

# **CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY**

## **Minutes of Meeting of Board of Directors February 2, 2022**

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on February 2, 2022, 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; Tom Crayton 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"); Joyce King and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Rosalind Caesar of Harris County Municipal Utility District No. 304 ("No. 304"); and Christina Cole 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**

Ms. Cole noted that the first item on the agenda was to open the meeting for public comments. There were no comments received from the public in attendance at the meeting at this time.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held January 5, 2022. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held January 5, 2022, be approved, as presented. Director Gower seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Mr. Crayton 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 January 1, 2022 through February 2, 2022, 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 December 2021 and the entire twelve months of the Authority's fiscal year ending December 31, 2021, and a Summary of Pumpage Fees Paid by Member Districts through November 30, 2021. Ms. Cole inquired as why two separate checks had been issued to The GMS Group, L.L.C. ("GMS") for financial advisory services for 2021 (check nos. 5089 and 5115). Ms. Cole also inquired as to why the Statement of Revenues and Expenditures for the District's fiscal year ended December 31, 2021 on page 5 of the Bookkeeper's Report reflects that \$670,000 has not yet been transferred to the Debt Service Fund. Mr. Crayton stated that he would investigate Ms. Cole's inquiries and report back regarding same. Thereafter, it was moved by Director Meek, seconded by Director Body and unanimously carried, that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts.

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

The Board deferred consideration of the Financial Advisor's Report after noting that a representative of GMS was not present at the meeting. Ms. Cole noted that she had no new activity upon which to report regarding the status of communications with the City of Houston ("COH") regarding the COH's Preliminary FY 2019, 2020, and 2021 True Up Reports related to the operation and maintenance of the Northeast Water Purification Plant.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated February 2, 2022, 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 next addressed the Board concerning the status of the NEWPP Expansion Project. Mr. Khouw 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 60% complete. Mr. Khouw additionally discussed the COH's presentation of Consensus Item Nos. 25, 26, and 27 to the regional water authorities, as further detailed in the Engineer's Report.

Mr. Khouw next reported to the Board concerning the status of construction of Phase I of the Northeast Transmission Line ("NETL"), including an invoice received from the COH in the amount of \$1,031.02 for the Authority's share of \$43,503.00 in additional construction costs for Project S-000900-0168-4, as further detailed in the Engineer's Report. Mr. Khouw then reiterated his request that FMI provide documentation to evidence the payment of all engineering fees (approximately \$45,000) that were paid over the last year from the General Operating Fund for Phase I of the NETL so that these funds can be included with the escrow release request to be

submitted to the Texas Water Development Board ("TWDB") for payment of the COH invoice. Mr. Khouw further advised the Board that eight (8) out of thirteen (13) projects are complete and that construction is in progress on the other five (5) projects.

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 reported on the status of preparation of documentation related to right of way acquisitions for the 2025 Internal Distribution System. 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, and noted that such study is pending final approval from the TWDB.

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

### **CHECKS ISSUED TO GMS**

With respect to Ms. Cole's inquiry earlier in the meeting regarding the two separate checks issued to GMS for financial advisory services for 2021, Mr. Crayton explained that it appears that check no. 5089 was issued and approved by the Board last month in the amount of \$5,940 for payment of GMS's invoice in the amount of \$6,480, resulting in an outstanding balance due to GMS in the amount \$540. Mr. Crayton advised the Board that check no. 5115 in the amount of \$540 is being issued this month for payment to GMS in full for 2021 financial advisory services.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for January 2022, 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 reported to the Board regarding the status of the resolution of the COH's meter issues at the No. 304 Water Plant and the invoicing to the Authority for surface water delivered at such location, as discussed at the last meeting. In that regard, he advised the Board that the COH issued a partial credit to the Authority on the last invoice and will issue the remaining credit in the amount of \$12,000 to the Authority on next month's invoicing. Mr. Martin stated that he will confirm with the Authority's Bookkeeper next month that the credit has been received and is reviewing the data to confirm the credit is in the correct amount.

**RATIFICATION OF APPROVAL OF FOURTH AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN MOC AND THE AUTHORITY**

The Board next considered ratifying its prior action relative to the approval of a Fourth Amendment to Professional Services Agreement by and between MOC and the Authority to provide for an increase in personnel and equipment costs. After discussion on the matter, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that such prior action be ratified and authorized in all respects.

**IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM**

Ms. Cole 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.

**STATUS OF ACQUISITION OF EASEMENTS AND OTHER PROPERTY INTERESTS IN CONNECTION WITH THE AUTHORITY'S 2025 INTERNAL DISTRIBUTION SYSTEM**

Ms. Cole next updated the Board concerning the status of the acquisition of easements and other property interests in connection with the Authority's 2025 Internal Distribution System. Mr. Hale also provided a brief update regarding same. He noted that Bowman Engineering/Consulting, Inc.'s environmental study in connection with the design and construction of the Authority's 2025 Internal Distribution System is pending approval with the TWDB, and that the Authority will not be able to utilize proceeds of its previously issued bonds for easement acquisition purposes until the study has been approved.

**ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES**

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Ms. Cole advised the Board that the Authority previously adopted the United States Department of Labor ("DOL") prevailing wage rates for the Harris County area, which were recently updated as of January 2022. After discussion on the matter, Director Boddy moved that the Board adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects attached hereto as **Exhibit D** to reflect the applicable updated prevailing wage rate scales published by the DOL, and that the President and Secretary be authorized to execute same on behalf of the Board and Authority. Director Meek seconded said motion, which unanimously carried.

**REVIEW OF PROPOSALS FOR INSURANCE COVERAGES**

The Board next deferred action relative to the review of proposals for renewal of the Authority's insurance coverages, which will expire on March 31, 2022, pending the receipt of proposals from the Texas Municipal League's Intergovernmental Risk Pool.

**REQUEST OF NO. 304 FOR REIMBURSEMENT OF SURFACE WATER CONVERSION COSTS AND RELATED EXPENSES**

Ms. Cole next addressed the Board concerning No. 304's request for reimbursement of costs and payment of related expenses in connection with No. 304's prior conversion to surface

water. In that regard, Ms. Cole advised the Board that SPH had requested certain documentation evidencing expenses paid by No. 304 from No. 304's attorney, and that it is her understanding that No. 304's engineer and auditor are reviewing their records to produce said documentation.

### **REQUEST OF SAVE WATER TEXAS COALITION FOR SPONSORSHIP OF WATER CONSERVATION EDUCATION PROGRAM**

Ms. Cole next advised the Board that a request had been received from the Save Water Texas Coalition ("Coalition") for the Authority's sponsorship of the Coalition's Water Conservation Education Program. After discussion on the matter, it was moved by Director Granadino, seconded by Director Meek and unanimously carried, that the Authority contribute \$2,500 towards Coalition's Water Conservation Education Program.

### **GOVERNMENT AFFAIRS UPDATE**

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

### **2022 DIRECTOR APPOINTMENT PROCESS AND CALCULATION OF VOTING PERCENTAGES**

Ms. Cole next discussed with the Board the status of the Authority's 2022 Director Appointment Process, including the status of receipt of nominating resolutions to date. Ms. Cole advised that the nomination period ends at 5:00 p.m. on February 15, 2022, and that she will report on the status of nominations and the next step in the 2022 Director Appointment Process at the Board meeting scheduled for March 2, 2022. Ms. Cole further advised the Board that IDS has prepared a draft report regarding each Member District's total 2021 water usage in order to calculate the number of votes each Member District may cast in connection with the Authority's 2022 Director appointment process and the weight of each Member District's vote for the respective positions to be appointed.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Ms. Cole addressed the Board concerning 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. In that regard, she reported that the deadline for responses has been extended to February 4, 2022.

### **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.

Ms. Cole noted that the next meeting of the Board is scheduled for Wednesday, March 2, 2022, 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      Resolution Adopting Prevailing Wage Rate Scales
- Exhibit E      Government Affairs Update