

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
September 5, 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 September 5, 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, except Director Boddy, 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; Pastor Mitchell B. Stewart and Lathan Johnson of Rankin Road West Municipal Utility District ("Rankin Road"); Laura Davis of Harris County Municipal Utility District No. 33 ("No. 33"); Keaton Savoie of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200") and Harris County Municipal Utility District No. 205; 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 August 1, 2018. After discussion, Director Meek moved that the minutes of the special meeting held August 1, 2018, be approved as written. Director Granadino 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 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 August 1, 2018 through September 5, 2018, and the checks 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 July 2018 and the first seven (7) months of the Authority's fiscal year ended December 31, 2018, and a Summary of Pumpage Fees Paid by Member Districts through July 2018. Ms. Matuska reviewed the status of and activity in each of the Authority's accounts and discussed certain transactions with the Board. After discussion, Director Gower 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 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 same.

Mr. Rubinsky addressed the Board concerning the schedule for the sale of the Authority's Series 2018 Bonds. Mr. Rubinsky reported that the Board will adopt the bond sale documents and approve a Plan of Financing at the meeting scheduled for October 3, 2018, and that the closing on the bonds will occur on November 15, 2018.

Mr. Rubinsky next presented to and reviewed with the Board correspondence received from the City of Houston (the "City") dated August 1, 2018, a copy of which is attached hereto as **Exhibit B**, regarding the City's FY 2019 adopted water rate for the Northeast Water Purification Plant ("NEWPP") in the amount of \$1.4938 per 1,000 gallons, which became effective as of July 1, 2018. Mr. Rubinsky noted that the City's FY 2018 rate was \$1.3679 per 1,000 gallons.

### **DISCUSSION REGARDING COMMUNICATIONS WITH TEXAS WATER DEVELOPMENT BOARD ("TWDB") REGARDING FINAL ACCOUNTING IN CONNECTION WITH THE AUTHORITY'S \$22,050,000 REVENUE BONDS, SERIES 2008**

Mr. Rubinsky next reported to the Board regarding communications with the TWDB regarding a final accounting of the costs related to the Authority's \$22,050,000 Revenue Bonds, Series 2008. After discussion, it was moved by Director Meek, seconded by Director Gower and unanimously carried, that Director Cox be authorized to execute the Final Project Source and Use of Funds Report in connection with the final accounting upon receipt of same from the TWDB.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated September 5, 2018, a copy of which is attached hereto as **Exhibit C**, 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.

Mr. Khouw addressed the Board regarding the status of 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.

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

Mr. Khouw next advised the Board that he will be meeting with representatives of the TWDB to reconcile the accounting of the costs related to the NEWPP Expansion Project. He noted that the Authority has used all of the funds from the Series 2015 Bonds which were allocated to the project and will now begin using funds from the Series 2017 Bonds.

Mr. Khouw next reported that the West Harris County Regional Water Authority (the "WHCRWA") has approved the production of a documentary video to assist in educating the public regarding the massive construction projects being undertaken collectively by the City, the WHCRWA, and the other regional water authorities, including the Authority, in order to provide a future supply of water to their respective communities. Mr. Khouw stated that all costs related to the production of the video will be funded by the WHCRWA. Mr. Khouw further advised the Board that the WHCRWA has requested authorization to interview him for the video. After discussion on the matter, the Board authorized Mr. Khouw to participate in the video production on behalf of the Authority. The Board noted that, once complete, it would like permission to either post the video, or include a link to the video, on its website. Mr. Rubinsky stated that he would contact the WHCRWA regarding same.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report. Mr. Khouw also presented a slide show of photographs depicting some of the ongoing construction projects addressed in the Early Work Packages.

Mr. Khouw advised the Board that the City anticipates issuing Cash Call 7B for proposed Early Work Package No. 6 (Intake Pump Station), which will be funded from the escrow release recently approved by the TWDB. After discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that Ms. Matuska be authorized to wire the funds to the City upon receipt of Cash Call 7B.

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 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.

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

### **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, No. 217, Harris County Municipal Utility District No. 150 ("No. 150") and No. 200, pending the receipt of updated water usage demand requirements from all of the Member Districts.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for August 2018, a copy of which is attached hereto as **Exhibit D**. Mr. Martin reported to the Board regarding ground water usage, surface water usage, and total 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. He noted that surface water accountability was low last month (93%) and that MOC has requested that Accurate Meter test all of the meters for accuracy. Mr. Martin stated that, if it appears that the low water accountability is not due to a meter issue, MOC will then check for leaks in the system.

Mr. Rubinsky next reported that, as authorized by the Board last month, SPH will direct correspondence to the Member Districts regarding the need to have unencumbered and timely access to their water plant sites.

### **GOVERNMENT AFFAIRS UPDATE**

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway dated September 4, 2018, a copy of which is attached hereto as **Exhibit E**. 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 reported to the Board relative to the status of negotiations regarding 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.

With respect to the design and construction of proposed Northeast Transmission Line, Phase II, Mr. Rubinsky advised the Board that easement acquisition is underway.

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

A discussion next ensued regarding the Authority's website. Lathan Johnson of Rankin Road noted that the minutes of the Board of Directors meetings held on February 7, 2018, and May 3, 2018, had not yet been posted on the website. Mr. Rubinsky stated that he would investigate the matter and ensure that all approved Board meeting minutes were timely posted. Mr. Johnson also noted that there was no message on the Authority's website regarding the water quality issue experienced in late July by the Authority and the North Harris County Regional Water Authority. Mr. Khouw stated that the City is still investigating the discolored water issue and, once its investigation has been concluded, he will prepare a statement to post on the Authority's website.

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

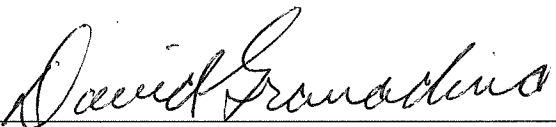
The Board determined that it would not be necessary at this time to convene in Closed Session.

**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.

**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      Correspondence from City of Houston dated August 1, 2018
- Exhibit C      Engineer's Report
- Exhibit D      Operator's Report
- Exhibit E      Government Affairs Update