

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
November 3, 2021

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on November 3, 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 and John Hale of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Brendan Doran of F. Matuska, Inc. ("FMI"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Linda Watkins, Joyce King and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Robert M. Cadena 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.

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. Mr. Cadena addressed the Board concerning a sinkhole at 2609/2611 N. Camden Parkway within No. 150. Mr. Rubinsky noted that there was an item on the agenda under the Operator's Report regarding the sinkhole and that Mr. Martin would address this issue later in the meeting during his report. Mr. Cadena also thanked the Board for authorizing the installation of pressure monitoring equipment in the Authority's internal distribution system due to previous incidents of loss of water pressure which impacted No. 150's facilities.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held October 6, 2021. After discussion regarding the minutes and a certain revision to be made to page 2 thereto, Director Boddy moved that the minutes of the meeting held October 6, 2021, be approved, as amended. Director Meek seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Doran next introduced himself to the Board and 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 October 1, 2021 through November 3, 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 September 2021 and the first nine months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through August 31, 2021. Mr. Rubinsky noted that the draft minutes of the meeting held October 6, 2021 reflect that check no. 5030 was issued to the City of Houston ("COH") for payment of an invoice received from the COH for surface water, but that it appears from today's report that check no. 5017 was actually issued to the COH for payment of this invoice. Mr. Doran confirmed that such invoice was in fact paid with check no. 5017 and that check no. 5030 was voided. Mr. Rubinsky stated that he will revise the minutes to correct the inaccurate information. Thereafter, 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.

PROPOSED OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2022

Mr. Doran next presented for the Board's review a preliminary draft Operating Budget for the fiscal year ending December 31, 2022, a copy of which is attached hereto as **Exhibit B**. Mr. Doran advised the Board that FMI is still working with the Authority's consultants on refining the projected ground water and surface water revenues, as well as the projected expenses for the right-of-way acquisitions in connection with the Authority's 2025 Internal Distribution System. Accordingly, the Board deferred action relative to the adoption of an Operating Budget for the fiscal year ending December 31, 2022, until its next meeting.

ADOPTION OF AN AMENDED ORDER ESTABLISHING POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER

The Board next considered the adoption of an Amended Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer ("Amended Investment Policy Order"). In that regard, Mr. Rubinsky advised the Board that, at the last meeting, Fran Matuska had advised the Board that FMI had been acquired by Texas Utility Bookkeeping ("TUB") and that Mr. Doran, President of TUB, would need to be designated as the Authority's Investment Officer. After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the Amended Investment Policy Order attached hereto as **Exhibit C** be adopted to reflect the designation of Brendan Doran as the Authority's Investment Officer, and that 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.

ADOPTION OF RESOLUTION AUTHORIZING CONSULTANT REPRESENTATIVE AND RESOLUTION AMENDING AUTHORIZED REPRESENTATIVES

Mr. Doran next addressed the Board concerning the need for the adoption by the Board of (i) a Resolution Authorizing Consultant Representative in connection with the transfer of the Authority's bank accounts to Central Bank; and (ii) a Resolution Amending Authorized Representatives in connection with investing in the Texas Local Government Investment Pool. After discussion, it was moved by Director Boddy, seconded by Director Gower and unanimously carried, that the Resolution Authorizing Consultant Representative attached hereto as **Exhibit D** and the Resolution Amending Authorized Representatives attached hereto as **Exhibit E** each be adopted by the Board.

ENGAGEMENT OF AUDITOR TO PERFORM ANNUAL AUDIT

The Board next considered the engagement of an independent firm of auditors to perform an audit of the Authority's financial statements for the fiscal year ending December 31, 2021. In that regard, Mr. Rubinsky presented to and reviewed with the Board an engagement letter from BKD, LLP ("BKD"), a copy of which is attached hereto as **Exhibit F**. Mr. Rubinsky 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 Authority's fiscal year end audits. After discussion, Director Gower moved that (i) the firm of BKD be engaged to prepare the Authority's audit for the fiscal year ending December 31, 2021, (ii) the President be authorized to execute an engagement letter with BKD on behalf of the Board and the Authority and that SPH be authorized to acknowledge the Texas Ethics Commission Form 1295 provided by BKD in connection with same, and (iii) McCall Gibson be authorized to perform certain accounting procedures in order to eliminate the findings of material weaknesses in internal controls in the Authority's 2021 fiscal year end audit. Director Meek seconded said motion, which carried unanimously.

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 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. Khouw next presented to and reviewed with the Board a written Engineer's Report dated November 3, 2021, a copy of which is attached hereto as **Exhibit G**, 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 next briefly reported to the Board concerning his and Mr. Rubinsky's attendance at an Harris-Galveston Subsidence District coordination meeting on October 25, 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 City's issuance of Notice of Upcoming Cash Call No. 11 in the amount of \$3,740,942 due May 2, 2022. Mr. Khouw advised the Board that, once the actual cash call has been issued by the City, which will be no less than 60 days prior to the above due date, IDS will submit a request to the Texas Water Development Board ("TWDB") for an escrow fund release for payment of Cash Call No. 11. Mr. Khouw advised the Board that the Authority has approximately \$4,400,000 in bond proceeds from the Series 2017 and 2018 Bonds to pay Cash Call No. 11. Mr. Khouw further reported regarding 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, as further detailed in the Engineer's Report. Mr. Khouw noted 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. Khouw further reported that, overall, the project is approximately 56% complete.

Mr. Khouw next reported to the Board concerning the status of construction of Phase I of the Northeast Transmission Line ("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. Khouw reported that Project S-000900-0154, the 108-inch Water Line along COH easements from Vickery Drive to Milner Road, is nearing substantial completion.

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 status of the Authority's 2025 Internal Distribution System, as further detailed in the Engineer's Report, and IDS' communications with Harris County, the Harris County Flood Control District, the Texas Department of Transportation, and CenterPoint Energy 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. He advised that information has been submitted to numerous federal, state and local agencies for review, and that several of said agencies have already made no impact determinations. Mr. Khouw also reported on the status of preparation of documentation related to right of way acquisitions for the 2025 Internal Distribution System.

Mr. Khouw next advised the Board that the Luce Bayou Interbasin Transfer Project is now substantially complete. He noted that the canal system is operational and that work is underway to resolve some vibration issues with certain pumps at the Capers Ridge Pump Station.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for October 2021, a copy of which is attached hereto as **Exhibit H**. 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 advised the Board that, as noted earlier in the meeting, MOC and IDS are investigating whether the reported sinkhole at 2609/2611 N. Camden Parkway within No. 150 could have resulted from construction of the Authority's surface water distribution line in 2009/2010. He noted they are reviewing the plans to determine whether there had been a bore pit constructed at that location previously, and that he would report further to the Board next month regarding this matter.

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 advised the Board that he had not yet received a Government Affairs Update from C.J. Tredway, but that he would forward the update to the Board upon receipt from Ms. Tredway.

ADOPTION OF RESOLUTION AUTHORIZING THE EXERCISE OF THE POWER OF EMINENT DOMAIN TO CONDEMN PROPERTIES AND PROPERTY INTERESTS, INCLUDING PERMANENT AND TEMPORARY EASEMENTS, FOR THE CONSTRUCTION AND OPERATION OF A WATER LINE AND RELATED FACILITIES TO AND BETWEEN THE WATER PLANTS OF FALLBROOK UTILITY DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 33, AND DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR SUCH ACQUISITIONS AND THE CONSTRUCTION OF SUCH FACILITIES

Mr. Rubinsky next addressed the Board concerning the need for the adoption of a Resolution authorizing the exercise of the power of eminent domain to acquire properties and property interests, including permanent and temporary easements, for the construction and operation of a water line and related facilities to and between the water plants of Fallbrook Utility District and Harris County Municipal Utility District No. 33, and declaring the existence of a public necessity for such acquisitions and the construction of such facilities. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the Board of Directors of the Authority, in a single record vote applicable to all units of property, adopt the Resolution attached hereto as **Exhibit I** and authorize the use of the power of eminent domain to acquire properties and property interests, including but not limited to permanent and temporary easements, for the construction and operation of a water line and related facilities between the water plants of Fallbrook Utility District and Harris County

Municipal Utility District No. 33, along the alignment generally depicted on the attachment to the Resolution, and delegate the authority to initiate condemnation proceedings to a Chief Administrative Official designated by the Board from time to time.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that he had no new activity upon which to report regarding the status of communications with the COH and other Regional Water Authorities concerning various surface water supply issues, including the Authority's participation as Amicus Party in Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1, currently pending in the Texas Supreme Court.

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, December 1, 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 Draft Operating Budget for Fiscal Year Ending December 31, 2022
- Exhibit C Amended Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer
- Exhibit D Resolution Authorizing Consultant Representative (Central Bank)
- Exhibit E Resolution Amending Authorized Representatives (Texas Local Govt. Investment Pool)
- Exhibit F BKD, LLP Engagement Letter
- Exhibit G Engineer's Report
- Exhibit H Operator's Report
- Exhibit I Resolution Authorizing the Exercise of the Power of Eminent Domain to Condemn Properties and Property Interests, Including Permanent and Temporary Easements, for the Construction and Operation of a Water Line and Related Facilities To And Between The Water Plants Of Fallbrook Utility District and Harris County Municipal Utility District No. 33, and Declaring the Existence of a Public Necessity for Such Acquisitions and the Construction of Such Facilities