

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors July 6, 2022

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on July 6, 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; Michele Uong of Forvis, LLP ("Forvis"), 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 and Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins, Gilbert Miranda and Joyce King 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 inquired as to whether the Authority would be mandating any water restrictions due to the current drought conditions. The Board noted that this matter would be addressed later in the meeting under the item included on the agenda for discussion regarding the Authority's Drought Contingency Plan.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held June 1, 2022. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held June 1, 2022, be approved as presented. Director Gower seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Uong next presented the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit A**, including Cash Flows for the Authority's various funds for the period commencing May 20, 2022 through July 6, 2022, and the disbursements presented for payment from the Authority's accounts, a Summary of Investments, a Debt Service Schedule, a Budget Comparison for the month of May 2022 and the first five months of the Authority's fiscal year ending December 31, 2022, and a Summary of Pumpage Fees Paid by Member Districts through May 31, 2022. Ms. Uong advised the Board that the Authority is now current with respect to the City of Houston's ("COH") invoicing for surface water supplied to the Authority. Mr. Rubinsky noted that the Transfer to Debt Service expense item is \$1,003,333 over budget due to the Authority's prior bookkeeper failing to make all necessary transfers to the Debt Service Fund during the previous fiscal year ended December 31, 2021, and the deficiency having been made up during the current fiscal year. After discussion, it was moved by Director Boddy, seconded by Director Granadino 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.

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.

STATUS OF FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Rubinsky next advised the Board that McCall, Parkhurst & Horton L.L.P., the Authority's Continuing Disclosure Counsel, filed the annual Continuing Disclosure Report with the appropriate repositories on June 23, 2022.

FINANCIAL ADVISOR'S REPORT

In the absence of the Authority's Financial Advisor, Mr. John Howell of The GMS Group, 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. He further advised that he would request that Mr. Howell review the Authority's current debt service requirements and the balances in the Debt Service Fund and Debt Service Reserve Fund to ensure the Authority is in compliance with the requirements of any bond covenants.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 6, 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, has been received and that he will forward updated ground water and surface water allocations for the current period to the Member Districts.

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 68% complete. Report. Mr. Khouw additionally addressed the Board concerning a claim filed by the Houston Waterworks Team ("HWT") with the COH Engineer arising from HWT's payment to a subcontractor for increased final design and construction costs related to the to completion of EWP No. 4. Mr. Khouw advised that the COH is currently reviewing HWT's claim.

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 July 2022. Mr. Khouw further reported that the eleven-month warranty walkthrough is scheduled for July 7, 2022 for the 108-inch water line along COH easements from east of Bellow Falls Lane to Smith Road.

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 advised the Board that IDS is working with the Texas Water Development Board ("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. In that regard, he reported that a request was submitted to the TWDB on July 5, 2022, requesting authorization for the release of approximately \$1,902,300 from the Series 2016, Series 2018 and Series 2019 Bonds. Mr. Khouw next presented for the Board's review and approval a proposal from Ninyo & Moore in the amount of \$133,800 for geotechnical services in connection with the construction of the proposed 24-inch, 20-inch, 16-inch and 12-inch surface water transmission lines near Gears Road and T.C. Jester Boulevard. A copy of such proposal is attached hereto as **Exhibit C**. After discussion, it was moved by Director Gower, seconded by Director Granadino and unanimously carried, that the proposal be approved by the Board, subject to (i) SPH's final review and approval of same, (ii) the TWDB's approval of the release of escrowed bond proceeds to cover the geotechnical services costs, and (iii) the receipt of a Texas Ethics Commission Form 1295 from Ninyo & Moore.

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

now substantially complete and operational.

Director Meek exited the meeting at this time.

REVIEW OF ANNUAL OPERATION AND MAINTENANCE ACCOUNTING FOR JOINT FACILITIES FOR FISCAL YEAR 2021 PURSUANT TO AMENDED AND RESTATED JOINT FACILITIES AGREEMENT

Mr. Rubinsky next reviewed with the Board an Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2021 received from the North Harris County Regional Water Authority ("NHCRWA), a copy of which is attached hereto as **Exhibit D**, pursuant to the Amended and Restated Joint Facilities Agreement with the NHCRWA. In that regard, Mr. Rubinsky noted there is a discrepancy between the COH's invoices to the Authority for surface water versus the surface water usage reflected in the NHCRWA's report. After discussion on the matter, the Board requested that Mr. Khouw contact the NHCRWA to determine where it obtained the surface water usage amounts reflected in its report and to work to reconcile same with the Authority's records. Mr. Rubinsky advised the Board that the Authority has sixty (60) days from June 27, 2022 to provide comments regarding the report.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for June 2022, a copy of which is attached hereto as **Exhibit E**. 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. He noted that the delivery of surface water accounted for approximately 50% of total water usage in the Authority last month.

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.

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 PROPOSED EMERGENCY WATER SUPPLY AGREEMENT BETWEEN THE AUTHORITY AND NO. 200 AND PROPOSED AMENDMENT OF AUTHORITY'S RATE ORDER IN CONNECTION THEREWITH

The Board next deferred discussion relative to a proposed Emergency Water Supply Agreement between the Authority and No. 200 in connection with the Authority's purchase of ground water from No. 200 in the event of a loss of surface water.

APPROVAL OF REVISED WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN FOR THE AUTHORITY AND THE ADOPTION OF A RESOLUTION IN CONNECTION THEREWITH

Mr. Rubinsky and Mr. Khouw next addressed the Board concerning proposed revisions to the Authority's Water Conservation and Drought Contingency Plan ("DCP") in light of the current drought conditions in the Harris County area and the COH's and NHCRWA's implementation of Stage One of their respective drought contingency plans. In that regard, Mr. Rubinsky recommended that the trigger conditions for implementation of the various water conservation measures reflected in the DCP be revised based upon the trigger conditions reflected in the COH's Drought Contingency Plan. After discussion on the matter, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that the proposed revisions to the DCP recommended by Mr. Rubinsky and Mr. Khouw be approved and that the Resolution Adopting Revised Water Conservation and Drought Contingency Plan attached hereto as **Exhibit F** (with the revised DCP attached) be adopted by the Board.

DISCUSSION REGARDING IMPLEMENTATION OF STAGE ONE OF THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

A discussion next ensued as to whether the Authority should implement Stage One of its DCP. The Board noted that the Authority's DCP provides that water conservation measures may be triggered if the COH reduces the quantity of its supply of water to the Authority by 10% for five (5) consecutive days or if the COH has implemented Stage One of its Drought Contingency Plan. Mr. Rubinsky advised the Board that, although the COH has implemented Stage One of its Drought Contingency Plan, there has been no reduction in the quantity of its supply of water to the Authority. After a lengthy discussion on the matter, the Board concurred that, while the Authority currently meets the condition for triggering Stage One of its DCP due to the City's Drought Contingency Plan status, it will not implement any of the Authority's DCP stages at this time. The Board authorized SPH, however, to forward correspondence regarding the Authority's revised DCP and its DCP status to the each of the Member Districts.

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

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. Director Boddy noted that the building located on Greens Road where Fallbrook Church used to meet might serve as a suitable meeting location. The Board took no action on the matter at this time.

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 The Texas Network ("TTN") has updated the Authority's website in accordance with the information provided by SPH. Mr. Rubinsky noted that SPH will request that TTN post the Authority's revised DCP on the website.

CLOSED SESSION

At 7:30 p.m., the Board President announced that the Board would meet 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, Mr. Khouw, Mr. Hale and Mr. Rubinsky, exited the meeting.

At 7:49 p.m., the Board President announced that the Board would reconvene in Open Session, whereupon, it was moved by Director Gower 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 Boddy 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, August 3, 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.



David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Engineer's Report
- Exhibit C Proposal from Ninyo & Moore for Geotechnical Services
- Exhibit D Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2021
- Exhibit E Operator's Report
- Exhibit F Resolution Adopting Revised Water Conservation and Drought Contingency Plan
- Exhibit G Government Affairs Update