

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors July 7, 2021

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on July 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, except Director Boddy, 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; April Gallien 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, Joyce King and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan E. Johnson of Rankin Road West Municipal Utility District ("Rankin Road West"); Oliver Agard, Roosevelt Johnson, Cordia Jackson and Shirley Adams of Harris County Municipal Utility District No. 150 ("No. 150"); Rosalind Caesar of Harris County Municipal Utility District 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.

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. Mr. Rubinsky requested that the Board and those in attendance observe a moment of silence in memory of Michelle Cummings, the wife of Leonard Cummings', who serves on the Board of Directors of No. 304.

COMMENTS FROM THE PUBLIC

Mr. Rubinsky noted that the first item on the agenda was to open the meeting for public comments. Mr. Agard inquired as to whether the Authority would be conducting any Board of Directors meetings within its boundaries pursuant to SB 239. Mr. Rubinsky stated that he will evaluate current legal requirements and address this matter at next month's meeting.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held June 2, 2021. After discussion, Director Gower moved that the minutes of the meeting held June 2, 2021, be approved as presented. Director Cox seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Gallien 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 June 1, 2021 through July 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 May 2021 and the first five months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through April 30, 2021. Ms. Gallien advised the Board that BBVA USA ("BBVA"), the Authority's depository bank, has been acquired by PNC Bank ("PNC") and that PNC is eliminating its public funds department. Ms. Gallien further reported that FMI is recommending that Central Bank be designated as the Authority's new depository bank. Mr. Rubinsky advised the Board that he would add an item regarding same to the agenda for next month's meeting. Thereafter, Director Granadino 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.

Director Meek joined the meeting during the Bookkeeper's report.

STATUS OF FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Rubinsky next advised the Board that McCall, Parkhurst & Horton L.L.P., the Authority's Continuing Disclosure Counsel, filed the annual Continuing Disclosure Report with the appropriate repositories on June 24, 2021.

FINANCIAL ADVISOR'S REPORT

In the absence of the Authority's Financial Advisor, John Howell, Mr. Rubinsky advised the Board that there was nothing new to report regarding the City of Houston's ("City") FY 2019

and FY 2020 True Up Reports related to Operations and Maintenance Costs of the City's Northeast Water Purification Plant ("NEWPP").

Mr. Rubinsky next advised the Board that a request had been received from No. 200 for discussion regarding the status of the evaluation of a potential adjustment of the Authority's fees and charges in 2021. In that regard, Mr. Rubinsky reported that Mr. Howell has advised No. 200 that no mid-year adjustment of the Authority's fees and/or charges will be required.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 7, 2021, 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 advised the Board that, although the new water well permits were approved by the Harris-Galveston Subsidence District ("HGSD") in April 2021, the permits have not yet been received. Mr. Khouw stated that IDS is following up with the HGSD regarding same.

Mr. Khouw next reported to the Board regarding discussions at the meeting of the City Water Advisory Committee on June 29, 2021, regarding the operation of the NEWPP, as well as the construction of the expansion to the NEWPP. Mr. Khouw advised the Board that the NEWPP is being expanded to a 320 MGD plant; however, due to the resiliency of the plant, it will have the ability to actually treat up to 400 MGD. Mr. Khouw further reported that a meeting will be held among the City and the regional water authorities to discuss the City's desire to utilize a portion of the regional water authorities' capacity in the NEWPP upon completion of the NEWPP Expansion Project.

Mr. Khouw next advised the Board that IDS has submitted a request to the Texas Water Development Board ("TWDB") for release of escrowed funds in the amount of \$646,039.86 to pay the Authority's share of certain costs associated with the design and construction of Phase II of the Second Source of Northeast Transmission Line ("NETL"), including costs previously incurred to date by the North Harris County Regional Water Authority ("NHCRWA") on behalf of the Authority, as further detailed in the Engineer's Report. Mr. Khouw noted that payment to the NHCRWA is due by August 6, 2021, and that he will request Board approval of such payment at the Board meeting scheduled for August 4, 2021.

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 reported that EWP No. 1 is now complete and that the City and the regional water authorities are working to determine the final accounting of costs with the City and closeout EWP No. 1. Mr. Khouw further reported that, overall, the project is approximately 51% complete, and that the expected completion date for Phase I is February 2023, with the entire project expected to be complete in the summer of 2024.

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, including Project 25C and Project 25D, the two segments of the NHCRWA 84-inch transmission line in which the Authority is participating, 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, and IDS' communications with Harris County, the Harris County Flood Control District, and the Texas Department of Transportation regarding the Authority's plans for construction of same. Mr. Khouw then presented for the Board's consideration a proposal from IDS dated July 6, 2021, a copy of which is attached hereto as **Exhibit D**, for engineering services in connection with the design and construction of the Authority's 2025 Internal Distribution System lines in the total amount of \$533,960. After discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that the proposal be approved by the Board, and that SPH be authorized to acknowledge receipt of Texas Ethics Commission Form 1295 submitted in connection therewith on behalf of the Authority.

Mr. Khouw next advised the Board that the Luce Bayou Interbasin Transfer Project is substantially complete and that the ribbon cutting ceremony related to same was held on June 15, 2021. Mr. Khouw reported that the Coastal Water Authority is finishing up the access road and addressing the punch list items.

Ms. Watkins and Ms. Caesar joined the meeting during the Engineer's Report.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for June 2021, a copy of which is attached hereto as **Exhibit D**. 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 noted that No. 304 received 8,338,000 gallons of surface water from the Authority during the month of June.

Mr. Martin next addressed the Board concerning the status of the Authority's compliance with America's Water Infrastructure Act of 2018, including the required certification of completion of the risk and resilience assessment due to be filed with the U.S. Environmental Protection Agency ("EPA") prior to June 30, 2021. In that regard, he advised the Board that the certification was filed with the EPA prior to the June 30, 2021 deadline.

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

The Board next considered requests of the Member Districts for credits from the Authority related to water losses incurred as a result of Winter Storm Uri ("Freeze Event"). In that regard, Mr. Rubinsky presented for the Board's consideration a Waived Retail Gallons Certificate received from No. 150, a copy of which is attached hereto as **Exhibit E**. After

discussion on the matter, it was moved by Director Cox, seconded by Director Granadino and unanimously carried, that No. 150's request for a credit in the amount of \$910.98 from the Authority related to water losses incurred as a result of the Freeze Event be approved by the Board.

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 also 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, together with a Bill Tracking Chart regarding certain bills introduced during the 87th Legislative Session, copies of which are attached hereto as **Exhibit F**. The Board concurred that no action was required in connection with such matter at this time.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky presented for the Board's review a Legislative Summary prepared by SPH of the significant legislation that passed in the 87th Regular Session of the Texas Legislature that may be of interest to or impact the water district industry, a copy of which is attached hereto as **Exhibit G**.

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, August 4, 2021, in-person, at 6:00 p.m., at the offices of IDS. Mr. Rubinsky advised the Board

that the Authority cannot require that attendees of the meeting wear masks or inquire as to whether the attendees have a fever or have been vaccinated against COVID-19, but that anyone who attends the meeting is welcome to take any precautions they feel are necessary to protect themselves. Director Granadino stated that he still wears a mask in public and believes in taking precautionary measures when out in public as the COVID-19 virus is still active.

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 Proposal from IDS for Engineering Design Services for the 2025 Internal Distribution System Lines
- Exhibit D Operator's Report
- Exhibit E Waived Retail Gallons Certificate from No. 150
- Exhibit F Government Affairs Update and Bill Tracking Chart
- Exhibit G Legislative Summary prepared by SPH