

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
March 4, 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 March 4, 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, except Director Granadino, 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 and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson of Rankin Road West Municipal Utility District ("Rankin Road West"); Roosevelt Johnson and Oliver Agard 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 meeting held February 5, 2020. After discussion, Director Boddy moved that the minutes of the meeting held February 5, 2020, be approved as presented. Director Meek 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 February 1, 2020 through March 4, 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 January 2020 and the first (1) month of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through January 30, 2020. Ms. Matuska noted that Harris County Municipal Utility District No. 33 has now paid the balance due on its pumpage fees through December 31, 2019. Ms. Matuska also advised the Board that the Texas Water Development Board ("TWDB") has approved (i) Escrow Release No. 3 from the Series 2017 Bonds in the total amount of \$2,395,219.35, (ii) Escrow Release No. 2 from the Series 2016 Bonds in the total amount of \$383,663.81 and (iii) Escrow Release No. 1 from the Series 2018 Bonds in the total amount of \$413,047.64 Thereafter, Director Gower moved that the Bookkeeper's Report be approved and that the disbursements listed therein be approved for payment. Director Boddy seconded said motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the Authority's consultants to research unclaimed property and Matuska to prepare an Unclaimed Property Report as of March 1, 2020. After discussion, Director Boddy moved that the Authority's Operator and Bookkeeper be authorized to research their records to determine whether the Authority is holding any unclaimed property for the stated period, and that Matuska be authorized to prepare an Unclaimed Property Report, if necessary, for the Board's consideration, approval and filing with the State Comptroller prior to July 1, 2020. Director Gower seconded said motion, which unanimously carried.

FINANCIAL ADVISOR'S REPORT

There was no report from the District's Financial Advisor this month.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated March 4, 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 discussed the break of a 96-inch City of Houston ("City") water line out of the City's East Water Purification Plant that occurred last week. He advised the Board that, although the EWPP serves approximately 50% of the City, the Authority is served by the Northeast Water Purification Plant (the "NEWPP") and, therefore, was not impacted in any way by the break in the water line. The Board requested that MOC contact all Member District operators directly in the event of any similar issues in the future. Mr. Martin confirmed that he was in contact with the operators for those Member Districts receiving surface water from the Authority to apprise them of the situation regarding the break in the City water line.

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 also advised the Board that the HGSD has now issued the Authority over conversion credits for the permit years 2016, 2017 and 2018, and that the Authority is now current in that regard.

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 the TWDB has now approved the two escrow releases submitted to the TWDB in the total amount of \$796,711.45 for payment of Invoice No. NETL-008-CHCRWA in the amount of \$737,194.84 and for the payment of engineering and legal review fees incurred in connection with the Project. Mr. Khouw advised the Board that the invoice from the City will be paid next week prior to the due date of March 13, 2020.

Mr. Khouw also presented a video of the construction of a significant portion of the 120-inch and dual 108-inch raw water intake lines at the NEWPP.

Mr. Khouw next reported to the Board concerning the status of Phase II of the NETL, as further detailed in the Engineer's Report. He advised the Board that the North Harris County Regional Water Authority expects to start advertising for bids for construction of the Phase II NETL by July or August of this year.

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. He advised the Board that IDS is working on scheduling a meeting with the representatives of Harris County ("County") and the Harris County Flood Control District ("HCFCD") to discuss the County's new rules regarding placement of facilities in the County's or the HCFCD's right-of-way, as such rules may have a significant impact on the construction of the Authority's 2025 Internal Distribution System.

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 February 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 discussed the need for better access to the Member Districts' water plant sites as more frequent sampling of the surface water being delivered by the Authority to said plants will soon be undertaken. Mr. Rubinsky stated that he would forward correspondence to each Member District requesting improved access to their respective water plant sites.

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 March 4, 2020, including a report regarding the meeting of the Coalition on Critical Infrastructure held on February 26, 2020, 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.

2020 DIRECTOR APPOINTMENT PROCESS AND DETERMINATION OF MEMBER DISTRICTS' FINAL 2019 WATER USAGE

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 Mays to serve in the Director At-Large (Position No. 1) position. Mr. Khouw then reported on the status of the Member Districts' total 2019 water usage and advised that such information will be used to determine the number of votes that may be cast by each of the Member Districts in connection with the Authority's 2020 Director Appointment Process.

The Board next considered the adoption of an Order Declaring Unopposed Nominee Elected. Mr. Rubinsky advised that, in accordance with the authorization granted in the Authority's creation legislation, the Board is authorized to declare unopposed candidates to be elected for an additional term. Mr. Rubinsky noted that, since no nominations other than the nomination for Director Granadino were received by the applicable deadline for the Director Precinct No. 2 position, Director Granadino was therefore unopposed with respect to the position for which he was nominated. After discussion, Director Gower moved that the Order Declaring Unopposed Nominee Elected attached hereto as **Exhibit E** be adopted by the Board declaring David Granadino elected to the position for which he was nominated for a term expiring on May 15, 2024, and that the President be authorized to execute and the Assistant Secretary to attest same on behalf of the Board and the Authority. Director Meek seconded said motion, which carried unanimously. Mr. Rubinsky then advised that the ballots for the Director At-Large

(Position No. 1) position will be sent to all Member Districts next week and that same must be acted upon and returned to the Authority prior to May 1, 2020.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky updated the Board regarding implementation of HB 3834 relating to cybersecurity training for certain local governmental employees and elected officials. He advised the Board that SPH's recommendation to all elected directors is to annually complete a Texas Department of Information Resources Certified cybersecurity training. He further advised that the first training program should be completed before the end of 2020, and that the Association of Water Board Directors is currently preparing a course for cybersecurity training that will be available to members in the future. He noted that SPH will collect the completion certificates and report same to the Board in a public meeting annually, which should satisfy the requirement for periodic compliance audits.

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, April 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/ Tom Gower
Tom Gower, Assistant 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 Order Declaring Unopposed Nominee Elected