

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors

June 1, 2022

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on June 1, 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, except Director Granadino, thus constituting a quorum.

Also attending the meeting were: Marcel Khouw and John Hale of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Cindy Harrell 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"); Oliver Agard, Robert Cadena and Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins, Joyce King and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Deborah Gower, wife of Director Gower; and Abraham I. Rubinsky and Eric Lai 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. Agard requested that a copy of the Resolution Adopting Public Comment Policies and Procedures adopted by the Board on March 3, 2021 be forwarded to all Member Districts. Mr. Agard also suggested that the agenda item be revised to state "Comments from Member Districts" versus "Comments from the Public". Mr. Rubinsky advised that the Member Districts are considered "the Public" and that the item is intended to apply to all members of the public, not just to Member Districts. Mr. Agard also discussed the possibility of a tour of the Northeast Water Purification Plant ("NEWPP"). Mr. Khouw stated that he would contact the City of Houston ("COH") to inquire as to whether a tour could be arranged.

Mr. Cadena next addressed the Board concerning a sinkhole on N. Camden Parkway within No. 150. Mr. Khouw advised that, based upon review of the construction plans for previous Authority projects, there was no bore pit constructed or any excavation performed in that area that would have caused a sinkhole. Mr. Khouw also discussed the directional drilling that was performed in that area. Mr. Cadena stated that he would investigate this matter further.

Mr. Cadena next inquired as to the Authority's intent to utilize "smart meters". A discussion ensued regarding the status of the implementation of the Authority's proposed remote meter reading and monitoring system. In that regard, Mr. Rubinsky advised the Board that SPH has drafted Right-of-Entry Agreements to be forwarded to each of the Member Districts.

Mr. Cadena then inquired as to the status of the recoating of the surface water meter stations. Mr. Martin discussed the Authority's preventive maintenance program, including the inspection and rehabilitation, as needed, of the Authority's cla-vals. Mr. Martin stated that the cla-vals will be inspected and, if necessary, rehabilitated before the remote read meters are installed.

Mr. Cadena next inquired as to whether the Authority intends to charge pumpage fees for the water used by No. 150 in connection with the installation of arsenic removal systems at its water wells. Mr. Cadena stated that he does not want No. 150 to be penalized for exercising its water wells to maintain arsenic removal equipment. Mr. Khouw then recapped prior discussions with No. 150's engineer regarding the amount of water that would be required for same. Mr. Khouw stated that it is not the Authority's intent to convert No. 150 to 100% surface water. Mr. Rubinsky noted that it is each Member District's responsibility to maintain its own water well(s) and supply system in order to meet its peak water demands, and that process water used to operate and maintain the individual water supply systems is the responsibility of the Member Districts.

Mr. Johnson inquired as to whether the Authority had scheduled a Town Hall meeting, as discussed at previous Board meetings. Director Cox stated that the Authority is still evaluating suitable meeting locations within or near the Authority that can host a Town Hall meeting and that a location will be decided upon soon.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held May 4, 2022. After discussion regarding the minutes, Director Meek moved that the minutes of the meeting held May 4, 2022, be approved as presented. Director Gower seconded said motion, which unanimously carried.

### **ACCEPTANCE OF OFFICIAL BONDS, STATEMENTS OF ELECTED OFFICER, AFFIDAVITS OF CURRENT DIRECTOR, AND OATHS OF OFFICE FOR ELECTED DIRECTORS**

In connection with their election as Directors of the Authority, Directors Cox, Meek and Gower presented their respective Statements of Elected Officer and Affidavits of Current Directors and took their Oaths of Office. Directors Cox, Meek and Gower also presented their respective Official Bonds to the Board and the Board found said Bonds to be in proper form. After discussion on the matter, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the Board approve said Bonds, accept said Statements of Elected Officer, Affidavits of Current Director, and Oaths of Office and declare Margaret L. Cox, Richard C. Meek and Tom Gower to be duly elected and qualified Directors of the Authority.

## **ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION**

Mr. Rubinsky advised the Board that, pursuant to Section 552.024 of the Texas Government Code, Directors are permitted to elect to withhold public access to certain information in the custody of the Authority relating to home addresses, home telephone numbers, social security numbers and information regarding family members. Following discussion, each Director executed an Election Not to Disclose Certain Information presented for such purpose.

## **ELECTION OF OFFICERS**

The Board considered the election of officers of the Board of Directors of the Authority. The Board concurred that all Directors continue to serve on the Board in their current respective positions.

## **DISTRICT (AUTHORITY) REGISTRATION FORM**

The Board considered approving a District (Authority) Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Rubinsky advised that, with the Board's approval, SPH will complete the District (Authority) Registration Form to reflect the new terms of office for Directors Cox, Meek and Gower and will file the form with the TCEQ. After further discussion of the matter, Director Boddy moved that the Board authorize SPH to complete the District (Authority) Registration Form as discussed and file same with the TCEQ. Director Meek seconded said motion, which unanimously carried.

## **BOOKKEEPER'S REPORT**

Ms. Harrell 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 May 1, 2022 through June 1, 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 April 2022 and the fourth month of the Authority's fiscal year ending December 31, 2022, and a Summary of Pumpage Fees Paid by Member Districts through March 31, 2022. Mr. Rubinsky made several inquiries of Ms. Harrell regarding certain discrepancies between information reflected in the Summary of Cash Transactions and the Cash Transactions for the period ended June 1, 2022 within the Report to which Ms. Harrell responded. Mr. Rubinsky further noted that an invoice had not been received from the COH for the last three (3) months for the Authority's purchase of surface water. Mr. Rubinsky stated that the COH needs to be contacted as soon as possible in order to resolve this issue. After discussion, it was moved by Director Boddy, seconded by Director Meek 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, with the exception of check nos. 5215 and 5225 written on the General Fund, which were written for incorrect amounts.

There was next a discussion concerning a possible article for posting on the Authority's website regarding the status of the Authority's projects and the expenditures relating to same. After discussion, Mr. Rubinsky advised that SPH will work with Mr. Khouw and IDS on a proposed article for the website regarding said matters.

## **STATUS OF FILING OF ANNUAL CONTINUING DISCLOSURE REPORT**

The Board next considered the status of the filing of the Authority's annual Continuing Disclosure Report due on June 30, 2022. In that regard, Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst"), the Authority's Continuing Disclosure Counsel, will prepare the annual Continuing Disclosure Report, with the assistance of the Authority's Engineer and Financial Advisor if necessary, when the Audit for the Authority's fiscal year ended December 31, 2021, has been completed and released by BKD, LLP, and will file said Report with the appropriate repositories prior to the filing deadline of June 30, 2022.

## **APPROVAL OF LETTER OF REPRESENTATION FROM MCCALL GIBSON SWEDLUND BARFOOT PLLC**

Mr. Rubinsky next presented for approval and execution a Letter of Representation from McCall Gibson Swedlund Barfoot PLLC in connection with the performance of certain Agreed Upon Procedures undertaken in order to eliminate the findings of material weaknesses in internal controls in the Management Letter associated with the audit prepared by BKD, LLP for the Authority's fiscal year ended December 31, 2021. After discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that the Letter of Representation be approved and that the President be authorized to execute same on behalf of the Board and the Authority.

## **APPROVAL OF UNCLAIMED PROPERTY REPORT**

The Board deferred action until next month regarding the approval of an Unclaimed Property Report for the period ending March 1, 2022.

## **FINANCIAL ADVISOR'S REPORT**

In the absence of the Authority's Financial Advisor, Mr. Rubinsky advised the Board that there was nothing new to report regarding the COH's FY 2019, FY 2020, and FY 2021 True Up Reports related to Operations and Maintenance Costs of the COH's NEWPP.

## **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated June 1, 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 Harris-Galveston Subsidence District ("HGSD") permit requirements, as detailed in the Engineer's Report. Mr. Khouw advised the Board that the Authority's new Aggregate Water Well Permit for the period June 1, 2022 through May 31, 2023, should be received soon and, upon receipt of same, he will forward updated ground water and surface water allocations to the Member Districts.

Mr. Khouw next reported to the Board concerning IDS's attendance at a COH Water Supply Contract Advisory Committee meeting with regional water authorities and COH representatives on June 3, 2022.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, 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, as further detailed in the Engineer's Report. Mr. Khouw reported that, overall, the project is now approximately 66% complete.

Mr. Khouw next reported to the Board concerning the status of construction of Phase I of the Northeast Transmission Line ("NETL"). Mr. Khouw advised the Board that eight (8) out of the thirteen (13) projects that make up Phase I of the NETL are complete and that construction is in progress on the other five (5) projects, as further detailed in the Engineer's Report. Mr. Khouw reported that substantial completion of the 108-inch water line from Imperial Valley Drive to Green Plaza Drive is anticipated in June 2022.

Mr. Khouw next reported to the Board concerning the status of Phase II of the NETL, including Projects 25C, 25D and 25E, the segments of the NHCRWA transmission line in which the Authority is participating, which are all under construction.

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's 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 provided a brief summary on the status of the 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. In that regard, Mr. Khouw reported that the TWDB has issued the final Environmental Determination and that the U.S. Army Corp of Engineers has issued a Determination of No Permit Required. Mr. Khouw further reported that IDS is working with the TWDB on the release of proceeds of the Authority's previously issued bonds to be utilized for the easement acquisitions and design and construction costs related to the 2025 Internal Distribution System.

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

Mr. Khouw additionally advised the Board that, as discussed earlier in the meeting, he will try to schedule a tour of the NEWPP in the fall of this year. Director Boddy suggested that Mr. Khouw also try to schedule tours of the Caper Ridge Pump Station and the Luce Bayou Canal System. Mr. Khouw agreed to do so.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for May 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 recoating of the surface water meter stations. He further advised the Board that an air relief valve at the surface water meter station located at one of No. 150's water plants failed and that MOC will make arrangements for repair of the valve. After discussion, it was moved by Director Meek, seconded by Director Boddy and unanimously carried, that repair of the air relief valve at such location be authorized by the Board.

Mr. Martin reported to the Board regarding the status of the resolution of the COH's meter issues at the Harris County Municipal Utility District No. 304 ("No. 304") Water Plant and the invoicing to the Authority for surface water delivered at such location, as discussed at the last meeting. Mr. Martin stated that he believes the issue has been resolved but is still working to confirm same since the Authority has not received an invoice from the COH for its surface water supply for the past several months.

#### **APPROVAL OF 2021 CONSUMER CONFIDENCE REPORT**

Mr. Martin next presented to and reviewed with the Board the Authority's Consumer Confidence Report ("CCR") for 2021, a copy of which is attached hereto as **Exhibit D**. Mr. Rubinsky advised the Board that SPH had reviewed the CCR and had noted one required correction regarding the description of the source of ground water. After discussion on the matter, it was moved by Director Meek, seconded by Director Gower and unanimously carried, that the CCR be approved, subject to the correction noted above, and that MOC be authorized to distribute the CCR to the Member Districts in electronic format prior to the July 1, 2022 deadline.

#### **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. Mr. Rubinsky further advised the Board that, as discussed earlier in the meeting, SPH has completed the Right-of-Entry Agreements with each of the Member Districts in connection with the implementation of the remote meter reading and monitoring system, and will be sending the Agreements out soon for approval and execution. No Board action was taken in connection with said matter.

#### **DISCUSSION REGARDING POSSIBLE EMERGENCY WATER SUPPLY AGREEMENT BETWEEN THE AUTHORITY AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 200 AND PROPOSED AMENDMENT OF AUTHORITY'S RATE ORDER IN CONNECTION THEREWITH**

Mr. Rubinsky and Mr. Khouw next addressed the Board concerning the need for the Authority to enter into a formal Emergency Water Supply Agreement with No. 200, and possibly with Harris County Municipal Utility District No. 304 ("No. 304"), in connection with the Authority's purchase of ground water in order for the Authority to be able to provide ground water to those Member Districts who are 100% dependent upon surface water, in the event the Authority incurs a surface water outage from the COH, as has occurred on two (2) separate

occasions during the past two (2) years. Mr. Khouw advised the Board that, in the event of a surface water outage, Harris County Municipal Utility District No. 217, Rankin Road West Municipal Utility District and, potentially, No. 150 may need to be provided with ground water. Mr. Rubinsky stated that No. 200 has assisted in providing such water in the past in emergency situations, but would prefer to have a formal agreement with the Authority providing terms and conditions for such service if required again in the future. Mr. Rubinsky noted that, once the Authority has entered into a formal Emergency Water Supply Agreement with No. 200 (and possibly No. 304), he would recommend the Authority's Rate Order be amended to include provisions for the supply of surface water to Member Districts in the event of an emergency and to specify a rate for same. He emphasized, however, that since the Authority cannot guarantee the provision of ground water to Member Districts in the event of a surface water outage, it is imperative that all Member Districts maintain their respective water wells and secure backup sources of water supply. The Board requested that SPH direct correspondence to all Member Districts notifying them of the importance of same. After discussion, Director Meek moved that SPH be authorized to direct correspondence to all Member Districts notifying them of the importance of maintaining reliable back up water supplies at all times. Director Boddy seconded said motion, which unanimously carried.

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

Mr. Rubinsky 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. Mr. Rubinsky advised the Board that SPH has still not received the requested documentation from No. 304's attorney evidencing all of the expenses paid by No. 304.

#### **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 E**. 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 held from March 3, 2021, through February 2, 2022, in accordance with the terms of the Authority's Records Management Program. A copy of the subject request is attached hereto as **Exhibit F**. After discussion on the matter, Director Meek 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.

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

Mr. Rubinsky 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.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that there was nothing new to report 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 before the Texas Supreme Court.

A discussion next ensued regarding the location of monthly Board meetings. In that regard, the Board noted that it is still evaluating suitable meeting locations within or near the Authority that can host a Town Hall meeting. Accordingly, the Board deferred action regarding the adoption of an Order Establishing Meeting Place Inside the Authority.

### **DISCUSSION REGARDING STATUS OF AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS**

A discussion next ensued regarding the Authority's website. Mr. Rubinsky advised the Board that SPH has performed a legal review of the information contained on the website and that SPH will contact Russell Lambert of The Texas Network to request certain updates to same.

### **CLOSED SESSION**

At 7:45 p.m., the Board recessed in Closed Session to consult with the District's attorney pursuant to matters authorized by Texas Government Code, Sections 551.071 and 551.072. At this time, all those present, with the exception of the Board, Mr. Lai and Mr. Rubinsky, exited the meeting.

At 8:12 p.m., the Board reconvened in Open Session whereupon it was moved by Director Meek that the Authority's consultants be authorized to negotiate within the parameters established in Closed Session for the acquisition of the easements and other property interests required in connection with the Authority's 2025 Internal Distribution System. Director Gower seconded said motion, which unanimously carried.

### **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, July 6, 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.

Handwritten signature of Richard C. Meek in cursive script.

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Richard C. Meek, Assistant 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      2021 Consumer Confidence Report
- Exhibit E      Government Affairs Update
- Exhibit F      Records Destruction Request