

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
October 5, 2022

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on October 5, 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; Tina Tran of Forvis, LLP ("Forvis"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Anna Parker and Wesley Lay of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Roosevelt Johnson, Oliver Agard and Robert Cadena of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Rosalind Caesar of Harris County Municipal Utility District No. 304 ("No. 304"); Marcus L. Jones, Ashley Thompson and Bridget Smith of Harris County Municipal Utility District No. 399 ("No. 399"); Pavani Silaparasetty of AECOM; Deborah Gower, wife of Director Gower; 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. Lai noted that the first item on the agenda was to open the meeting for public comments. The Board recognized Mr. Lay and Ms. Parker, who addressed the Board concerning No. 200's request for a water supply commitment from the Authority. Mr. Lai reported that the Authority has authorized the issuance of a formal utility commitment to No. 200 in the amount of 104,800 gallons per day and that SPH is in the process of drafting the utility commitment.

Mr. Agard next expressed his disappointment that very few residents of the Member Districts within the Authority attended the special Town Hall meeting held at Clementine's Restaurant on Cypress Creek Parkway (F.M. 1960) on September 14, 2022. Mr. Roosevelt thanked the Board, however, for scheduling the Town Hall meeting and noted he found the information presented to be very informative.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meetings held September 7, 2022, and September 14, 2022. After discussion regarding the minutes, Director Gower moved that the minutes of the meetings held September 7, 2022, and September 14, 2022, be approved as presented. Director Boddy seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Tran 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 September 7, 2022 through October 5, 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 August 2022 and the first eight months of the Authority's fiscal year ending December 31, 2022, and a Summary of Pumpage Fees and Surface Water Fees paid by Member Districts through August 31, 2022. Ms. Tran noted that the Bookkeeper's Report reflects that the pumpage fees received from No. 304 were for the month of July 2022 when the fees were actually for the month of August 2022. Ms. Tran also presented for the Board's approval additional check no. 5610 payable to CenterPoint Energy ("CPE") in the amount of \$27,439.86 from the General Operating Fund for acquisition of an easement required from CPE for the 2025 Internal Distribution System. Ms. Tran noted that the check would be reflected on next month's Bookkeeper's Report. After discussion, it was moved by Director Meek, seconded by Director Gower and unanimously carried, that the Bookkeeper's Report be approved and the disbursements listed therein, plus additional check no. 5610 reflected above, be approved for payment from the Authority's various accounts.

FINANCIAL ADVISOR'S REPORT

In the absence of the Authority's Financial Advisor, John Howell, Mr. Lai 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 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 October 5, 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 correspondence received from Nelson Gaez of BGE, Inc., the Engineer for Fallbrook, dated September 26, 2022, a copy of which is attached to the Engineer's Report, requesting confirmation from the Authority that 42.091 acres of land to be annexed into the boundaries of Fallbrook can be incorporated into the Authority's Groundwater Reduction Plan ("GRP"). Mr. Khouw then presented for the Board's review and

approval correspondence addressed to Mr. Gaez dated October 5, 2022, a copy of which is attached to the Engineer's Report, approving of the annexation of the subject 42.091 acres into Fallbrook and the Authority's GRP. After discussion on the matter, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that such correspondence be approved by the Board.

Mr. Khouw next addressed the Board concerning the status of his evaluation of a reported sinkhole at 2609/2611 N. Camden Parkway within No. 150 and a request that the Authority replace the sidewalk located in that area. Mr. Khouw advised the Board that he and Mr. Martin had investigated the history of the work performed by the Authority in that area. He reported that the Authority's surface water distribution line located in the area is approximately ten to twelve feet deep and was constructed via a trenchless method. Mr. Khouw stated that there would be no reason for the Authority's activities to have caused the sinkhole. Mr. Khouw further advised the Board that he had reviewed aerial photographs of the sidewalk provided by Mr. Cadena and that it appears that there was some patching of the sidewalk in 2011 prior to October 2012. Mr. Khouw stated that the Authority's surface water distribution line was completed in 2010 and that the sidewalk patching occurred after and not as part of the construction of the Authority's surface water distribution line. Mr. Martin reported that he had also reviewed his records to determine whether the Authority had experienced any water line breaks in that area and found none during the time period between 2012 and 2016. Mr. Cadena then inquired whether it was possible that the Authority would have excavated in the area without making any notation of same in its records. Mr. Khouw explained that there would have been no excavation performed in that area due to high traffic and the curvature of the road, and that any sidewalk repairs made on behalf of the Authority would be performed by replacing an entire panel of the sidewalk rather than patching the sidewalk with a jagged or partial panel. After discussion, the Board concurred that it was satisfied that the investigation conducted by Mr. Martin and Mr. Khouw confirmed the Authority's previous findings that the Authority was not responsible for the sinkhole reported by Mr. Cadena and that no action was required by the Authority in connection with this matter.

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), and 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 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 ten (10) 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 three (3) projects, as further detailed in the Engineer's Report. Mr. Khouw reported to the Board regarding the status of the 108-inch water line along COH easements from Aldine Westfield to Willis Street, including several obstacles encountered during tunneling operations resulting in a change order to the construction contract, as further detailed in the Engineer's 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 then 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 at a later date.

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 the field work for the 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 is now complete and that testing is ongoing. Mr. Khouw reported that a draft Geotechnical Report should be available by the end of October 2022.

Mr. Khouw next addressed the Board regarding the acceptance of a Water Line Easement from CPE for the installation of two 36-inch water pipelines within/across CenterPoint's T.H. Wharton – Greens Bayou Right of Way, as required for the Authority's 2025 Internal Distribution System. After discussion on the matter, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the Grant to Others from CPE be accepted and that the President be authorized to execute same on behalf of the Board and the Authority.

Mr. Khouw next reported to the Board regarding the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for September 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.

IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM

Mr. Lai next updated the Board regarding the status of the implementation of the remote meter reading and monitoring system for the Authority. Mr. Lai 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 for approval and execution. Mr. Lai then responded to several inquiries from the public regarding the remote meter reading and

monitoring system. No Board action was taken in connection with said matter.

IMPLEMENTATION OF TEMPORARY FUEL SURCHARGES

Mr. Martin next presented to and reviewed with the Board a Letter Agreement between the Authority and MOC (the "Letter Agreement") for the imposition of a temporary fuel surcharge to become effective immediately and expire on January 1, 2024. Following discussion, Director Meek moved that the Letter Agreement be approved as presented, that the President be authorized to execute same on behalf of the Board and the Authority, and that SPH be authorized to accept and acknowledge the associated Texas Ethics Commission 1295 Form. Director Granadino seconded the motion, which carried unanimously.

DISCUSSION REGARDING THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

Mr. Lai next advised the Board that Stage One of the Authority's Drought Contingency Plan is still in effect as neither the COH nor the NHCRWA have rescinded 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. Lai 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. Lai 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. Lai 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. Lai 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. Lai 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 or communications with Member Districts.

CLOSED SESSION

At 6:47 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. Lai, exited the meeting.

At 7:03 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: (i) 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; and (ii) take all actions authorized by the Board with respect to the pending litigation related to the NEWPP Expansion Project potentially involving the Authority, if necessary. 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. Lai noted that the next regular meeting of the Board is scheduled for Wednesday, November 2, 2022, at 6:00 p.m., at the offices of IDS.

ADJOURN MEETING

There being no further business to come before the Board, on motion made by Director Meek, seconded by Director Cox, and unanimously carried, the meeting was adjourned.



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 Government Affairs Update