

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
October 6, 2021

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on October 6, 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, except Director Gower, thus constituting a quorum.

Also attending the meeting were: John Hale of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Fran Matuska of F. Matuska, Inc. ("FMI"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Jordan Carrasco of Jones & Carter, Inc., representing Harris County Municipal Utility District No. 200 ("No. 200"); Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); 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 were no comments from the public.

STATUS OF PRIOR RESOLUTION ADOPTING TEMPORARY POLICIES AND PROCEDURES IN RESPONSE TO COVID-19 PANDEMIC

Mr. Rubinsky next addressed the Board concerning the status of the Resolution Adopting Temporary Policies and Procedures in Response to COVID-19 Pandemic adopted by the Board on April 1, 2020 (the "Resolution"). In that regard, Mr. Rubinsky advised the Board that, because the conditional suspension of the provisions of the Texas Open Meetings Act pursuant to Section 418.016, Texas Government Code, expired as of September 1, 2021, the Resolution is no longer in force and effect.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held September 1, 2021. After discussion, Director Boddy moved that the minutes of the meeting held September 1, 2021, be approved as presented. Director Meek 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 September 1, 2021 through October 6, 2021, and the disbursements presented for payment from the Authority's accounts, a Summary of Investments, a Schedule of Debt Service Payments, a Statement of Revenues and Expenditures for the month of August 2021 and the first eight months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through July 31, 2021. Ms. Matuska addressed the Board concerning incomplete check no. 5030 payable to the City of Houston ("COH") for payment of the invoice received from the COH for surface water for the previous month. Ms. Matuska advised the Board that she and Mr. Martin will be contacting the COH in an effort to reconcile the payments made and the amounts owed for surface water. Mr. Martin advised that the COH has invoiced the Authority for water supplied through a COH meter that has been locked and inoperable for a long period of time and has also invoiced for "estimated" usage through the COH meter recently installed at the Harris County Municipal Utility District No. 304 ("No. 304") Water Plant, which is fully functional to his knowledge. Ms. Matuska stated that, once the correct amount owed has been determined, she will complete and release the check to the COH. Ms. Matuska also advised the Board that the Pumpage Fee and Surface Water Fee revenues reflected on the eighth month Statement of Revenues and Expenditures were inadvertently combined, but that the total combined figure reflected for these two categories is correct. Ms. Matuska reported that the numbers will be properly broken out on the Statement of Revenues and Expenditures next month. Thereafter, Director Meek 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.

Ms. Matuska next advised the Board that FMI has been acquired by Texas Utility Bookkeeping ("TUB"), but that there will be no change in FMI's name or in the contract between FMI and the Authority as FMI will be a wholly owned subsidiary of TUB. Ms. Matuska noted, however, that the Authority's Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer will need to be amended to designate Brendan Doran, President of TUB, as the Authority's Investment Officer.

Ms. Matuska also reported that FMI has begun working on the Authority's Operating Budget for the December 31, 2022 fiscal year end and that a draft Operating Budget will be presented for the Board's review next month. Mr. Rubinsky noted that the Luce Bayou debt service payments, as well as the costs relating to the acquisition of the easements required for the 2025 Internal Distribution System that are in excess of the bond proceeds available for same, will need to be added to the proposed budget.

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 ("COH") FY 2019 and FY 2020 True Up Reports related to Operations and Maintenance Costs of the COH's Northeast Water Purification Plant ("NEWPP").

ENGINEER'S REPORT

Mr. Hale next presented to and reviewed with the Board a written Engineer's Report dated October 6, 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. Hale advised the Board that Mr. Martin would provide updated numbers during his report regarding ground water usage, surface water usage, and total water usage.

Mr. Hale next reported that a follow up meeting with COH representatives to discuss the proposed further expansion of NEWPP was held on October 5, 2021. Mr. Rubinsky then updated the Board regarding the video conference by and among the regional water authorities ("RWAs") and the COH relative to options for granting the COH's request for additional capacity of 80 MGD in the NEWPP Expansion Project, including the construction of an additional expansion to the NEWPP or re-rating the new NEWPP to produce 400 MGD vs. 320 MGD. Mr. Rubinsky reported that the discussions are ongoing.

Mr. Hale next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report, including Change Order CCA-BOP-0030 and Change Order CCA E4-0002-R1 which were approved by the COH and the RWAs. Mr. Hale also discussed 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. Hale reported that EWP No. 1 is now complete and that the COH and the regional water authorities are working to determine the final accounting of costs with the COH and closeout EWP No. 1. Mr. Hale further reported that, overall, the project is approximately 54% complete.

Mr. Hale next reported to the Board concerning the status of construction of Phase I of the NETL, as further detailed in the Engineer's Report. He advised that seven (7) out of thirteen (13) projects are complete and that construction is in progress on the other six (6) projects.

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

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for September 2021, 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.

Mr. Martin next addressed the Board concerning the invoice received from the COH for surface water, as discussed earlier in the meeting during the Bookkeeper's Report. In that regard, Mr. Martin advised the Board that, although the east meter at Spears Road is turned off and locked and has not been in operation for many years, the COH recently invoiced the Authority for 6,000,000 gallons of water from that meter. Mr. Martin further reported that the most recent invoice from the COH for August surface water usage includes (i) a debit adjustment of \$17,935.78, and (ii) estimated usage for No. 304 which is higher than what MOC determined was delivered to No. 304 in August. After discussion, Director Boddy moved that the Authority pay the current invoice received from the COH and that Mr. Martin and Ms. Matuska be authorized to work with the COH to reconcile the payments made and the amounts owed to the COH. Director Meek seconded said motion, which unanimously carried.

IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM

Mr. Rubinsky next updated the Board regarding the status of the implementation of the remote meter reading and monitoring system for the Authority. No Board action was taken in connection with said matter.

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 D**. The Board concurred that no action was required in connection with such matter at this time.

ESTABLISHMENT OF NEW OFFICE AND MEETING PLACES OUTSIDE THE BOUNDARIES OF THE AUTHORITY

The Board next considered the establishment of new office and meeting places of the Board of Directors outside the boundaries of the Authority. After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino, and unanimously carried that (i) the office outside the boundaries of the Authority be changed to 1300 Post Oak Boulevard, Suite 2400 and that regular meeting places outside the boundaries of the Authority be designated at 1300 Post Oak Boulevard, Suite 2400 and 2500, Houston, Harris County, Texas 77056, and (ii) the Order Establishing Office and Meeting Places Outside the District attached hereto as **Exhibit E** in connection therewith be adopted by the Board. The Secretary was directed to execute and attorney to publish notice of designation of such office and meeting places outside the boundaries of the Authority and to file true copies of the Board's Order establishing said office and meeting places with the Texas Commission on Environmental Quality.

ADOPTION OF RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION AND DELIVERY OF WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, INCLUDING SPECIFICALLY TO THE WATER PLANTS OF FALLBROOK UTILITY DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 33, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAIN, OF PROPERTY AND PROPERTY INTERESTS, INCLUDING PERMANENT AND TEMPORARY EASEMENTS, NECESSARY FOR SUCH FACILITIES

The Board next deferred action relative to the adoption of a Resolution Declaring the Existence of a Public Necessity for the Construction of Facilities for the Transportation, Distribution and Delivery of Water, Including Reasonable and Necessary Appurtenances Thereto, Including Specifically to the Water Plants of Fallbrook Utility District and Harris County Municipal Utility District No. 33, and Authorizing the Acquisition, by Donation, Purchase, or Exercise of the Power of Eminent Domain, of Property and Property Interests, Including Permanent and Temporary Easements, Necessary for such Facilities.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky addressed the Board concerning correspondence received from the COH dated September 7, 2021, regarding the limitations of the NEWPP. Mr. Rubinsky also reported to the Board regarding the video conference by and among the RWAs and the COH relative to options for granting the COH's request for additional capacity of 80 MGD in the NEWPP Expansion Project, including the construction of an additional expansion to the NEWPP or re-rating the new NEWPP to produce 400 MGD vs. 320 MGD, as previously discussed during the Engineer's Report.

Mr. Rubinsky next advised the Board of pending litigation relating to the utilization of eminent domain by a governmental entity against another governmental entity, and the potential impact such litigation could have on the Authority and other RWAs. Mr. Rubinsky reported that the West Harris County Regional Water Authority ("WHCRWA") has proposed to prepare and submit an amicus brief to the Texas Supreme Court related to the subject matter of the litigation and has requested that the Authority participate in such effort. After discussion, upon motion by Director Meek, seconded by Director Granadino and unanimously carried, the Board voted to pay 10% of the costs relating to the preparation of the amicus brief being coordinated by the WHCRWA, provided that such 10% does not exceed \$5,000.

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, November 3, 2021, 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 Engineer's Report
- Exhibit C Operator's Report
- Exhibit D Government Affairs Update
- Exhibit E Order Establishing Office and Meeting Places Outside the District