

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
September 7, 2022

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on September 7, 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 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; Anna Katherine Parker and Pam Madrigal of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins and Joyce King of Fallbrook Utility District ("Fallbrook"); Ken Mays of All American Water Resources; Deborah Gower, wife of Director Gower; 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. The Board recognized Mr. Roosevelt, who thanked the Board for scheduling the Town Hall meeting to be held at Clementine's Restaurant located at 6448 Cypress Creek Parkway, Houston, Texas, on September 14, 2022.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held August 3, 2022. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held August 3, 2022, be approved as presented. Director Meek 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 August 3, 2022 through September 7, 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 July 2022 and the first seven months of the Authority's fiscal year ending December 31, 2022, and a Summary of Pumpage Fees Paid by Member Districts through July 31, 2022. Ms. Uong also presented for the Board's approval additional check no. 5581 payable to Director Boddy in the amount of \$1,066.23, additional check no. 5582 payable to Integra Realty Resources in the amount of \$2,500.00, and additional check no. 5583 payable to the North Harris County Regional Water Authority ("NHCRWA") in the amount of \$107,162.67, all from the General Operating Fund, and explained the purposes of each check. Ms. Uong noted that these three checks would be reflected on next month's Bookkeeper's Report. Ms. Uong also advised the Board that, as requested by the Authority's Financial Advisor, Mr. John Howell of The GMS Group, L.L.C., \$264,500 had been transferred from the Debt Service Reserve Fund to the Debt Service Fund, and that the monthly transfer from the General Operating Fund to the Debt Service Fund had been increased to \$347,100. After discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that the Bookkeeper's Report be approved and the disbursements listed therein, plus additional check nos. 5581, 5582 and 5583 reflected above, be approved for payment from the Authority's various accounts.

FINANCIAL ADVISOR'S REPORT

Mr. Rubinsky next addressed the Board concerning Mr. Howell's recommendations regarding the Authority's debt service requirements and the transfers to the Authority's Debt Service Fund and Debt Service Reserve Fund balances, as discussed earlier during the Bookkeeper's Report. He noted that, with such transfers, the Fund balances are now at the appropriate levels.

Mr. Rubinsky advised the Board that there was nothing new to report regarding the City of Houston's ("COH") FY 2019, FY 2020, and FY 2021 True Up Reports related to Operations and Maintenance Costs of the City of Houston's "(COH)" Northeast Water Purification Plant ("NEWPP").

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated September 7, 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 next addressed the Board concerning a request from No. 200 for a water supply commitment from the Authority for 828,000 gallons per day ("gpd"). Mr. Khouw advised the Board that, based upon IDS's review of the Authority's current commitments, the

Authority does not have sufficient surface water supply available to grant No. 200's request. He advised that the Authority can only formally commit 104,800 gpd at this time due to prior commitments made to other Converted Member Districts even though No. 200 typically receives a much greater volume of surface water since the other Converted Member Districts do not use the full amounts of surface water that have been committed to them. Mr. Khouw further advised, however, that the Authority will be able to commit the full amount of surface water requested by No. 200 once the NEWPP Expansion and Northeast Transmission Line projects are completed. He noted that he will discuss the issue further with No. 200's engineer, but recommends in the meantime that the Board authorize the issuance of a formal utility commitment to No. 200 in the amount of 104,800 gpd. After discussion, upon motion by Director Boddy, seconded by Director Gower and unanimously carried, the Board authorized the issuance of a utility commitment to No. 200 in the amount note above and requested that SPH prepare same.

Mr. Rubinsky and Mr. Khouw next addressed the Board concerning the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2021 received from the NHCRWA, as previously presented to the Board, pursuant to the Amended and Restated Joint Facilities Agreement between the Authority and the NHCRWA. With respect to the discrepancy between the COH's invoices to the Authority for surface water versus the surface water usage attributable to the Authority as reflected in the NHCRWA's report for May and July 2021, as discussed at the last meeting, Mr. Khouw advised the Board that the discrepancy in such figures was relatively minor and would not have a significant impact on the District's share of the subject costs even if the issue was able to be resolved in the Authority's favor. Mr. Khouw noted that the District's share of the operation and maintenance expenses for the joint facilities for the fiscal year 2021 is \$107,162.67, and that he recommended the Authority pay same, which was addressed earlier in the meeting. The Board concurred with Mr. Khouw's recommendation.

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 71% complete. Mr. Khouw further reported that the COH has issued Notice of Upcoming Cash Call No. 12 in the amount of \$3,006,291 to fund the Authority's share of approximately \$192,000,000 in construction and related technical advisory consultant costs.

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 to the Board regarding the status of the 108-inch water line from Imperial Valley Drive to Green Plaza Drive and the 108-inch water line along COH easements from Aldine Westfield to Willis Street, as further detailed in the Engineer's Report. Mr. Khouw further reported that the NETL Segment 1 draft Agreed-Upon Procedures (True-Up) Report has been received from the COH and that the regional water authorities have provided a joint response to the COH regarding the True-Up Report.

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 advised the Board that the NHCRWA is also moving forward with its Hardy Road Line (Project 23), which was initially planned for the 2035 conversion, but has been accelerated at the request of the COH. He further advised that it is anticipated that the Authority will participate in this line to serve Harris County Utility District No. 16 in the future, as it will result in significant cost savings to participate in the construction of this shared line now rather than for the Authority to construct a separate line on its own later. Mr. Rubinsky noted that the Authority will need to amend its agreement with the NHCRWA again to add this line.

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 the Texas Water Development Board has authorized the release of \$1,902,300 in 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 additionally advised the Board that a Notice to Proceed was issued to Ninyo & Moore on August 22, 2022, 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 and that the work should be completed by September 19, 2022.

Mr. Khouw next advised the Board that he had no new activity upon which to report regarding the Luce Bayou Interbasin Transfer Project.

STATUS OF COMMUNICATIONS WITH NHCRWA ANNUAL OPERATION AND MAINTENANCE ACCOUNTING FOR JOINT FACILITIES FOR FISCAL YEAR 2021 PURSUANT TO AMENDED AND RESTATED JOINT FACILITIES AGREEMENT

Mr. Rubinsky next advised the Board that, in accordance with the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2021 received from the NHCRWA pursuant to the Amended and Restated Joint Facilities Agreement between the Authority and the NHCRWA, the Authority's share of the operation and maintenance expenses for the joint facilities for the fiscal year 2021 is \$107,162.67, as reported earlier in the meeting during the Engineer's Report. After discussion, it was moved by Director Boddy, seconded by Director Gower and unanimously carried, that payment to the NHCRWA in the amount of \$107,162.67 for such operation and maintenance expenses be authorized by the Board.

With respect to the NHCRWA's intent to move forward with its Hardy Road Line (Project 23), as also discussed earlier in the meeting during the Engineer's Report, it was next moved by Director Boddy, seconded by Director Gower and unanimously carried, that IDS and SPH be authorized to work with the NHCRWA on the preparation of a new or amended agreement between the NHCRWA and the Authority in connection therewith.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for August 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 requested that an item to added to the agenda for next month's meeting regarding consideration of a Letter Agreement between the Authority and MOC regarding fuel surcharges.

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 previously discussed, 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 THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

Mr. Martin next advised the Board that, as authorized at the last meeting, MOC has implemented Stage One of the Authority's Drought Contingency Plan 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.

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.

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 D**. 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.

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. A brief discussion ensued regarding the Town Hall meeting to be held on September 14, 2022, at Clementine's Restaurant located at 6448 Cypress Creek Parkway, Houston, Texas.

CLOSED SESSION

At 7:25 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. Khouw, Mr. Hale and Mr. Rubinsky, exited the meeting.

At 8:00 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 Town Hall meeting is scheduled for Wednesday, September 14, 2022, at 6:30 p.m., at Clementine's Restaurant, and that the next regular meeting of the Board is scheduled for Wednesday, October 5, 2022, at 6:00 p.m., at the offices of IDS.

ADJOURN MEETING

There being no further business to come before the Board, it was unanimously carried that the meeting be adjourned.



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 Government Affairs Update