

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
July 3, 2019

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 3, 2019, 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 Meek, who entered the meeting after it had been called to order as noted below, 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; Wesley Lay of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); Linda Watkins of Fallbrook Utility District ("Fallbrook"); Lathan Johnson, Pastor Mitchell B. Stewart and Godfrey Eta of Rankin Road West Municipal Utility District ("Rankin Road"); 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 June 5, 2019. After discussion, Director Granadino moved that the minutes of the meeting held June 5, 2019, be approved as presented. Director Gower seconded said motion, which unanimously carried.

PUBLIC COMMENTS

The Board opened the meeting for public comments. Mr. Johnson introduced Godfrey Eta, who was recently appointed to the Board of Directors of Rankin Road. The Board welcomed Mr. Eta to 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 June 1, 2019 through July 3, 2019, and the disbursements presented for payment from the Authority's accounts, a Summary of Investments, a Statement of Revenues and Expenditures for the month of May 2019 and the first five months of the Authority's fiscal year ended December 31, 2019, and a Summary of Pumpage Fees Paid by Member Districts through April 2019. Ms. Matuska noted that additional check no. 3832 had been issued to the City of Houston ("City") in the amount of \$79,332.73 for May 2019 surface water usage. After discussion, Director Granadino moved that the Bookkeeper's Report be approved and that the disbursements listed therein, plus additional check no. 3832 reflected above, be approved for payment (with the exception of check no. 3826, which was voided). 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 have paid all pumpage fees and surface water charges through April 2019. Ms. Matuska noted that Harris County Municipal Utility District No. 217's ("No. 217") payment was just recently received on July 1, 2019, and, therefore, was not yet reflected on the Summary of Pumpage Fees included in the Bookkeeper's Report.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

The Board next considered the status of the Authority's annual Continuing Disclosure Report due on June 30, 2019. In that regard, Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton L.L.P., the Authority's continuing disclosure counsel, had completed and filed the annual continuing disclosure report with the appropriate repositories on June 11, 2019.

APPROVAL OF FINANCING AGREEMENT IN CONNECTION WITH PROPOSED SERIES 2019 BONDS

Mr. Rubinsky next addressed the Board concerning the approval of a Financing Agreement between the Authority and the Texas Water Development Board ("TWDB") in connection with the Authority's proposed sale of its Series 2019 Bonds to the TWDB. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that said Financing Agreement be approved and that the President be authorized to execute same on behalf of the Board and the Authority, subject to the receipt of the Financing Agreement from the TWDB and the approval of same by SPH.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 3, 2019, 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 advised the Board that the ground water usage, surface water usage, and total water usage numbers reflected in the Engineer's Report are inaccurate, and that Mr. Martin will provide updated numbers in his Operator's Report.

Mr. Khouw next addressed the Board regarding the status of construction by B-5 Construction Company, Inc. 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 reported that the project is complete. Mr. Khouw then presented the Board with Pay Estimate No. 5 and Final received from B-5 Construction Company, Inc. in the amount of \$19,117.20 in connection with the contract for construction of the surface water supply line extension and meter station project and recommended approval of same. After discussion, it was moved by Director Gower, seconded by Director Boddy and unanimously carried, that Pay Estimate No. 5 and Final be approved by the Board, as recommended by the Authority's engineer.

Mr. Khouw next addressed the Board concerning the Texas Commission on Environmental Quality's ("TCEQ") request that No. 304 submit a corrosive water parameters analysis and blending study in connection with the TCEQ's approval of No. 304's connection to the Authority's surface water system. After discussion, the Board (i) authorized Mr. Khouw to work with AOS Treatment Solutions, LLC ("AOS") to complete the water quality management study and blending study previously initiated by the Authority in order to assist No. 304 in complying with the TCEQ's request, and (ii) authorized SPH to assist IDS with the preparation of correspondence to the Member Districts, if necessary, requesting any information required for completion of the AOS water quality management study and blending study.

Mr. Khouw advised the Board that IDS has submitted a request to the Harris-Galveston Subsidence District ("HGSD") for over conversion credits for the 2018-2019 permit year. Mr. Khouw noted that the HGSD is still working on the issuance of over conversion credits to the Authority for the last three years.

Mr. Khouw next reported that the First Amendment to Second Supplement to Water Supply Contract between the Authority and the City was approved by the City at the June 26, 2019 City Council meeting. He further reported that the Amended and Restated Design-Build Agreement between the City and the Houston Waterworks Team ("HWT") addressing the Guaranteed Maximum Price ("GMP") for completion of the Northeast Water Purification Plant ("NEWPP") Expansion Project is on the agenda for the July 10, 2019 City Council meeting.

Mr. Khouw next addressed the Board regarding his discussions with AECOM, Project Manager for the North Harris County Regional Water Authority ("NHCRWA"), at a meeting held on June 10, 2019, relative to the Authority's surface water capacity reservations in each of the NHCRWA's proposed water distribution projects.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, including the City's Consensus Items Nos. 19 and 20, as further detailed in the Engineer's Report. Mr. Khouw advised the Board that all of the regional water authorities voted in favor of Consensus Items Nos. 19 and 20 earlier this week, and that Cash Calls related to same are expected from the City during the next month.

Mr. Khouw next reported to the Board concerning the status of Phase I of the Northeast Transmission Line ("NETL"), 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 status of Phase II of the NETL.

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. In that regard, the Board considered ratifying its prior action relative to the approval of a proposal from Quadrant Consultants, Inc. to perform an environmental study in order to complete the Environmental Data Form to be submitted to the TWDB in connection with the 2025 Internal Distribution System lines project. 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.

Mr. Khouw advised the Board that he had no new activity upon which to report at this time with respect to the Luce Bayou Interbasin Transfer Project.

Director Meek entered the meeting during the Engineer's Report.

ISSUANCE OF SURFACE WATER COMMITMENTS TO MEMBER DISTRICTS

The Board deferred action relative to 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 and No. 200, pending the resolution of certain issues related to the Authority's proposed implementation of a remote meter reading and monitoring system.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for June 2019, a copy of which is attached hereto as **Exhibit C**. 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.

IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM

With respect to the proposed implementation of the remote meter reading and monitoring system for the Authority, Mr. Rubinsky advised the Board that SPH has reviewed and prepared comments to the proposed Beacon AMA Managed Solution Master Agreement between the Authority and Badger Meter, Inc., and is currently reviewing the proposed Services Agreement between the Authority and Accurate Utility Supply, LLC. Mr. Rubinsky further advised the Board that SPH will soon begin working on Right-of-Entry Agreements with each of the Member Districts in connection with the implementation of the remote meter reading and monitoring system. No Board action was taken in connection with said matters.

GOVERNMENT AFFAIRS UPDATE

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway dated July 2, 2019, a copy of which is attached hereto as **Exhibit D**.

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 AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS

There was no new activity reported in connection with the Authority's website or other communications with Member Districts.

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.

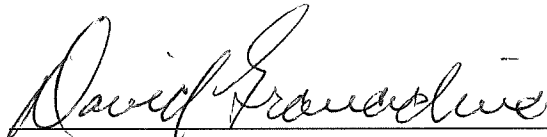
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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, August 7, 2019, 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.



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 and Bill Tracking Report