

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
February 5, 2020

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 February 5, 2020, 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; 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"); Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Pastor Mitchell B. Stewart and 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"); 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.

PUBLIC COMMENTS

The Board opened the meeting for public comments. There were no comments received from the public in attendance at the meeting.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its special meeting held January 8, 2020. After discussion, Director Boddy moved that the minutes of the meeting held January 8, 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 A**, including the Summary of Cash Transactions for the Authority's various funds for

the period January 1, 2020 through February 5, 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 December 2019 and the entire twelve (12) months of the Authority's fiscal year ended December 31, 2019, and a Summary of Pumpage Fees Paid by Member Districts through December 2019. 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

Mr. Rubinsky next reported that, as previously authorized by the Board, correspondence was forwarded to the Member Districts on January 31, 2020, regarding the financial condition of the Authority and its current rates and fees.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated February 5, 2020, 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. He advised the Board that Mr. Martin would provide further details regarding the water usage in his Operator's Report.

Mr. Khouw next addressed the Board concerning the status of the Northeast Water Purification Plant ("NEWPP") Expansion Project, as further detailed in the Engineer's Report. Mr. Khouw also presented a video of the ongoing construction. He noted that the construction of two (2) 108-inch raw water intake lines from the pump station to the NEWPP Expansion site have now been completed.

Mr. Khouw next advised the Board that he had submitted Escrow Release No. 3 to the Texas Water Development Board ("TWDB") earlier today requesting the release of funds in the total amount of \$2,395,219.35 from the Series 2017 Bonds for payment of Cash Call No. 9 in connection with the NEWPP Expansion Project in the amount of \$2,251,428.73, plus the payment of engineering fees in the amount of \$97,758.84 and legal fees in the amount of \$46,031.78 incurred in connection with the Project, which were previously paid out of the General Operating Fund.

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

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. He reported that all canal segments, except one, are complete and that construction is progressing.

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

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky advised the Board that the Authority previously adopted the United States Department of Labor ("DOL") prevailing wage rates for the Harris County area, which were recently updated as of January 2020. After discussion on the matter, Director Meek moved that the Board adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects attached hereto as **Exhibit C** to reflect the applicable updated prevailing wage rate scales published by the DOL, and that the President and Secretary be authorized to execute same on behalf of the Board and Authority. Director Granadino seconded said motion, which unanimously carried.

APPROVAL OF SURFACE WATER SUPPLY COMMITMENT LETTER AGREEMENT WITH MEMBER DISTRICTS

The Board next considered the approval of surface water supply commitment letter agreements with 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, No. 150 and No. 200. After discussion, it was moved by Director Meek, seconded by Director Boddy and unanimously carried, that surface water supply commitment letter agreements with Rankin Road West, No. 150 and No. 200 be approved in accordance with the terms of the Authority's Rate Order, and that Director Cox be authorized to execute same on behalf of the Board and the Authority, subject to Mr. Khouw's confirmation of the Daily Commitment Amounts and Delivery Points reflected in the respective agreements.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for January 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 addressed the Board concerning the 1% decrease in surface water usage for the permit year to date. He explained that No. 200 was on free chlorine from January 6, 2019 through February 6, 2019 and, therefore, was required to be on groundwater during that time period. Mr. Martin reported that all other Member Districts used 100% surface water during the permit period.

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 February 5, 2020, a copy of which is attached hereto as **Exhibit E**. The Board concurred that no action was required on its part at this time relative to said matter.

APPROVAL AND EXECUTION OF PROPOSALS FOR RENEWAL OF INSURANCE COVERAGES

The Board next considered the review and approval of a proposal received from HARCO Insurance Company ("HARCO"), agent for the Texas Municipal League's ("TML") Intergovernmental Risk Pool, relative to the renewal of the Authority's various insurance coverages for policies expiring March 31, 2020. In that regard, Director Meek reviewed and discussed the proposal with the Board. Director Meek then recommended that the Authority renew its insurance coverage with TML and that the Board accept TML's proposal in connection therewith. After discussion on the matter, Director Granadino moved that the TML insurance proposal be accepted as recommended by Director Meek, and that the President be authorized to execute same on behalf of the Board and the Authority. Director Boddy seconded said motion, which unanimously carried.

2020 DIRECTOR APPOINTMENT PROCESS

Mr. Rubinsky next discussed with the Board the status of the Authority's 2020 Director Appointment Process, including the status of receipt of nominating resolutions. Mr. Rubinsky advised the Board that SPH had received a Resolution from No. 150 nominating Director Granadino to continue to serve in the Director Precinct No. 2 position and from Harris County Municipal Utility District No. 33 nominating Director Boddy to continue to serve in the Director At-Large (Position No. 1) position. He further reported that a Resolution had also been received from No. 150 nominating Charlotte Hays to serve in the Director At-Large (Position No. 1) position. Mr. Rubinsky advised that the nomination period ends on February 15, 2020, and that he will report on the status of nominations and the next step in the 2020 Director Appointment Process at the Board meeting scheduled for March 4, 2020.

RATIFICATION OF APPROVAL OF ENGAGEMENT LETTER FROM MCCALL GIBSON SWEDLUND BARFOOT PLLC

The Board next considered ratifying its prior action relative to the approval of an engagement letter from McCall Gibson Swedlund Barfoot PLLC for the performance of certain accounting procedures in connection with the Authority's audit for the fiscal year ended December 31, 2019. After discussion, it was moved by Director Meek, seconded by Director Boddy and unanimously carried, that such prior action be ratified and authorized in all respects.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky presented to and reviewed with the Board a memorandum prepared by SPH regarding Cybersecurity Training for Certain Local Government Employees and Elected Officials, as contemplated in House Bill No. 3834, a copy of which memorandum is attached hereto as **Exhibit F**. Mr. Rubinsky noted that SPH will have additional details regarding same in the near future.

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

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, February 5, 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.

/s/ David Granadino

David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Engineer's Report
- Exhibit C Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit D Operator's Report
- Exhibit E Government Affairs Update
- Exhibit F Cybersecurity Training Memorandum