

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors April 1, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on April 1, 2020, in accordance with the duly posted notice of meeting. The meeting was held via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas. The roll was called of the duly constituted members of said Board of Directors, as follows:

Margaret L. Cox, President  
Julian F. Boddy, Vice President  
David Granadino, Secretary  
Tom Gower, Assistant Secretary  
Richard C. Meek, Assistant Secretary

all of whom announced they were present, except Director Gower, who joined the meeting after the roll had been called to order as noted below, thus constituting a quorum.

Also attending the meeting via telephone conference call 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; Jennifer Hanna of BKD, LLP ("BKD"), auditor for the Authority; Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson of Rankin Road West Municipal Utility District ("Rankin Road West"); Charlotte Mays of Harris County Municipal Utility District No. 150 ("No. 150"); Jonathan Ward of Harris County Municipal Utility District No. No. 304 ("No. 304"); and Abraham I. Rubinsky and Gordon Cranner of Schwartz, Page & Harding, L.L.P. ("SPH"), attorneys for the Authority.

### **EXPLANATION OF TELEPHONE CONFERENCE CALL MEETING PROCEDURES AND CALL TO ORDER**

Mr. Rubinsky explained to the Board the procedures to be used during the telephone conference call meeting. In connection therewith, he informed the participants that the meeting would be recorded, and requested that each participant clearly state his or her name before speaking, including when making or seconding a motion. Mr. Rubinsky explained that he would conduct a roll call vote for all motions and that Board members should wait to vote on a motion until his or her name has been called. Similarly, Mr. Rubinsky stated that a full roll call of all participants would be conducted at the start of the meeting for attendance purposes. Mr. Rubinsky proceeded to perform a roll call to establish attendance of Board members, consultants, developer representatives, and members of the public, if any.

Following such roll call, the President called the meeting to order and declared it open for such business as might regularly come before the Board.

### **COMMENTS FROM THE PUBLIC**

Mr. Rubinsky noted that the first item on the agenda was to open the meeting for public comments. There being no comments from the public received, the Board continued to the next item of business.

### **RESOLUTION ADOPTING TEMPORARY POLICIES AND PROCEDURES IN RESPONSE TO COVID-19 PANDEMIC**

Mr. Rubinsky stated that the Governor of Texas issued a proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas. As a result of such proclamation, effective March 16, 2020, the Governor suspended certain provisions of the Texas Open Meetings Act (the "Act") pursuant to Section 418.016, Texas Government Code, to allow the governing boards of political subdivisions, such as the Authority, to meet via telephone conference call during the pendency of the COVID-19 pandemic. He further advised that Section 49.151(b) of the Texas Water Code allows the Board to take action to allow the Treasurer or the Authority's Bookkeeper to execute checks and other disbursements in lieu of requiring signature by a majority of the Board members. Accordingly, Mr. Rubinsky counseled the Board regarding the adoption of temporary policies and procedures for conducting Board meetings and other District administrative matters during the COVID-19 pandemic, including the designation of a Treasurer Pro-Tempore, and presented a Resolution Adopting Temporary Policies and Procedures in Response to COVID-19 Pandemic (the "Resolution"). He then explained the provisions of the Resolution in detail with the Board. Following discussion, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the Resolution attached hereto as **Exhibit A** be adopted as presented.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held March 4, 2020. After discussion, Director Meek moved that the minutes of the meeting held March 4, 2020, be approved as presented. Director Granadino seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Ms. Matuska next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit B**, including the Summary of Cash Transactions for the Authority's various funds for the period March 1, 2020 through April 1, 2020, 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 February 2020 and the first two (2) months of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through February 29, 2020. After discussion, Director Boddy moved that the

Bookkeeper's Report be approved and that the disbursements listed therein be approved for payment. Director Granadino seconded said motion, which unanimously carried.

### **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2019**

The Board recognized Ms. Hanna, who presented to and reviewed with the Board a draft of the Authority's Annual Audit Report prepared for the fiscal year ended December 31, 2019, as well as a summary of the draft Audit. Ms. Hanna noted that the Authority had previously engaged McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson") to perform certain accounting procedures in order to eliminate the findings of material weaknesses in internal controls in the Management Letter associated with the Authority's fiscal year end audits. In that regard, Mr. Rubinsky reminded the Board of prior discussions with the Texas Water Development Board ("TWDB") regarding apparent non-compliance with the requirements of the Authority's Bond Resolutions due to BKD's findings of material weaknesses in internal controls over financial reporting, which gave rise to the Authority's engagement of McCall Gibson to review the Authority's financial statements. Ms. Hana stated that, as a result of McCall Gibson's independent review of the Authority's financial statements, there was no need for BKD to issue a Management Letter again this year. After discussion concerning the Audit presented, Director Cox moved that: (i) the Audit Report for the fiscal year ended December 31, 2019, be approved, subject to final review and comments by SPH and the Authority's other consultants; (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the Authority; and (iii) such Audit Report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality, the Texas Comptroller of Public Accounts and the TWDB. Director Granadino seconded said motion, which unanimously carried.

### **AUTHORIZE DISCLOSURE COUNSEL TO PREPARE AND FILE ANNUAL CONTINUING DISCLOSURE REPORT**

The Board next considered authorizing McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst"), the Authority's continuing disclosure counsel, to prepare the Authority's annual continuing disclosure report due no later than June 30, 2019. Mr. Rubinsky advised the Board that McCall Parkhurst will prepare the annual continuing disclosure report, with the assistance of the Authority's engineer and financial advisor if necessary, when the Audit for the Authority's fiscal year ended December 31, 2019, has been completed and released by BKD, and will file said report with the appropriate repositories prior to the filing deadline of June 30, 2019. After discussion on the matter, Director Boddy moved that McCall Parkhurst be authorized to prepare the Authority's annual continuing disclosure report and be authorized and directed to file said continuing disclosure report with the appropriate repositories on behalf of the Authority prior to the June 30, 2019 deadline. Director Granadino seconded said motion, which unanimously carried.

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

In the absence of the Authority's Financial Advisor, Mr. Rubinsky advised the Board that the City of Houston's ("City") FY 2017 and FY 2018 True Up Reports related to Operations and

Maintenance Costs of the City's Northeast Water Purification Plant ("NEWPP") are now complete, and that the Authority is due a total credit in the amount of \$146,811.44 for amounts paid to the City in such fiscal years. After discussion on the matter and upon motion by Director Cox, seconded by Director Boddy and unanimously carried, the Board concurred with the amounts reflected in the True Up Reports and requested that the credit of \$146,811.44 due to the Authority be wire transferred to the Authority's General Operating Fund as opposed to the City issuing credits to the Authority against future water bills.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated April 1, 2020, 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. He advised the Board that Mr. Martin would provide further details regarding the water usage in his Operator's Report.

A discussion next ensued regarding the submittal of the 2019 Water Conservation Plan Annual Implementation Report to the TWDB Board prior to May 1, 2020. After discussion on the matter, Director Granadino moved that IDS be authorized to prepare and submit the 2019 Water Conservation Plan Annual Implementation Report to the TWDB prior to May 1, 2020. Director Boddy seconded said motion, which unanimously carried

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report.

Mr. Khouw next reported to the Board concerning the status of construction of Phase I of the Northeast Transmission Line ("NETL"), as further detailed in the Engineer's Report. Mr. Khouw noted that IDS has submitted a request to the TWDB for escrow release in the total amount of \$758,719.51 for payment of Invoice No. NETL-009-CHCRWA in connection with the Project. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the invoice be paid upon release of the funds from escrow and prior to the due date of April 17, 2020.

Mr. Khouw next reported to the Board concerning the status of Phase II of the NETL, as further detailed in the Engineer's Report.

Mr. Khouw next reported that the surface water meter station at No. 304's Water Plant is complete and ready to be placed into service once No. 304 has dedicated the required easement for same to the City and to the Authority. Mr. Rubinsky advised the Board that SPH is working on the subject easements.

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 addressed the Board concerning the status of the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report.

Director Gower joined the meeting during the Engineer's Report.

Ms. Hanna and Mr. Johnson disconnected from the meeting at this time.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for March 2020, 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. Mr. Martin reported that the rehabilitation of the Authority's cla-vals is still underway, with only two or three remaining. He further reported that Rankin Road West continues to provide surface water to No. 304 through the interconnect between said districts.

### **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 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 March 31, 2020, including a listing of the proclamations and press releases issued by the Governor's Office since February 27, 2020 in connection with the COVID-19 Pandemic, copies of which are attached hereto as **Exhibit E**. The Board concurred that no action was required on its part at this time relative to said matter.

### **2020 DIRECTOR APPOINTMENT PROCESS**

Mr. Rubinsky next discussed with the Board the status of the Authority's 2020 Director Appointment Process. He advised the Board that the resolutions of the Member Districts casting votes for the Authority's Director At-Large (Position No. 1) position are due by May 1, 2020, and that the results will be declared at the Board of Directors meeting scheduled for May 6, 2020.

## **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. A discussion ensued, however, regarding whether a notice should be posted on the website with respect to the safety of the water produced by the Authority amid the COVID-19 Pandemic. After discussion on the matter, the Board concurred that there was no need to post such a notice as the Authority has received no inquiries or concerns regarding the safety of its water.

## **CLOSED SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.071**

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, May 6, 2020, 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.

/s/ David Granadino  
David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A      COVID-19 Resolution
- Exhibit B      Bookkeeper's Report
- Exhibit C      Engineer's Report
- Exhibit D      Operator's Report
- Exhibit E      Government Affairs Update