

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
June 3, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on June 3, 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"); Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson of Rankin Road West Municipal Utility District ("Rankin Road West"); Jonathan Ward of Harris County Municipal Utility District No. No. 304 ("No. 304"); Rosalind Caesar, a resident of No. 304; 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.

## **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, 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. The Board recognized Ms. Mays, who discussed a water line break which occurred within the boundaries of No. 150 on Loveland Pass due to high water pressure. Messrs. Martin and Khouw explained that, because the Authority delivers water directly to No. 150's ground storage tank, the pressure in the Authority's water distribution line has no impact on the pressure in No. 150's water distribution system. Mr. Khouw stated that he and Mr. Martin would contact No. 150's operator to discuss the issue. Ms. Mays noted that someone from the Authority came out and adjusted the valve at the No. 150 water plant. Mr. Martin stated that an Authority operator performed preventive maintenance on the Authority's valve, but did not make any adjustments to any valves that would cause an increase in pressure in No. 150's water distribution system. Ms. Mays stated that it is important that the Directors of the Member Districts and the Directors of the Authority stay involved and be aware of all issues at the Member Districts' water plants.

The Board next recognized Ms. Caesar, who addressed the Board and, in particular Director Boddy as an At Large Director, regarding the condition of No. 304's water plant and wastewater treatment plant and the inability to communicate directly with the Directors of the Authority concerning same. Director Boddy advised Ms. Caesar that the Authority's Board of Directors meetings are open to the public and that she is welcome to attend the meetings or participate in the meetings by teleconference, as appropriate. Director Boddy stated that he would also be more than happy to attend No. 304's Board of Directors meetings or the Board of Directors meetings of any of the other Member Districts, if so requested.

Mr. Rubinsky next advised the Board that he has responded to several emails from Ms. Caesar over the past several months regarding various questions pertaining to the Authority and that he received another email from Ms. Caesar yesterday morning with several additional questions to which he has not yet responded. He reported that Ms. Caesar indicated in her email that she is aware that the City of Houston ("City") charges the Authority a fee and that she had inquired as to whether the No. 304 water plant receives any incentive on pumpage fees. Mr. Rubinsky explained that because the Authority is an actual participant in the City's Northeast Water Purification Plant ("NEWPP"), the Authority is charged for its pro rata share of the operation and maintenance costs associated with the NEWPP and not an actual fee by the City.

Mr. Rubinsky next advised the Board that Ms. Caesar also inquired as to what the Member Districts and its residents receive from the Authority in exchange for the pumpage fees paid to the Authority. Mr. Rubinsky advised that No. 304 and the other Member Districts voluntarily joined the Authority for purposes of satisfying the groundwater reduction requirements of the Harris-Galveston Subsidence District's ("HGSD") Regulatory Plan adopted in 2003. Mr. Rubinsky stated that, as of 2003, all HGSD water well permittees must have a groundwater reduction plan in place in order to avoid disincentive fees, and that the Authority provides surface water to its Member Districts, in accordance with its certified Groundwater Reduction Plan submitted to and approved by the HGSD, to enable its Member Districts to

comply with the HGSD's Regulatory Plan. He further advised that, in the event No. 304 or any of the Authority's Member Districts did not comply with the HGSD's Regulatory Plan, they would be subject to a disincentive fee which is currently in excess of \$9.00 per 1,000 gallons of water pumped from their water wells. Mr. Rubinsky stated that, whether or not a Member District is receiving surface water from the Authority, each Member District is a part of the Authority's Groundwater Reduction Plan thereby satisfying the groundwater reduction requirements outlined in the HGSD's Regulatory Plan.

Mr. Rubinsky next advised the Board that Ms. Caesar additionally inquired as to how she could contact the No. 304 At Large Director. In that regard, Mr. Rubinsky explained that No. 304 is located within Precinct 2, which consists of No. 150, No. 304 and Harris County Municipal Utility District No. 217, and that Director Granadino represents Precinct No. 2. Mr. Rubinsky explained that all Directors have equal powers, authority and responsibility, but that an At Large Director is simply "appointed" (elected) by all of the Member Districts, while the Precinct Directors are "appointed" (elected) solely by the Member Districts in their respective Precinct. Mr. Rubinsky further advised that, as elected officials, each of the Directors of the Authority are allowed to keep their personal information private, and that any correspondence addressed to an individual Director or to the Board should, therefore, be directed to SPH, as attorneys for the Authority. Mr. Rubinsky stated that SPH will ensure that any correspondence received on behalf a Director is delivered as soon as possible and that it will then be the Director's prerogative to provide their personal contact information. Ms. Caesar thanked Mr. Rubinsky for his responses and clarifications.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held May 6, 2020. After discussion, Director Boddy moved that the minutes of the meeting held May 6, 2020, be approved as presented. Director Granadino seconded said motion, which unanimously carried.

### **ACCEPTANCE OF AFFIDAVITS OF CURRENT DIRECTOR, STATEMENTS OF ELECTED OFFICER, OATHS OF OFFICE, OFFICIAL BONDS, AND ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION FOR ELECTED DIRECTORS**

Mr. Rubinsky advised the Board that Directors Granadino and Boddy had executed their respective Affidavits of Current Directors, Statements of Elected Officer, Oaths of Office, Official Bonds, and Elections Not to Disclose Certain Information in connection with their election as Directors of the Authority. Directors Granadino and Boddy then took their Oaths of Office. After discussion on the matter, it was moved by Director Cox, seconded by Director Meek and unanimously carried, that the Board approve said Bonds, accept said Statements of Elected Officer, Affidavits of Current Director, Oaths of Office, and Elections Not to Disclose Certain Information and declare David Granadino and Julian F. Boddy to be duly elected and qualified Directors of the Authority.

## **ELECTION OF OFFICERS**

The Board considered the election of officers of the Board of Directors of the Authority. The Board concurred that all Directors continue to serve on the Board in their current respective positions.

## **DISTRICT (AUTHORITY) REGISTRATION FORM**

The Board considered approving a District (Authority) Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Rubinsky advised that, with the Board's approval, SPH will complete the District (Authority) Registration Form to reflect the new terms of office for Directors Granadino and Boddy and will file the form with the TCEQ. After further discussion of the matter, Director Boddy moved that the Board authorize SPH to complete the District (Authority) Registration Form as discussed and file same with the TCEQ. Director Granadino seconded said motion, which unanimously carried.

## **LOCAL GOVERNMENT OFFICERS LIST**

Mr. Rubinsky advised the Board that the Authority is required to maintain a list of Local Government Officers, which includes the members of the Board and the Authority's Investment Officers in connection with conflict of interest disclosure requirements. After discussion on the matter, Director Boddy moved that SPH be authorized to update the Authority's list of local government officers as required by law. 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, Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall"), the Authority's Continuing Disclosure Counsel, 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, LLP, and will file said 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 May 1, 2020 through June 3, 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 April 2020 and the first four (4) 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 Bookkeeping Report reflects the three (3) wire transfers authorized by the Board last month to the City for (i) CY2020 appropriation of the Northeast Transmission Line ("NETL"), Segment 2, in the amount of \$841,456.65 which was due by May 26, 2020, and in the amount of \$1,001,422.17 due by June 5, 2020, and (ii) the Luce Bayou

Project Debt Service in the amount of \$34,071.83 which was due by May 15, 2020. Ms. Matuska also noted that the two (2) applications for release of escrowed funds in the amounts of \$332,303.85 and \$1,363,932.00 from the Series 2018 Bonds and Series 2019 Bonds, respectively, for Phase I of the NETL are still pending with the Texas Water Development Board ("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 then further reviewed the Summary of Pumpage Fees paid and advised the Board that, although the Summary indicates that several of the Authority Member Districts have not yet paid their pumpage fees and surface water charges through March 30, 2020, in all likelihood, those March payments have been received.

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

Mr. Rubinsky next advised the Board that the City's FY 2019 True Up Report related to the operations and maintenance costs of the City's NEWPP is now complete, and that the Report indicates that the Authority is due a total credit in the amount of \$85,717.17 for amounts paid to the City in such fiscal year. Mr. Rubinsky further advised the Board that the Report indicates 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 FY 2019. After discussion on the matter, the Board concurred to wait until the NHCRWA has approved the amounts reflected in the True Up Report before approving the credit due to the Authority.

Mr. Rubinsky 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 the Authority's Financial Advisor, John Howell, will evaluate the need for an adjustment of the Authority's rates as a result of the City's proposed FY 2021 rate.

Mr. Rubinsky next reported that Mr. Howell will provide the draft maturity schedule and semi-annual debt service schedule in connection with the Authority's proposed Series 2020 Revenue Bonds to the TWDB prior to the June 11, 2020 deadline. He further reported that SPH has provided the TWDB with a draft Bond Resolution and Private Placement Memorandum in connection with the proposed Series 2020 Bonds.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated June 3, 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 advised the Board that the Authority received the aggregated Water Well Permit from the HGSD for the period June 1, 2020 through May 31, 2021, and that IDS will be preparing water allocation letters to the Member Districts for said period prior to the end of this month.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report. He noted that Early Work Package No. 1 is substantially complete approximately \$959,000 under budget, and that the Authority may be eligible for a refund of approximately \$14,000 for its share of the excess funds remaining after completion of that particular portion of the 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 noted that he anticipates that the proceeds from the Series 2020 Bonds will be available around the time the City is ready to award contracts for (i) the 66-inch interconnect along W. Hardy Road, and (ii) the 108-inch line along Willis to Imperial Valley.

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.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for May 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. Mr. Martin reported that a 16-inch C-900 water line was repaired on June 1, 2020. He noted that a full 20-foot segment of the line was replaced.

### **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, together with a Notice from the TWDB regarding

Nominations for Regional Flood Planning Groups, 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.

### **REQUEST FROM AUTHORITY'S RECORDS MANAGEMENT OFFICER TO DESTROY SPH'S NOTES OF BOARD MEETINGS**

The Board next considered a request from the Authority's Records Management Officer to destroy SPH's notes of Board meetings from February 6, 2019, through March 4, 2020, in accordance with the terms of the Authority's Records Management Program. A copy of the subject request is attached hereto as **Exhibit E**. After discussion on the matter, Director Boddy moved that the destruction of said notes be authorized as requested in accordance with the provisions of the Authority's Records Management Program. Director Granadino seconded said motion, which unanimously carried.

### **STATUS OF COMPLIANCE WITH ANNUAL CYBERSECURITY TRAINING**

Mr. Rubinsky reminded the Board of the requirement for Directors to comply with Chapter 2054, Texas Government Code, to complete an annual cybersecurity training, and advised the Board that the Authority is also required to report to the Texas Department of Information and Resources ("TDIR") as to whether the Authority has employees. Following discussion Director Boddy moved to direct SPH to make such compliance reporting with the TDIR on behalf of the Authority. Director Granadino seconded the motion, which unanimously carried.

### **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**

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, July 1, 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
- Exhibit E      Records Destruction Request