

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors July 1, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on July 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, 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; Wesley Lay of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); Gilbert Miranda, who joined the meeting after it had been called to order as noted below, Linda Watkins and Joyce King of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson and Godfrey Eta of Rankin Road West Municipal Utility District ("Rankin Road West"); Jonathan Ward of Harris County Municipal Utility District No. No. 304 ("No. 304"); Oliver Agard and Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); and Christina Cole of Schwartz, Page & Harding, L.L.P. ("SPH"), attorneys for the Authority.

EXPLANATION OF TELEPHONE CONFERENCE CALL MEETING PROCEDURES AND CALL TO ORDER

Ms. Cole explained to the Board the procedures to be used during the telephone conference call meeting. In connection therewith, she 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. Ms. Cole explained that she 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, Ms. Cole stated that a full roll call of all participants would be conducted at the start of the meeting for attendance purposes. Ms. Cole proceeded to perform a roll call to establish attendance of Board members, consultants, 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

Ms. Cole noted that the first item on the agenda was to open the meeting for public comments. The Board recognized Mr. Agard, who addressed the Board regarding an issue with No. 150's water supply and distribution system, as discussed at the Authority's last Board of Directors meeting. Mr. Agard advised the Board that No. 150's ground storage tank overflowed last month, but that there appears to be a dispute as to what actually caused the overflow. Mr. Agard stated that a representative of the Authority should have contacted No. 150's Operator to discuss this issue. Mr. Agard requested that the Authority investigate to determine what caused a break in the Authority's water main line and whether the water main line break caused the overflow of No. 150's ground storage tank, which resulted in No. 150's loss of approximately 100,000 gallons of water.

Mr. Agard next advised the Board that he noticed in the minutes of the Authority's Board of Directors meeting held last month that the Authority would be receiving a credit in the amount of approximately \$1,000,0000 from the City of Houston (the "City"). Mr. Agard inquired as to whether the credit would be passed along to the Member Districts.

Mr. Agard additionally requested copies of the Authority's monthly Bookkeeping Reports so that he can ascertain how the funds received by the Authority from the Member Districts are being expended.

Mr. Martin next introduced himself to Mr. Agard and discussed the break in the Authority's sixteen-inch main water line, which occurred within the boundaries of No. 200. Mr. Martin stated that, on the night of the water main line break, he had contacted No. 150's Operator, Paul Villareal, to notify him of the break and that he and Mr. Villareal had discussed the situation again the next morning. Mr. Martin explained that none of the Member Districts were affected by the Authority's water main line break other than No. 200. Mr. Martin further advised that he had also discussed with Mr. Villareal an issue reported at the Authority's last Board of Directors meeting regarding No. 150's experience of low water pressure. Mr. Martin reported that he was advised by Mr. Villareal that No. 150 had not experienced any problems with low water pressure. Mr. Martin further reported that Mr. Villareal had also confirmed that No. 150's ground storage tank did in fact overflow last month, but that Mr. Villareal had not been able to determine the cause of the overflow. Mr. Martin explained that the Authority has no control over the Member Districts' ground storage tanks.

Mr. Agard next advised the Board that he had received conflicting information from Mr. Villareal concerning the break in the Authority's sixteen-inch main water line. Mr. Agard stated that Mr. Villareal had indicated that service to No. 150, as well as to several other Member Districts, was interrupted as a result of the water main line break. In that regard, Mr. Martin explained that the water main line had to be fully isolated several hours for repairs, but before shutting down the main pump station, he had contacted Mr. Villareal so that he and Mr. Villareal

could coordinate to ensure that all of the ground storage tanks for those Member Districts to be affected by the shutdown remained at a sufficient level so that there would be no interruption of service for the customers of the Member Districts. Mr. Martin stated that, although the supply of water to the Member Districts' ground storage tanks was temporarily suspended during the repair of the water main line break, the customers of the Member Districts were never without water service.

Ms. Cole next addressed the Board concerning Mr. Agard's comments earlier in the meeting regarding a credit in the amount of approximately \$1,000,000 to be received by the Authority from the City. Ms. Cole advised that the minutes from the last Board meeting reflect that the City's draft FY 2019 True Up Report related to the operations and maintenance costs of the City's Northeast Water Purification Plant ("NEWPP") indicates that the Authority is due a total credit in the amount of \$85,717.17 and that the North Harris County Regional Water Authority ("NHCRWA") is due a total credit in the amount of \$1,279,550.40 for amounts paid to the City in such fiscal year. Ms. Cole further reported that the Authority is in the process of reviewing the draft report and that, once the Authority agrees to the amount of the credit reflected in the report, the funds will be issued by the City. She advised that, once received, these funds will have a direct impact on the rates charged by the Authority to the Member Districts. Ms. Cole stated that any credit received by the Authority will ultimately benefit each of the Member Districts.

With respect to Mr. Agard's request for copies of the Authority's monthly Bookkeeping Reports, Ms. Cole requested that Mr. Agard send her an email in which she could formally respond to said request. Mr. Agard requested that the reports be sent to No. 150's Attorney for distribution to the No. 150 directors. Ms. Cole stated that she would coordinate with No. 150's Attorney regarding delivery of the report.

Mr. Miranda joined the meeting at this time.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held June 3, 2020. After discussion, Director Boddy moved that the minutes of the meeting held June 3, 2020, be approved as presented. Director Granadino seconded said motion, which unanimously carried.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

The Board next considered the status of the Authority's annual Continuing Disclosure Report due on June 30, 2020. In that regard, Ms. Cole 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 prior to the filing deadline of June 30, 2020.

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 June 1, 2020 through July 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 May 2020 and the first five (5) months of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through April 30, 2020. Ms. Matuska noted that the application for release of escrowed funds in the amount of \$332,303.85 from the Series 2018 Bonds for Phase I of the Northeast Transmission Line ("NETL") has been approved by the Texas Water Development Board ("TWDB"), but that the application for release of escrowed funds in the amount of \$1,363,932.00 from the Series 2019 Bonds for Phase I of the NETL is still pending with the TWDB. Thereafter, Director Boddy moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment. Director Granadino seconded said motion, which unanimously carried.

Ms. Matuska next presented to and reviewed with the Board the Authority's Quarterly Investment Report for the period ended March 31, 2020, a copy of which is attached to the Bookkeeper's Report. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that said Quarterly Investment Report be approved and that the Authority's Investment Officer be authorized to execute same on behalf of the Board and the Authority

FINANCIAL ADVISOR'S REPORT

The Board next considered the Financial Advisor's Report. In the absence of John Howell, who had a scheduling conflict, Ms. Cole addressed the Board concerning the Authority's proposed Series 2020 Revenue Bonds. Ms. Cole reported that Mr. Howell provided the draft maturity schedule and semi-annual debt service schedule in connection with the Series 2020 Revenue Bonds to the TWDB prior to the June 11, 2020 deadline. Ms. Cole further reported that the TWDB has approved the semi-annual debt service schedule, which is the same schedule utilized in past years.

Ms. Cole next advised the Board that the TWDB is considering eliminating the subsidy applicable to State Water Implementation Fund for Texas ("SWIFT") financings, but that no decision has been made to date. Ms. Cole further reported that Mr. Howell has indicated that even if the subsidy is eliminated, there will be no impact on the Authority based on his proformas for the Series 2020 Revenue Bonds as he has estimated a higher interest rate than what will be approved by the TWDB.

Ms. Cole next advised the Board that she had no new activity upon which to report regarding the City's FY 2019 True Up Report related to the operations and maintenance costs of the City's NEWPP. She noted that the Board concurred at the last meeting to wait until the NHCRWA has approved the amounts reflected in the True Up Report before approving the credit due to the Authority in the amount of \$85,717.17 for amounts paid to the City in FY 2019.

Ms. Cole next advised the Board that, as reported last month, the City's FY 2021 preliminary water rate for the NEWPP of \$1.5280 will likely not have an adverse effect on the

Authority's rates or financial condition, but that Mr. Howell will evaluate the need for an adjustment of the Authority's rates as a result of the City's proposed FY 2021 rate.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 1, 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 HGSD permit requirements, as detailed in the Engineer's Report.

Mr. Khouw next addressed the Board concerning a request received from the City of Houston that the Authority provide the Texas Commission on Environmental Quality ("TCEQ") with an interconnection approval letter for the Spears Road meter station, as further detailed in the Engineer's Report. After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that IDS be authorized to proceed with the preparation of an interconnection approval request to the TCEQ.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report, including the status of Early Work Package ("EWP") No. 1 (Site Grading), EWP No. 2 (Filter Module 1), EWP No. 4 (Raw Water Pipelines), EWP No. 6 (Intake Pump Station and North Plant), as well as the balance of the NEWPP. Mr. Khouw noted that the City has requested detailed information from the Houston Waterworks Team regarding the potential impact of the COVID-19 Pandemic on the schedule for the NEWPP Expansion Project.

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

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 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, including the status of the canal segments, the dual 96-inch pipelines, and the Capers Ridge Pump Station.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for June 2020, 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, Ms. Cole 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. Ms. Cole 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

Ms. Cole next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway, including a listing of the proclamations and press releases issued by the Governor's Office since June 3, 2020 in connection with the COVID-19 Pandemic and Hurricane Preparedness, copies of which are attached hereto as **Exhibit D**. The Board concurred that no action was required on its part at this time relative to said matter.

STATUS OF COMPLIANCE WITH ANNUAL CYBERSECURITY TRAINING

With respect to compliance with Chapter 2054, Texas Government Code, regarding the completion of annual cybersecurity training, Ms. Cole noted that training certificates have now been received from all Directors.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Ms. Cole reported to the Board concerning a teleconference among representatives of the regional water authorities on June 26, 2020, regarding a proposed form of Interlocal Agreement which the City had provided to the West Harris County Regional Water Authority in connection with the construction of a 96-inch water line within the City's right-of-way. Ms. Cole advised the Board that such an agreement has not been required by the City in the past, and that SPH will be working with the other regional water authorities to draft correspondence requesting that the City eliminate the requirement for the proposed Interlocal Agreement or, if the City will not do so, revise the agreement so that the terms are more favorable.

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.

Ms. Cole noted that the next meeting of the Board is scheduled for Wednesday, August 5, 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 Bookkeeper's Report

Exhibit B Engineer's Report

Exhibit C Operator's Report

Exhibit D Government Affairs Update