

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors April 7, 2021

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on April 7, 2021, 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; Clifton White of F. Matuska, Inc. ("FMI"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Jennifer Hanna of BKD, LLP ("BKD"); 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"); Lathan E. Johnson and Godfrey Eta of Rankin Road West Municipal Utility District ("Rankin Road West"); Rosalind Caesar of Harris County Municipal Utility District No. 304 ("No. 304"); Oliver Agard, Roosevelt Johnson, Shirley Adams and Cordia Jackson 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 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 March 3, 2021. After discussion, Director Gower moved that the minutes of the meeting held March 3, 2021, be approved as presented. Director Cox 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 March 1, 2021 through April 7, 2021, 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 February 2021 and the first two months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through December 31, 2020. A brief discussion followed concerning the payment of invoices to the City of Houston (the "City") for surface water supplied to the Authority and the period covered by each of said invoices. After discussion, Director Boddy moved that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts. Director Gower seconded said motion, which unanimously carried.

### **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2020**

The Board recognized Ms. Hanna, who presented to and reviewed with the Board a draft of the Authority's Annual Audit Report by BKD prepared for the fiscal year ended December 31, 2020, as well as a summary of the draft Audit. Ms. Hanna noted that the Authority had also previously engaged McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson") to perform certain accounting procedures in order to eliminate the findings of material weaknesses in internal controls in the Management Letter associated with the Authority's fiscal year end audits. In that regard, Mr. Rubinsky reminded the Board of prior discussions with the Texas Water Development Board ("TWDB") regarding apparent non-compliance with the requirements of the Authority's Bond Resolutions due to BKD's findings of material weaknesses in internal controls over financial reporting, which gave rise to the Authority's engagement of McCall Gibson to review the Authority's financial statements. Ms. Hanna stated that, as a result of McCall Gibson's independent review of the Authority's financial statements, there was no need for BKD to issue a Management Letter again this year. After discussion concerning the Audit presented, Director Gower moved that: (i) the Audit Report for the fiscal year ended December 31, 2020, be approved, subject to final review and comments by SPH and the Authority's other consultants; (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the Authority; and (iii) such Audit Report and Annual Filing Affidavit be filed with the

appropriate governmental authorities, including the Texas Commission on Environmental Quality and the TWDB. Director Boddy seconded said motion, which unanimously carried.

Ms. Hanna next advised the Board that, because the Authority's Bookkeeper is allowed to sign checks on behalf of the Authority pursuant to the Resolution Adopting Temporary Policies and Procedures in Response to COVID-19 Pandemic adopted by the Board last year, additional review procedures will be required to verify that all checks were in fact signed by the Authority's Bookkeeper. Ms. Hanna stated that BKD can perform such additional review procedures in order to prevent any findings of material weaknesses in internal controls. After discussion on the matter, it was moved by Director Cox, seconded by Director Meek and unanimously carried, that BKD be authorized to perform such additional review procedures on behalf of the Authority.

### **AUTHORIZE DISCLOSURE COUNSEL TO PREPARE AND FILE ANNUAL CONTINUING DISCLOSURE REPORT**

The Board next considered authorizing McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst"), the Authority's Continuing Disclosure Counsel, to prepare the Authority's annual continuing disclosure report due no later than June 30, 2020. Mr. Rubinsky advised the Board that McCall Parkhurst 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, 2020, has been completed and released by BKD, and will file said report with the appropriate repositories prior to the filing deadline of June 30, 2020. After discussion on the matter, Director Gower moved that McCall Parkhurst be authorized to prepare the Authority's annual continuing disclosure report and be authorized and directed to file said continuing disclosure report with the appropriate repositories on behalf of the Authority prior to the June 30, 2020 deadline. Director Granadino seconded said motion, which unanimously carried.

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

In the absence of the Authority's Financial Advisor, Mr. Rubinsky advised the Board that the City and the Authority's consultants are wrapping up discussions regarding the review and final approval of the City's FY 2019 True Up Report related to Operations and Maintenance Costs of the City's Northeast Water Purification Plant ("NEWPP"), and that the Authority is due a total credit in the amount of \$85,711.17 for amounts paid to the City in such fiscal year. Mr. Rubinsky further reported that the City's FY 2020 True Up Report was just received last week and that it appears that the Authority will be due a total credit in the amount of \$103,964.00 for amounts paid to the City in FY 2020.

Mr. Rubinsky next presented for the Board's review correspondence received from the City dated April 1, 2021, a copy of which is attached hereto as **Exhibit B**, regarding the City's FY 2022 preliminary water rate for the NEWPP. Mr. Rubinsky advised the Board that the NEWPP's FY 2022 preliminary water rate of \$1.3379 is less than the rate that was used by The GMS Group, L.L.C. in its most current long-term financial model and that the NEWPP FY 2022 preliminary water rate, therefore, will likely not have an adverse effect on the Authority's rates or financial condition.

**REVIEW OF 5TH YEAR ARBITRAGE REBATE REPORT PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC. IN CONNECTION WITH THE AUTHORITY'S SERIES 2015 REVENUE BONDS**

Mr. Rubinsky next reviewed with the Board an Arbitrage Rebate Calculation Report prepared by Arbitrage Compliance Specialists, Inc., a copy of which is attached hereto as **Exhibit C**, for the fifth year rebate installment computation period in connection with the Authority's \$10,805,000 Unlimited Tax Revenue Bonds, Series 2015. Mr. Rubinsky advised the Board that the Report indicates that there is no rebate installment payment due to the Internal Revenue Service for such computation period for the District's Series 2015 Revenue Bonds.

**ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated April 7, 2021, 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 HGSD permit requirements, as detailed in the Engineer's Report. Mr. Khouw noted that Mr. Martin would provide updated numbers regarding same in his Operator's Report.

Mr. Khouw advised the Board that the final electrical connection was made at the junction box in connection with the tie-in of the City's Water meter at No. 304's Water Plant to the Authority's surface water distribution system, but that a fuse blew in the electrical panel due to the voltage of the meter that was provided by the City. Mr. Khouw further advised that a stepdown transformer will be installed in the control panel tomorrow which should resolve the situation and allow the Authority to begin delivering surface water to No. 304.

Mr. Khouw next reported regarding his attendance at the special Board meeting conducted by No. 150 on March 25, 2021, during which the No. 150 Board discussed the rehabilitation of its two (2) water wells, including the installation of proposed arsenic removal facilities. Mr. Khouw advised the Board that No. 150 will require a minimum amount of groundwater for operation of those facilities, and that No. 150's engineer will work with the arsenic removal vendor and advise the Authority of the amount of groundwater that will be required. Mr. Khouw further reported that he would visit further with No. 150's engineer and operator and evaluate the status of the Authority's Groundwater Reduction Plan and determine how much ground water No. 150 can be allowed to produce from its water wells.

Mr. Khouw next reminded the Board that the NHCRWA is considering certain operational changes to the Spears Road Pump Station, and that IDS is evaluating the Authority's future capacity requirements in the facility. In that regard, Mr. Khouw advised the Board that IDS is working with SPH on the First Amendment to the Amended and Restated Joint Facilities Agreement between the Authority and the NHCRWA. Mr. Khouw noted that he just received a breakdown of the bid for the NHCRWA's Project 25C (which is part of Phase II of the Northeast Transmission Line), which includes the Authority's take point at Veterans Memorial Drive, and which came in under the budgeted amount for the project. Mr. Khouw stated that he is still

reviewing the bid and will report further to the Board concerning said project at the next meeting.

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 next reported to the Board concerning the status of construction of Phase I of the NETL, as further detailed in the Engineer's Report, including the status of construction of the 66-inch water line interconnect along Hardy Road.

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 noted that the NHCRWA has scheduled the pre-construction meeting for Project 25C for tomorrow afternoon. Mr. Khouw advised the Board that the NHCRWA has issued a Notice to Proceed to BRH Garver Construction, LP for Project 25C, and that he will attend the pre-construction meeting tomorrow on behalf of the Authority

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 noted that he will meet with SPH soon regarding the acquisition of the easements required in connection with the project.

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.

## **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for March 2021, a copy of which is attached hereto as **Exhibit E**. 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.

Mr. Martin advised the Board that Harris County Utility District No. 16's ("No. 16") water well meter appears to be broken as the water usage reported last month was low and there was no usage at all reported this month. Mr. Martin discussed the procedures to be used for calculating No. 16's water usage for the month of March. He noted, however, that there is a possibility that No. 16 is receiving water through an interconnect. Mr. Martin stated that he would contact No. 16's operator tomorrow to discuss the situation.

Mr. Martin next reported that the sidewalk replacement project near the intersection of N. Camden and Monument Valley within the boundaries of No. 150 has been completed. He advised the Board that the total cost of the project was \$16,600, which is in excess of approximately \$7,100 higher than the original estimate presented to the Board. Mr. Martin advised that he misread the original estimate when he presented it to the Board and requested

permission for MOC to invoice the Authority for the additional contract. After discussion on the matter, it was moved by Director Gower, seconded by Director Cox and unanimously carried, that MOC be authorized to invoice the Authority for the additional costs relating the sidewalk repair project. Director Boddy requested that Mr. Martin ensure that the invoice for the project is itemized in detail for future reference.

### **STATUS OF REQUESTS OF MEMBER DISTRICTS FOR CREDITS RELATED TO WATER LOSSES INCURRED AS A RESULT OF WINTER STORM URI**

A discussion next ensued regarding the status of potential requests of the Member Districts for credits from the Authority related to water losses incurred as a result of Winter Storm Uri. After discussion on the matter, the Board requested that Mr. Rubinsky notify all attorneys for the Member Districts that any request for credits must be submitted with detailed supporting documentation to the Authority by May 31, 2021.

### **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.

Ms. Jackson disconnected from the meeting at this time.

### **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 Bill Tracking Chart regarding certain bills introduced during the 87th Legislative Session, copies of which are attached hereto as **Exhibit F**. Mr. Rubinsky reported to the Board regarding several telephone conferences with Ms. Tredway regarding the Coalition for Critical Infrastructure's eminent domain bill (HB 2730), as well as HB 2525 creating the Lake Houston Dredging and Maintenance District. The Board concurred that no action was required in connection with said matter at this time.

### **ANNUAL CYBERSECURITY TRAINING**

Mr. Rubinsky next addressed the Board regarding annual cybersecurity training as required by Chapter 2054, Texas Government Code. Mr. Rubinsky advised that SPH will provide the Board with information regarding the training seminar dates to be provided by the Association of Water Board Directors.

## **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky briefly reported to the Board concerning his recent communications with Directors of Member Districts regarding various issues.

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

A discussion next ensued regarding the Authority's website. Mr. Rubinsky advised the Board that, as suggested at the last meeting, the Authority's website has been updated to include links to the websites of those Member Districts that have websites. Mr. Rubinsky further advised that the terms of office for the Directors of the Authority have been updated on the 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, May 5, 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      Correspondence from City dated April 1, 2021, regarding the City's FY 2022 Preliminary Water Rate
- Exhibit C      Arbitrage Rebate Calculation Report
- Exhibit D      Engineer's Report
- Exhibit E      Operator's Report
- Exhibit F      Government Affairs Update and Bill Tracking Chart