

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors May 6, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on May 6, 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; John Howell of The GMS Group, L.L.C. ("GMS"); 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"); Shirley Adams and Oliver Agard of Harris County Municipal Utility District No. 150 ("No. 150"); Jonathan Ward and Leonard Cummins of Harris County Municipal Utility District No. No. 304 ("No. 304"); 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. There being no comments from the public received, the Board continued to the next item of business.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held April 1, 2020. After discussion, Director Boddy moved that the minutes of the meeting held April 1, 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, 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 April 1, 2020 through May 6, 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 March 2020 and the first three (3) months of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through March 31, 2020. Ms. Matuska advised the Board that funds in the amount of \$146,811.44 had been received from the City of Houston ("City") representing the credit due to the Authority for amounts paid to the City during FY 2017 and FY 2018 related to operations and maintenance costs of the City's Northeast Water Purification Plant ("NEWPP"). Mr. Rubinsky noted that invoices had been received from the City dated April 10, 2020 in the amount of \$841,456.65 due by May 26, 2020, and dated April 21, 2020 in the amount of \$1,001,422.17 due by June 5, 2020 for CY2020 appropriation of the Northeast Transmission Line ("NETL"), Segment 2. In that regard, Ms. Matuska advised the Board that there are three (3) wire transfers for the Board's approval that are not reflected on the Bookkeeper's Report for payment of the two (2) invoices received from the City reflected above, as well as for payment to the City in the amount of \$34,071.83 for the Luce Bayou Project Debt Service due by May 15, 2020, which the Authority pays semi-annually. Ms. Matuska also noted that the Texas Water

Development Board ("TWDB") just recently approved the release of \$332,303.85 from escrowed bond proceeds to partially fund invoice NETL-010-CHCRWA (total invoice in the amount of \$841,456.65), which is not reflected on the Bookkeeper's Report, and that two additional applications for release of escrowed funds are still pending with the TWDB. Thereafter, Director Boddy moved that (i) the Bookkeeper's Report be approved, (ii) the disbursements listed therein be approved for payment, and (iii) the three (3) wire transfers reflected above be authorized by the Board, subject to the TWDB's approval of the pending applications for release of escrowed bond proceeds. Director Granadino seconded said motion, which unanimously carried.

### **APPROVAL OF UNCLAIMED PROPERTY REPORT**

Ms. Matuska next advised the Board that there was no Unclaimed Property to be reported by the Authority for the period ending March 1, 2020.

### **REVIEW OF ARBITRAGE ANALYSIS REPORT**

Mr. Rubinsky next presented to and reviewed with the Board an Arbitrage Analysis Report provided by Municipal Risk Management Group, L.L.C. ("MRMG") dated March 31, 2020, a copy of which is attached hereto as **Exhibit B**, in connection with the yield restriction and arbitrage rebate calculation analyses performed in connection with the Authority's previous bond issues. Mr. Rubinsky advised the Board that MRMG is recommending that the Authority engage Arbitrage Compliance Specialists, Inc. ("ACS") to prepare a Fifth Year Arbitrage Rebate Report for the Series 2015 Bonds. Mr. Rubinsky further advised the Board that, as reflected in the attached Arbitrage Analysis Report, no further action is required in connection with any of the Authority's other bond issues at this time. After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that ACS be engaged by the Authority to prepare a Fifth Year Arbitrage Rebate Report in connection with the Authority's Series 2015 Bonds, as recommended in the attached report from MRMG, and that the President be authorized to execute ACS' engagement letter related thereto on behalf of the Board and the Authority.

### **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 presented for the Board's review correspondence received from the City dated April 1, 2020, a copy of which is attached hereto as **Exhibit C**, regarding the City's FY 2021 preliminary water rate for the NEWPP. Mr. Howell advised the Board that the NEWPP's FY 2021 preliminary water rate of \$1.5280 is less than the rate that was used by GMS

in its most current long-term financial model and that the NEWPP FY 2021 preliminary water rate, therefore, will likely not have an adverse effect on the Authority's rates or financial condition. Mr. Howell stated, however, that he will evaluate the need for an adjustment of the Authority's rates as a result of the City's proposed FY 2021 rate next month.

Mr. Howell next reported that, in light of the changing market conditions resulting from the COVID-19 Pandemic, the TWDB continues to evaluate State Water Implementation Fund for the State of Texas interest subsidization amounts and terms. He further reported that the TWDB has indicated that it is unable to provide May rate scales at this time and that the June scales may be delayed.

## **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated May 6, 2020, a copy of which is attached hereto as **Exhibit D**, 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 advised the Board that the HGSD has approved the Authority's 2020-2021 Aggregated Water Well Permit and issued an invoice in the amount of \$28,800 for the new permit. After discussion, the Board approved payment of the HGSD invoice before the June 1, 2020 due date.

Mr. Khouw reported that IDS had prepared and submitted the 2019 Water Conservation Plan Annual Implementation Report to the TWDB Board prior to the May 1, 2020 deadline.

Mr. Khouw next addressed the Board regarding a request received from Region H for completion of an Infrastructure Financing Survey Report for Authority projects to be included in the 2021 Region H Water Plan. After discussion on the matter, Director Boddy moved that IDS be authorized to complete and submit the Infrastructure Financing Survey Report to the Region H prior to the May 22, 2020 deadline. Director Granadino 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. 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 Northeast Transmission Line ("NETL"), as further detailed in the Engineer's Report. Mr. Khouw noted all funds included in the Authority's Series 2018 Bonds and Series 2019 Bonds for

Phase I of the NETL have been or will soon be spent, and that approximately \$2,300,000 will be included in the Series 2020 Bonds for the NETL. He also reported that all NETL construction contracts are thus far under budget.

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 advised the Board that IDS will work with SPH on the easement required from CenterPoint Energy Houston Electric LLC for the Authority's connection to the 84-inch water transmission line.

Mr. Khouw addressed the Board concerning the status of the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report. He reported that all construction contracts for this project are also under budget thus far.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for April 2020, a copy of which is attached hereto as **Exhibit E**. 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, because Rankin Road West continues to provide surface water to No. 304 through the interconnect between said districts, the Authority's total water usage during the month of April 2020 consisted of 55% surface water.

### **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, including a listing of the proclamations and press releases issued by the Governor's Office from April 1, 2020 through May 5, 2020, in connection with the COVID-19 Pandemic, copies of which are attached hereto as **Exhibit F**. The Board concurred that no action was required on its part at this time relative to said matter.

## **STATUS OF 2020 DIRECTOR APPOINTMENT PROCESS AND ADOPTION OF ORDER DECLARING RESULTS OF 2020 DIRECTOR APPOINTMENT PROCESS**

Mr. Rubinsky next addressed the Board regarding the status of the Authority's 2020 Director Appointment Process. He advised that SPH had received Resolutions from six (6) Member Districts, as follows: Fallbrook, Harris County Municipal Utility District No. No. 33, No. 150, Harris County Municipal Utility District No. 399, No. 200 and No. 304, prior to the May 1, 2020 deadline, determining their respective votes for the position on the Board of At-Large Director (Position No. 1), and that Julian F. Boddy had received 61.80% of the votes and Charlotte Mays had received 14.86% of the votes. After discussion, it was duly moved by Director Meek, seconded by Director Granadino and unanimously carried, that: (i) David Granadino, who was nominated without opposition for the position on the Board representing Director Precinct No. 2, be declared to have been duly elected to serve as a Director of the Authority for the position on the Board representing Director Precinct No. 2, to serve for a four-year term from and after May 15, 2020; (ii) Julian F. Boddy be declared to have been duly elected to serve as a Director of the Authority for the position on the Board of At-Large Director (Position No. 1), to serve for a four-year term from and after May 15, 2020; and (iii) there be passed and adopted the Order Declaring Results of 2020 Director Appointment Process attached hereto as **Exhibit G**.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky addressed the Board regarding cybersecurity training for certain local government employees and elected officials, as contemplated in House Bill No. 3834, and as previously discussed with the Board. In that regard, he presented to and reviewed with the Board a Supplemental Memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit H**. Mr. Rubinsky advised that SPH is recommending that all elected directors complete a certified cybersecurity training program by June 14, 2020. He further advised that there will be several opportunities available for directors to complete said training by the deadline, which are outlined in the attached memorandum.

The Board next considered correspondence received from the University of Oklahoma Department of Geography and Environmental Sustainability, a copy of which is attached hereto as **Exhibit I**, extending an invitation to the Authority for participate in a research study regarding the impacts of severe weather events on water utility operations and planning. After discussion, the Board declined to participate in such study.

### **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 is 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, June 3, 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      Arbitrage Analysis Report
- Exhibit C      Correspondence from City dated April 1, 2020, regarding the City's FY 2021 Preliminary Water Rate
- Exhibit D      Engineer's Report
- Exhibit E      Operator's Report
- Exhibit F      Government Affairs Update
- Exhibit G      Order Declaring Results of 2020 Director Appointment Process
- Exhibit H      Supplemental Memorandum regarding Cybersecurity Training
- Exhibit I      Correspondence from the University of Oklahoma Department of Geography and Environmental Sustainability