the Quarterly Investment Report for the period ending March 31, 2017, a copy of which is attached hereto as **Exhibit B**. After discussion, it was moved by Director Meek, seconded by Director Gower and unanimously carried, that said Report be approved and that the Authority's Investment Officer be authorized to execute the Quarterly Investment Report on behalf of the Board and the Authority.

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

The Board next discussed financial matters of the Authority. With respect to the status of communications with 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"), Mr. Rubinsky advised the Board that Veronica Osegueda of the City has indicated that the City will be providing FY 2016 True Up supplemental documentation by the end of next week.

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 the additional funds required to pay the Authority's share of the City's NEWPP Expansion Project in the amount of \$4,900,000 is still pending with the TWDB. Mr. Rubinsky noted that correspondence had been received from the TWDB dated May 23,

2017, a copy of which is attached hereto as **Exhibit C**, regarding the 2017 SWIFT Funding Cycle and certain information required by the TWDB no later than August 1, 2017, relating to the 2015 Multi-Year Commitment of funding for the Authority's share of (i) the NEWPP Expansion Project, and (ii) the Northeast Transmission Line ("NETL") Phase II Project. Mr. Rubinsky reported that SPH is working with Mr. Howell and IDS to respond to the TWDB prior to its deadline of August 1, 2017.

With respect to the correspondence received from the City dated April 6, 2017, regarding the City's FY 2018 preliminary water rate for the NEWPP, Mr. Rubinsky advised the Board that Mr. Howell has indicated that he will take the new rate into consideration when he addresses Authority rate adjustments later this year, and that there is no need to take any action regarding the new rate at this time.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated June 7, 2017, a copy of which is attached hereto as **Exhibit D**, 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 Authority will receive over conversion credits for the permit period ended May 31, 2017. Mr. Khouw reported 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 meter accuracy tests were received today from Fallbrook and No. 217.

Mr. Khouw also reported that IDS has received the Authority's 2017 Aggregated Water Well Permit from the HGSD and that he is in the process of preparing the ground water and surface water allocation letters to be forwarded to each Member District.

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 the study has been approved by all agencies with the exception of the TWDB, and that IDS is working to finalize the plans for the surface water supply line extension project so that the Authority can proceed with the project upon receipt of approval of the study from the TWDB.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report, including the status of the U.S. Army Corp of Engineers' 404 permit and the possible need for an additional 2.2 acres of wetlands mitigation from the Greens Bayou wetlands mitigation bank to make up for the unmaintained wetlands mitigation at Sheldon Park.

Mr. Khouw advised the Board that the Houston Waterworks Team ("HWT") is working on finalizing 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. Jeff Benjamin, Project Director of the NEWPP Expansion Project, resigned this morning, and that Mr. Benjamin's last day on the NEWPP Expansion Project will be June 30, 2017.

Mr. Khouw next advised the Board that the City is moving forward with the design of Phase I of the NETL.

With respect to the proposed alignment of the 2025 Internal Distribution System lines, Mr. Khouw reported that Harris County is reviewing the proposed water line alignment to serve Harris County Municipal Utility District No. 33 and Fallbrook. 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, and is working with MOC in obtaining any additional data needed to complete said study.

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

Mr. Khouw next reported that he had advised No. 217's engineer after the last meeting that, in the event No. 217 abandons its water well due to continuing arsenic and volatile organic compound issues with the well, the Authority can likely continue to provide No. 217 with 100% surface water, but cannot provide any guarantees regarding the quantity or quality of the water provided since the Authority relies on the City to provide its surface water supply. Mr. Khouw further reported that he also recommended that No. 217 secure an emergency water interconnect with another district within the Authority. Mr. Khouw advised the Board that No. 217's engineer is preparing a comparative cost analysis for consideration by the No. 217 Board regarding all of its available options for a source of water supply, and that he will take the Authority's position into account when preparing said costs analysis.

### **OPERATOR'S REPORT**

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

Mr. Martin advised the Board that the percentage of surface water usage within the Authority during May 2017 was 45% and is 41% for the permit year ended May 31, 2017. Mr. Martin reported that the accountability of surface water for the permit year to date is 100%.

### **GOVERNMENT AFFAIRS UPDATE**

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway dated June 6, 2017, a copy of which is attached hereto as **Exhibit F**. The Board concurred that no action was required in connection with said Update at this time.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that he had nothing further to discuss with the Board of a legal nature which was not covered under specific agenda items.

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

Mr. Rubinsky addressed the Board concerning the status of the development of the Authority's website. In that regard, he advised the Board that Mr. Russell Lambert of TTN has requested additional information in connection with the creation of the website and that SPH will provide the information requested.

**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 3, 2016, through February 1, 2017. A copy of the subject request is attached hereto as **Exhibit G**. After discussion on the matter, Director Meek moved that the destruction of said notes be authorized as requested in accordance with the provisions of the Authority's Records Management Program. Director Gower 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.

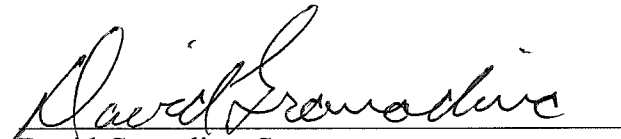
**ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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.

Mr. Rubinsky noted that the next meeting of the Board is scheduled for Wednesday, July 5, 2017, 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.

  
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David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- EXHIBIT A Bookkeeper's Report
- EXHIBIT B Quarterly Investment Report for period ending March 31, 2017
- EXHIBIT C Correspondence from the TWDB dated May 23, 2017
- EXHIBIT D Engineer's Report
- EXHIBIT E Operator's Report
- EXHIBIT F Government Affairs Update
- EXHIBIT G Records Destruction Request