

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
August 4, 2021

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on August 4, 2021, in accordance with the duly posted notice of meeting. 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 were present, thus constituting a quorum.

Also attending the meeting were: Marcel Khouw, P.E., and John Hale of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Fran Matuska of F. Matuska, Inc. ("FMI"), bookkeeper for the Authority; Lonnie Wright 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"); and Abraham I. Rubinsky of Schwartz, Page & Harding, L.L.P. ("SPH"), attorneys for the Authority.

The President called the meeting to order and declared it open for such business as might regularly come before it.

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 members of the public present, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held July 7, 2021. After discussion, Director Boddy moved that the minutes of the meeting held July 7, 2021, be approved as presented. Director Granadino seconded said motion, which unanimously carried.

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, 2021 through August 4, 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 June 2021 and the first six months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through May 31, 2021. Ms. Matuska noted that check no. 4316 had been issued to the North Harris County Regional Water Authority ("NHCRWA") 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 NHCRWA on behalf of the Authority. 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 Meek seconded said motion, which unanimously carried.

DESIGNATION OF DEPOSITORY BANK

Ms. Matuska next reported that BBVA USA ("BBVA"), the District's depository bank, has been acquired by PNC Bank ("PNC") and that PNC is eliminating its public funds department. Ms. Matuska further reported that FMI is recommending that Central Bank ("Central") be designated as the District's new depository bank. After discussion on the matter, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that Central be designated as depository for the District and that the Order Selecting Depository attached hereto as **Exhibit B** be adopted by the Board.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER

The Board next considered the annual review of its Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer ("Investment Policy Order"), and the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky presented to and reviewed with the Board a Memorandum dated August 4, 2021, a copy of which is attached hereto as **Exhibit C**, summarizing the proposed changes to the Investment Policy Order. After discussion on the matter, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that (i) the Investment Policy Order be amended to reflect the proposed changes discussed by Mr. Rubinsky, (ii) the Board adopt the Resolution Regarding Review of Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer attached hereto as **Exhibit D** (with the amended Investment Policy Order attached thereto), and (iii) any prior order previously adopted by the Board establishing policies for investment of Authority funds and appointing an investment officer be revoked and rescinded effective today.

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 presented for the Board's review correspondence received from the City dated July 23, 2021, a copy of which is attached hereto as **Exhibit E**, regarding the City's

adopted FY 2022 water rate for the NEWPP of \$1.3357. Mr. Rubinsky advised the Board that the District's Financial Advisor, John Howell, has indicated that no mid-year adjustment of the Authority's fees and/or charges will be required as a result of the City's FY 2022 water rate for the NEWPP.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated August 4, 2021, a copy of which is attached hereto as **Exhibit F**, 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 the new water well permits have now been received from the Harris-Galveston Subsidence District ("HGSD") and that IDS will be sending out letters to the Member Districts regarding their respective water capacity allocations for the current permit year.

Mr. Khouw next reported to the Board regarding discussions at a meeting held earlier today with representatives of the City regarding the City's request for additional capacity of 80 MGD in the NEWPP Expansion Project. Mr. Khouw then discussed the options for accommodating the City's request for the additional capacity. Mr. Khouw stated that he would report further to the Board as discussions with the City progress over time.

Mr. Khouw next advised the Board that the request 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 NHCRWA on behalf of the Authority, has been approved by the Texas Water Development Board ("TWDB"). Ms. Matuska stated that the check issued to the NHCRWA approved earlier in the meeting for payment of these costs will be mailed this week.

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 noted that the City has not yet determined whether it will issue a check or a credit to the Authority for its share of the remaining costs. Mr. Khouw further reported that, overall, the project is approximately 53% complete. Mr. Khouw additionally presented a video of the status of the construction of the NEWPP Project and responded to questions from the Board regarding same.

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 also discussed the status of Bowman Engineering/Consulting, Inc.'s environmental study in connection with the design and construction of the Authority's 2025 Internal Distribution System lines. Mr. Khouw stated that IDS will submit a request to the TWDB for release of escrowed funds in the amount of approximately \$49,000 out of the Series 2015 bond proceeds for payment of the costs associated with the environmental study, but that the environmental study will need to be completed and submitted to the TWDB before the design and construction funds for the 2025 Internal Distribution System project can be released from escrow.

Mr. Khouw next advised the Board that the Luce Bayou Interbasin Transfer Project is substantially complete.

OPERATOR'S REPORT

Mr. Wright presented to and reviewed with the Board a written Operator's Report for July 2021, a copy of which is attached hereto as **Exhibit G**. Mr. Wright 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. Wright next advised the Board that, on July 15, 2021, the NHCRWA experienced an electrical issue at its Spears Road Pump Station resulting in a disruption in the supply of surface water to the Authority. Mr. Wright further advised the Board that MOC was unaware of this issue until receiving notification from the Operator for Harris County Municipal Utility District No. 150 ("No. 150") of low water levels in both of No. 150's ground storage tanks. Mr. Wright reported that the Authority did not receive any notifications from the NHCRWA regarding the issues experienced at the Spears Road Pump Station. Mr. Wright further advised the Board that Mr. Khouw and Jared Martin of MOC met with the General Manager and Operator of the NHCRWA on July 20, 2021 to discuss the electrical issues experienced at the Spears Road Pump Station and the lack of notification to the Authority. Messrs. Wright and Khouw then recommended the installation of pressure monitoring equipment in the Authority's Internal Distribution System to alert the Operator of a potential loss of surface water supply. After discussion on the matter, it was moved by Director Gower, seconded by Director Boddy and unanimously carried, that MOC be authorized to purchase and install pressure monitoring equipment, including a data logger, as recommended by Messrs. Wright and Khouw. The Board

also instructed SPH to forward correspondence to (i) the Board of Directors and the General Manager of the NHCRWA requesting that the Authority be notified immediately in the event of any future disruptions in the supply of surface water, and (ii) the Board of Directors of No. 150 regarding the actions approved at today's meeting relative to the disruption in the supply of 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 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, a copy of which is attached hereto as **Exhibit H**. The Board concurred that no action was required in connection with such matter at this time.

REQUEST FROM AUTHORITY'S RECORDS MANAGEMENT OFFICER TO DESTROY SPH'S NOTES AND AUDIO RECORDINGS OF BOARD MEETINGS

The Board next considered a request from the Authority's Records Management Officer to destroy SPH's notes and audio recordings of Board meetings from February 5, 2020, through March 3, 2021, in accordance with the terms of the Authority's Records Management Program. A copy of the subject request is attached hereto as **Exhibit I**. After discussion on the matter, Director Granadino moved that the destruction of said notes and audio recordings be authorized as requested in accordance with the provisions of the Authority's Records Management Program. Director Boddy seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky reported to the Board regarding the implementation of various actions resulting from changes in law adopted during the 87th Regular Session of the Texas Legislature. Mr. Rubinsky also advised the Board that he had responded on behalf of the Authority to an Open Records Request received from IDAR Group requesting employee and staff information.

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, September 1, 2021, in-person, at 6:00 p.m., at the offices of IDS.

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 Order Selecting Depository
- Exhibit C Memorandum summarizing proposed changes to Investment Policy Order
- Exhibit D Resolution Regarding Review of Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer
- Exhibit E Correspondence from City dated July 23, 2021, regarding the City's FY 2022 Water Rate
- Exhibit F Engineer's Report
- Exhibit G Operator's Report
- Exhibit H Government Affairs Update
- Exhibit I Records Destruction Request