

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors December 2, 2020

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on December 2, 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 Director Meek 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; Clifton White of F. Matuska, Inc. ("FMI"), 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, Gilbert Miranda and Joyce King of Fallbrook Utility District ("Fallbrook"); Godfrey Eta and Kelvin Smith of Rankin Road West Municipal Utility District ("Rankin Road West"); Elvis Anderson and Rosalind Caesar of Harris County Municipal Utility District No. No. 304 ("No. 304"); Oliver Agard, Roosevelt Johnson and Shirley Adams 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.

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 November 4, 2020. After discussion, Director Boddy moved that the minutes of the meeting held November 4, 2020, be approved as presented. Director Gower seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. White 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 November 1, 2020 through December 2, 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 October 2020 and the first ten (10) months of the Authority's fiscal year ended December 31, 2020, and a Summary of Pumpage Fees Paid by Member Districts through September 30, 2020. Mr. White noted that, as reflected in the Bookkeeper's Report, \$431,611.54 will be wired to the City of Houston ("City") from the General Operating Fund for payment of the Authority's share of construction costs related to the Northeast Transmission Line ("NETL"), Phase I, which will be reimbursed out of the proceeds of the Series 2020 Bonds once the funds are authorized for release from escrow by the Texas Water Development Board ("TWDB"). Mr. Khouw advised the Board that he has submitted an escrow release request to the TWDB for release of such funds. After discussion, Director Gower moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts. Director Granadino seconded said motion, which unanimously carried.

Director Meek joined the meeting at this time.

ADOPTION OF OPERATING BUDGET FOR THE AUTHORITY'S FISCAL YEAR ENDING DECEMBER 31, 2021

Mr. White presented for the Board's review a proposed Operating Budget for the fiscal year ending December 31, 2021, a copy of which is attached to the Bookkeeper's Report. Mr. Rubinsky briefly discussed the significant deficit reflected in the proposed Operating Budget. He advised the Board that the Authority's Financial Advisor will evaluate the need for an adjustment of the Authority's rates as a result of the projected operating deficit. After discussion on the matter, upon motion made by Director Granadino, seconded by Director Gower and unanimously carried, the Board approved the proposed Operating Budget for the Authority's fiscal year ending December 31, 2021, as presented.

FINANCIAL ADVISOR'S REPORT

In the absence of the Authority's Financial Advisor, the Board deferred considered of the Financial Advisor's Report.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated December 2, 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 noted that the ground water usage, surface water usage, and total water usage numbers reflected in the Engineer's Report have not been updated, and that Mr. Martin will report to the Board regarding same during the Operator's Report.

Mr. Khouw advised the Board that IDS is working with the City on final close out and approval of the tie-in of No. 304 to the Authority's surface water distribution system and No. 304's dedication of a Meter Station Easement to the City in connection therewith. Ms. Caesar advised the Board that she has spoken to Roschan George with the City regarding the status of the tie-in of No. 304 to the Authority's surface water distribution system, and that she is very concerned with the lack of urgency by the Board and IDS to complete this project. Mr. Khouw stated that he believes there may have been some miscommunication between Ms. Caesar and Mr. George concerning the matter, and emphasized that IDS is working very hard to conclude the matter. He advised that he will contact the City tomorrow to confirm the status of the situation and ensure that the Authority is doing everything required of it by the City to secure the City's final approval.

Mr. Khouw next reminded the Board that the North Harris County Regional Water Authority ("NHCRWA") is considering certain operational changes to the Spears Road Pump Station, and that IDS is waiting on information from the NHCRWA regarding projected operation and maintenance expenses in order to evaluate the Authority's future capacity requirements in the facility.

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. He noted that EWP No. 1 is now complete and that the City will be refunding the remaining funds advanced for EWP No. 1 to the regional water authorities. Mr. Khouw also noted that EWP No. 4 is actually 95% complete rather than 90% complete as reflected in the Engineer's Report. Mr. Khouw reported that the Houston Waterworks Team ("HWT") is in litigation with a subcontractor for EWP No. 4, but that the litigation does not involve the City or any of the regional water authorities. Mr. Khouw stated that he will monitor the litigation. Mr. Khouw further advised that, overall, the NEWPP Expansion Project is now approximately 36%

complete. He then discussed the contractual Phase 1 and Phase 2 substantial completion dates, as reflected in the Engineer's Report. Mr. Khouw reported that the City is working with HWT for a recovery schedule to meet the contractual completion dates. He noted that the COVID-19 pandemic and inclement weather conditions have impacted the baseline 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, and discussed the invoice received from the City for the Authority's share of the construction of the 66-inch water line interconnect along Hardy Road, as discussed earlier during the meeting under the Bookkeeper'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. He advised that the project is expected to be substantially complete by March 2021.

With respect to the completion and filing with the TWDB of a Historically Underutilized Business (HUB) Project Participation Form in connection with projects financed through the State Water Implementation Fund for Texas, Mr. Khouw advised the Board that he has not yet been advised by the TWDB whether the Authority will be required to complete and submit a HUB Project Participation Form for 2020.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for November 2020, a copy of which is attached hereto as **Exhibit C**. Mr. Martin reported to the Board regarding total ground water and surface water usage as well as total water usage, within the Authority for the most current billing cycle, 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, 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 is 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 December 2, 2020, a copy of which is attached hereto as **Exhibit D**. The Board concurred that no action was required in connection with said matter at this time.

DISCUSSION REGARDING THE AUTHORITY'S POSSIBLE PARTICIPATION IN THE COALITION FOR CRITICAL INFRASTRUCTURE DURING THE 87TH LEGISLATIVE SESSION

There was next a discussion regarding the Authority's possible participation in the Coalition for Critical Infrastructure ("CCI"), which will be working to preserve political subdivisions' powers of eminent domain during the 87th Legislative Session, as recommended by Ms. Tredway at the November Board meeting. In that regard, he presented for the Board's review a Listing of the Current Members of the CCI, together with a CCI Fact Sheet received from Ms. Tredway, copies of which are attached hereto as **Exhibit E**. After discussion, it was moved by Director Cox, seconded by Director Boddy and unanimously carried, that the Authority participate in the CCI for the coming Legislative Session at a cost of \$2,500.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that he has received a draft of the proposed First Amendment to Amended and Restated Joint Facilities Agreement between the Authority and the NHCRWA in connection with the design and construction of the proposed NETL, Phase II and other shared surface water distribution lines, and that SPH is in the process of reviewing same.

Mr. Rubinsky next addressed the Board concerning the Authority's participation as an amicus party in the pending litigation in the Court of Appeals for the Ninth District in Beaumont, Texas relating to the enforceability of wholesale water supply contracts between the San Jacinto River Authority and certain participants in its groundwater reduction plan. In that regard, Mr. Rubinsky advised the Board that the Brief of Amici Curiae in San Jacinto River Authority v. City of Conroe and City of Magnolia, currently pending in the Ninth Court of Appeals, Beaumont, Texas, was filed on November 16, 2020.

ANNUAL EMINENT DOMAIN FILING

Mr. Rubinsky next advised the Board that, pursuant to §2206.154, Texas Government Code, all political subdivisions with the power of eminent domain, including the Authority, are required to file an annual eminent domain report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He requested the Board's authorization for SPH to prepare and file such annual report on behalf of the Authority. After discussion, it was moved by Director Boddy, seconded by Director Cox and unanimously carried, that the Board authorize SPH to file the annual eminent domain report with the Comptroller on behalf of the District prior to February 1, 2021.

DISCUSSION REGARDING STATUS OF AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS

Mr. Rubinsky next advised the Board that he had no new activity upon which to report regarding the Authority's website.

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, January 6, 2021, 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 Listing of Current Members of the CCI and CCI Fact Sheet