

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
September 6, 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 September 6, 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; Lonnie Wright and Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Jonathan Ward of Harris County Municipal Utility District No. 304 ("No. 304"); Laura Davis of Harris County Municipal Utility District No. 33 ("No. 33"); and Abraham I. 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**

The Board deferred action relative to the approval of the minutes of its meeting held August 2, 2017.

## **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 August 1, 2017 through September 6, 2017, and the checks presented for payment from the General Fund, Debt Service Fund and Series 2008 Capital Projects Fund, a Summary of Investments, a Statement of Revenues and Expenditures for the month of July 2017 and the first seven months of the current fiscal year, and a Summary of

Pumpage Fees Paid by Member Districts through July 2017. Ms. Matuska reviewed the status and activity in each of the Authority's accounts, and discussed certain transactions with the Board. Ms. Matuska advised the Board that she had issued additional check nos. 3372 and 3373 payable to SPH in the amounts of \$9,151.43 and \$6,470.10, respectively, from the General Operating Fund. Ms. Matuska also noted the wire transfers from the Series 2015 Capital Projects Fund which were made on August 22, 2017, with respect to the City of Houston's (the "City") Cash Call Nos. 5D, 5E and 6A in connection with the NEWPP Expansion project. After discussion, Director Boddy moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment, plus additional check nos. 3372 and 3373, as reflected above. Director Gower 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 Fallbrook, Harris County Municipal Utility District No. 150 ("No. 150") and Harris County Municipal Utility District No. 217 ("No. 217") have paid all pumpage fees and surface water charges through July 2017.

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

The Board next discussed financial matters of the Authority. Mr. Rubinsky advised the Board that he had no new activity upon which to report at this time regarding the City's True Up Reports. He noted that representatives of the City, the North Harris County Regional Water Authority (the "NHCRWA") and the Authority are scheduled to meet on September 13, 2017, to discuss the True Up Reports.

Mr. Rubinsky addressed the Board concerning the schedule for the sale of the Authority's Series 2017 Bonds. Mr. Rubinsky reminded the Board that, because the Texas Water Development Board's (the "TWDB") final interest rates will not be received until October 5, 2017, the Authority's regular Board meeting scheduled for October 4, 2017, will be moved to October 11, 2017, at which meeting the Board will adopt the bond sale documents and approve a Plan of Financing. Mr. Rubinsky advised the Board that another schedule of estimated interest rates was received from the TWDB since the last Board meeting and, although the rates are slightly higher than the rates previously reported, they are still below the rates reflected in John Howell's pro forma analysis.

Mr. Rubinsky next advised the Board that Mr. Howell will address the Board at a future date concerning the City's FY 2018 adopted water rate for the Northeast Water Purification Plant ("NEWPP") in the amount of \$1.3679 per 1,000 gallons. Mr. Rubinsky noted, however, that the City's FY 2018 adopted rate is lower than the rate that Mr. Howell used in his long-term financial projections.

### **DISCUSSION REGARDING IMPACT OF HURRICANE HARVEY ON THE NEWPP AND THE AUTHORITY'S OPERATIONS**

A discussion next ensued regarding the impact of Hurricane Harvey on the NEWPP and the Authority's operations. In that regard, Mr. Khouw advised the Board that, prior to Hurricane Harvey, the NEWPP was producing approximately 40 to 45 million gallons per day ("MGD").

He reported that on Friday, August 25, 2017, Drew Molly of the City contacted him to advise him that the City anticipated problems with the NEWPP as a result of major flooding from Hurricane Harvey. Mr. Khouw further reported that on Sunday, August 27, 2017, the City contacted MOC and IDS to advise that the NEWPP had flooded, resulting in a decrease in production to approximately 20 to 25 MGD, and that the City anticipated shutting down the plant. Mr. Khouw advised the Board that on Monday, August 28, 2017, at which time it was believed that the City was only a few hours away from shutting down the NEWPP, MOC took No. 200 off of surface water and opened up the emergency interconnect with Rankin Road West Municipal Utility District ("Rankin Road"). Mr. Khouw further advised that Water Wastewater Management Services, Inc. ("WWWMS") turned on No. 150's water wells, but that WWWWMS was unable to turn on No. 217's water well. He stated that No. 217 ultimately opened up the emergency interconnect with No. 304.

Mr. Khouw further advised the Board that the NHCRWA also took all of its surface water customers which had functioning water wells off of surface water and onto their groundwater wells in order to keep surface water available to only those users that had no other source of water supply. Mr. Khouw reported that the City took all possible actions to keep the NEWPP operating during the flooding conditions. Mr. Rubinsky stated that as of Monday, September 4, 2017, the NEWPP was back in operation and that the plant has now returned to producing approximately 40 to 45 MGD. Mr. Wright further reported that No. 200, No. 150, No. 217 and Rankin Road are all back on their normal allotment of surface water.

Mr. Rubinsky next emphasized the need for all Member Districts to maintain their water wells and, if they cannot do so, to have reliable interconnects with other Member Districts. The Board authorized SPH, IDS and MOC to send a letter to each Member District recapping the events of the last ten days as a result of Hurricane Harvey, thanking them for their cooperation during the flooding conditions at the NEWPP, and reminding them of the importance of maintaining their groundwater wells and having reliable emergency interconnects with other Member Districts.

## **ENGINEER'S REPORT**

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

In connection with the extension of an Authority surface water supply line to No. 304's Water Plant, Mr. Khouw reported that the U.S. Army Corp of Engineers has approved the environmental study prepared by Berg Oliver Associates, Inc. and that the study has now been submitted to the TWDB for final approval. Mr. Khouw advised the Board that, once the TWDB approves the study, the Authority should be authorized to proceed with the advertisement for bids for the project.

With respect to No. 217's possible abandonment of its water well due to continuing arsenic and volatile organic compound issues with the well, Mr. Khouw advised the Board that No. 217's engineer is in the process of preparing a comparative cost analysis for consideration by the No. 217 Board regarding all of its available options for a reliable source of water supply.

Mr. Khouw advised the Board that IDS completed and filed the Region H Water Planning Survey prior to the August 21, 2017 due date.

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 City and the Houston Waterworks Team ("HWT") are in final negotiations regarding Early Work Package ("EWP") 1 (site development), and that a meeting has been scheduled for September 18, 2017, to discuss the project bonding. Mr. Khouw reported that HWT is continuing with the design of EWP 2 (west filters/pump station) and EWP 4 (raw water pipelines). He noted that the City anticipates requiring cash calls to fund the construction of EWP 2 and EWP 4 in mid-September 2017.

Mr. Khouw then advised the Board that the City has scheduled the groundbreaking ceremony for the NEWPP Expansion Project for September 15, 2017. In that regard, Mr. Rubinsky distributed invitations for the groundbreaking ceremony, a copy of which is attached hereto as **Exhibit C**.

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 anticipates advertising for competitive sealed proposals for the construction of two segments of the 108-inch line and one segment of the 54-inch line by October 2017.

With respect to the proposed alignment of the 2025 Internal Distribution System lines, Mr. Khouw reported that IDS is continuing its evaluation of the alternative alignment proposed by Harris County. He advised the Board that the Authority should be able to proceed with easement acquisitions by its next meeting. 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 noted that the meeting between AOS and the City Program Advisor/Technical Consultant to discuss the data analysis has been delayed due to Hurricane Harvey and its impact on the NEWPP.

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

### **ISSUANCE OF SURFACE WATER COMMITMENTS TO MEMBER DISTRICTS**

The Board next considered the issuance of surface water commitments to Member Districts. After discussion on the matter, the Board authorized SPH and IDS to prepare surface water commitments for 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, No. 150 and No. 200, for the Board's approval next month.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for August 2017, 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 August 2017 was 38% and is now 38% year to date 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%.

Mr. Martin next addressed the Board concerning the status of the installation of stainless steel, custom-made enclosures to provide protection from inclement weather for the Authority's surface water meters. In that regard, he advised the Board that MOS is now proposing that the enclosures be enlarged so that there will be sufficient room for a person to work inside of the enclosures. Mr. Martin also recommended that the cla-val be enclosed along with the meters. After discussion, Director Boddy moved that the enlarged enclosures be approved by the Board and that MOC be authorized to order seven (7) of the stainless steel, custom-made enclosures at a cost of \$6,949 per enclosure and one (1) stainless steel, custom-made enclosure at a cost of \$8,000 for the Authority's surface water meters and cla-vals. Mr. Martin noted that, as previously discussed, installation of the enclosures will be added as a supplemental item to the contract for the construction of the surface water supply line to serve No. 304 once said project is bid.

### **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 a meeting has been scheduled for September 19, 2017, among representatives of the City, the regional water authorities and the HGSD to discuss the status of implementation of each parties' Groundwater Reduction Plan.

### **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 SPH and IDS have prepared an updated Executive Summary regarding the Authority, and that SPH will be providing the Summary, together with the additional documentation requested by TTN, to TTN soon.

Mr. Rubinsky next addressed the Board concerning the preparation of a flyer regarding the "Rising Cost of Water," similar to that prepared by the West Harris County Regional Water Authority, to be provided to all Member Districts for further distribution to their customers. The Board concurred and authorized SPH and IDS to prepare same. Mr. Khouw advised that he will present a draft flyer for the Board's review and approval next month.

**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, October 11, 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.



David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- EXHIBIT A      Bookkeeper's Report
- EXHIBIT B      Engineer's Report
- EXHIBIT C      Invitation to Groundbreaking Ceremony for the NEWPP Expansion  
Project
- EXHIBIT D      Operator's Report