

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors August 5, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on August 5, 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, except for Director Granadino, who joined the meeting after it had been called to order as noted below, 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"), financial advisor for the Authority; Wesley Lay of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); Linda Watkins, Joyce King and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson and Godfrey Eta of Rankin Road West Municipal Utility District ("Rankin Road West"); Jonathan Ward, Leonard Cummings and Elvis Anderson 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"); David Edwards of Harris County Municipal Utility District No. 215 ("No. 215"); 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.

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 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 July 1, 2020. After discussion, Director Boddy moved that the minutes of the meeting held July 1, 2020, be approved as presented. Director Meek seconded said motion, which unanimously carried.

Director Granadino joined the meeting at this time.

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 July 1, 2020 through August 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 June 2020 and the first six (6) months of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through May 31, 2020. Ms. Matuska noted 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 Northeast Transmission Line ("NETL") has been approved by the Texas Water Development Board ("TWDB"), and that all pending escrow release applications have now been approved by the TWDB. Ms. Matuska also advised the Board that a payment in the amount of \$76,609.84 to the North Harris County Regional Water Authority ("NHCRWA") for the Authority's share of the operation and maintenance costs of the Spears Road Pump Station for the NHCRWA's Fiscal Year 2019 is being presented for the Board's approval at tonight's meeting. Thereafter, Director Boddy moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment. Director Meek 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 June 30, 2020, a copy of which is attached to the Bookkeeper's Report. After discussion, it was moved by Director Boddy, seconded by Director Meek 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. Mr. Howell advised the Board that he had no new activity upon which to report regarding the City of Houston's ("City") FY 2019 True Up Report related to the operations and maintenance costs of the City's Northeast Water Purification Plant ("NEWPP").

Mr. Howell advised the Board that the City's FY 2021 adopted water rate of \$1.5448 for the NEWPP is less than the rate that was used by GMS in its most current long-term financial model for the Authority and that the NEWPP FY 2021 water rate, therefore, will likely not have an adverse effect on the Authority's rates or financial condition.

Mr. Howell next addressed the Board concerning the sale of the Authority's proposed Series 2020 Bonds to the TWDB. In that regard, he discussed the schedule of estimated interest rates received from the TWDB yesterday. Mr. Howell advised the Board that the closing on the Series 2020 Bonds is scheduled for November 19, 2020. For the benefit of the new meeting participants, Mr. Rubinsky and Mr. Howell next discussed the Authority's overall financial plan. Mr. Howell noted that the Authority has not increased its rates since early 2018 and that it currently still has the lowest rates among all of the regional water authorities.

Mr. Rubinsky next presented to and reviewed with the Board the Financing Agreement between the Authority and the TWDB in connection with the Authority's proposed sale of its Series 2020 Bonds to the TWDB. After discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that said Financing Agreement be approved and that the President be authorized to execute same on behalf of the Board and the Authority.

ENGINEER'S REPORT

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

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 issued Notice of Upcoming Cash Call No. 10 in the amount of \$5,758,874 to fund the Authority's share of the costs associated with the balance of the NEWPP. Mr. Khouw stated that the cash call is anticipated to be due January 13, 2021, and that the next cash call will likely not occur until 2022.

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, which he advised is anticipated to completed in January 2021.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for July 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 recommended that No. 200's surface water intake be increased in an effort to increase the Authority's total surface water usage to over 30%. Mr. Khouw and the Board concurred with such recommendation.

Mr. Martin next reported to the Board regarding illegal dumping at the end of the road near the pump station. After discussion, the Board authorized MOC to install a "No-Trespassing" sign in the area where the dumping is occurring.

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 July 1, 2020 through July 31, 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.

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

Mr. Rubinsky next advised the Board of several recent requests for information related to the Authority, to which SPH has responded. Mr. Rubinsky reported that, in the course of handling such requests, it had come to his attention that certain information contained on the Authority's website had not been updated, and that SPH and The Texas Network had completed the necessary updates during the past week.

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, September 2, 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