

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors February 1, 2023

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on February 1, 2023, 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; Lonnie Wright of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Anna Katherine Parker of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Marcus Jones, Bridget Smith and Ashley Thompson of Harris County Municipal Utility District No. No. 399 ("No. 399"); Roosevelt Johnson and Oliver Agard of Harris County Municipal Utility District No. 150 ("No. 150"); Rosalind Caesar of Harris County Municipal Utility District No. 304 ("No. 304"); Cordelia Brown of Harris County Municipal Utility District No. 217 ("No. 217"); Adrian S. Brown, a resident of No. 150; Astredia Newsome and Tammica Motley, residents of No. 304; 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. In response to an inquiry from Mr. Agard, Mr. Khouw explained that Rankin Road West Municipal Utility District ("Rankin Road") paid an abnormally low amount for surface water last month because its water plant was offline during the December 2022 reporting period and No. 200 supplied Rankin Road with water while the plant was offline.

Mr. Agard next inquired regarding surface water conversion dates and schedules. In that regard, Mr. Rubinsky discussed the Harris-Galveston Subsidence District's ("HGSD") 1999 Regulatory Plan and the HGSD's requirements under such plan that groundwater usage be reduced by thirty percent (30%) by 2010, seventy percent (70%) by 2020 and eighty percent (80%) by 2030. Mr. Rubinsky advised that the Authority adopted its Groundwater Reduction

Plan ("GRP") in January 2003, and began implementation of the GRP in 2003. He reported that the Authority succeeded in meeting the first conversion date in 2010. Mr. Rubinsky further advised that the HGSD revised its Regulatory Plan in 2013 which changed the 2020 and 2030 conversion dates to 2025 and 2035, respectively, and reduced the conversion percentage requirements for 2025 from seventy percent (70%) to sixty percent (60%). Mr. Rubinsky then noted that all of the ongoing construction projects that the Authority is currently involved in are for the purpose of meeting the 2025 conversion mandate.

Mr. Agard additionally requested greater transparency from the Authority. Mr. Rubinsky stated that the Authority has always been willing and able to provide any and all information requested by representatives of the Member Districts and/or members of the public. Mr. Rubinsky queried Mr. Agard as to what additional information he wanted or needed. Mr. Agard did not specify the nature of that information and did not have any specific recommendations for actions that could be taken by the Authority to provide better transparency.

The Board next recognized Ms. Newsome, who inquired as to why the Authority had recently increased its GRP Fee, Importation Fee and Surface Water Fee each by \$0.25 per thousand gallons. Mr. Rubinsky discussed several key factors that have and will continue to impact the Authority's financial condition and, therefore, its future rates and fees, including: (i) no increase in water usage within the Authority; (ii) increased costs of the expansion of the City of Houston's ("COH") Northeast Water Purification Plant ("NEWPP"), and (iii) increased costs associated with the design and construction of the Authority's internal distribution system and the acquisition of easements related thereto. Mr. Rubinsky noted that the Authority has not increased its fees since March 1, 2018, and that even after the new rates go into effect, the Authority's fees will remain substantially lower than those imposed by the other regional water authorities in the Houston metropolitan area.

Ms. Caesar then noted that the agenda for today's Board of Directors meeting is not on the Authority's website. Mr. Rubinsky stated that he will ensure that all future agendas are timely posted on the Authority's website.

Ms. Caesar also requested information regarding each of the Authority's bond issues. Ms. Caesar specifically inquired as to why the Authority does not first pay off all of one bond issue before issuing other bonds. Mr. Rubinsky explained that the Authority's Financial Advisor structures the bond issues and resulting debt service requirements in the manner most beneficial to the Authority and that it is not uncommon for such bonds to have a maturity schedule of anywhere from 25 to 40 years. Mr. Rubinsky then distributed a Summary of Use of Proceeds of the Authority's Bond Issuances prepared by SPH in response to an inquiry received from Mr. Agard after the last meeting, a copy of which is attached hereto as **Exhibit A**. Mr. Rubinsky reviewed and discussed the Summary in detail with everyone in attendance at the meeting.

No further public comments were presented.

## **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held January 4, 2023. Mr. Agard noted that Adrian Brown, who attended the last meeting, is a resident of No. 150, but not a Director of No. 150, as reflected in the minutes of the January 4, 2023 meeting. Mr. Agard

requested that the minutes be revised accordingly. After discussion regarding the minutes, Director Granadino moved that the minutes of the meeting held January 4, 2023, be approved, as revised in accordance with Mr. Agard's request. 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 B**, including Cash Flows for the Authority's various funds for the period commencing January 4, 2023, through February 1, 2023, 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 December 2022 and the entire twelve 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 December 31, 2022. After discussion, it was moved by Director Gower, 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.

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

In the absence of John Howell of The GMS Group, L.L.C., the Authority's Financial Advisor, Mr. Rubinsky addressed the Board concerning the status of the Abridged Application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") in connection with the additional funds required for the Authority's 2025 Internal Distribution System. Mr. Rubinsky advised the Board that, after further analysis, it was determined that the Abridged Application should be increased from \$3,000,000 to \$5,000,000 to cover potential increases in construction costs. Mr. Rubinsky reported that the Application was filed with the TWDB last week. He noted that the District is not obligated to sell all \$5,000,000 in bonds if approved by the TWDB, and that the Authority's needs in connection with the additional funds required for the Authority's 2025 Internal Distribution System will be further analyzed before selling bonds later this year.

Mr. Rubinsky next briefly reported to the Board regarding the status of communications with the COH 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 noted that the initial FY 2022 Report indicates that actual costs exceeded the budget by \$0.0129 per thousand gallons.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated February 1, 2023, a copy of which is attached hereto as **Exhibit C**, and updated the Board on the status of various matters of interest to the Authority.

Mr. Khouw reported to the Board the ground water usage, surface water usage, and total water usage, as well as the HGSD permit requirements, as detailed in the Engineer's Report. He further reported that IDS completed and submitted the Authority's annual well pumpage report to the HGSD during the past month.

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), which is now complete, 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 74% complete. Mr. Khouw advised the Board that Phase I of the NEWPP was anticipated to be online by February 1, 2023, but will likely not be online until June 1, 2023. He noted that Phase II of the NEWPP is currently on schedule.

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 additionally reported that invoice NETL-016-CHCRWA in the amount of \$90,154.80 has been received to fund the Authority's share of a \$3,804,000 change order for additional work including City cost recovery. He reported that an escrow release has been submitted to the TWDB for payment of the invoice.

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 North Harris County Regional Water Authority ("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 IDS is coordinating with the NHCRWA for the Authority's participation in the line in order 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. Hale 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. Hale provided a brief summary on the status of the right of way acquisitions for the 2025 Internal Distribution System, as well as the status of the final Geotechnical Report and the Phase II Environmental Site Assessment, as further detailed in the Engineer's Report.

Mr. Khouw next reported to the Board regarding the Luce Bayou Interbasin Transfer Project, as further detailed in the Engineer's Report. Mr. Khouw advised the Board that the project is now complete. He further reported that the first payment for Existing Untreated Water Facilities (3.26 MGD) in the amount of \$961,912.58 is due to the COH by March 27, 2023, and that IDS will prepare an escrow release to be submitted to the TWDB to fund this payment.

The Board next considered authorizing the completion and submittal of the TWDB Annual Water Use Survey due in March 2023. After discussion, it was moved by Director Meek, seconded by Director Granadino and unanimously carried that MOC be authorized to complete and submit the survey to the TWDB on behalf of the Board and the Authority.

The Board next considered authorizing the completion and submittal of an annual report regarding the implementation of the Authority's current Water Conservation Plan due May 1, 2023. After discussion, it was moved by Director Boddy, seconded by Director Meek and unanimously carried that IDS be authorized to complete and submit the annual report to the TWDB on behalf of the Board and the Authority.

**STATUS OF COMMUNICATIONS WITH THE NHCRWA REGARDING PARTICIPATION IN THE NHCRWA'S HARDY ROAD LINE (PROJECT 23) TO SERVE HARRIS COUNTY UTILITY DISTRICT NO. 16 AND PREPARATION OF NEW AGREEMENT IN CONNECTION THEREWITH**

Mr. Rubinsky next advised the Board that he had no update concerning communications with the NHCRWA regarding the Authority's participation in the NHCRWA Hardy Road Line (Project 23) to serve Harris County Utility District No. 16 and the preparation of a new agreement in connection therewith.

**OPERATOR'S REPORT**

Mr. Wright presented to and reviewed with the Board a written Operator's Report for January 2023, a copy of which is attached hereto as **Exhibit D**. Mr. Wright 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. Rubinsky next advised the Board that he had no new activity upon which to report regarding the status of the implementation of the remote meter reading and monitoring system for the Authority and the related Right-of-Entry Agreements with each of the Member Districts.

**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 HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304 ("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. Mr. Khouw noted that he has also communicated with No. 304's engineer regarding the outstanding information required in order to respond to No. 304's request for reimbursement.



## **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.

## **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, 2023, pending Director Meek's review of the proposals received from Texas Municipal League's Intergovernmental Risk Pool and McDonald & Wessendorff Insurance Services, L.L.C.

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

Mr. Khouw 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. Rubinsky advised that further discussion regarding said matter will need to be addressed in Closed Session.

## **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 (i) Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1, currently pending before the Texas Supreme Court, or (ii) San Jacinto River Authority v. City of Conroe, Texas, and City of Magnolia, Texas.

A discussion next ensued regarding the Authority's 2023 Water Smart Application. After discussion, Director Granadino moved that the Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program, attached hereto as **Exhibit F**, be adopted and that the President and Secretary be authorized to execute same on behalf of the Board and the Authority. Director Meek seconded said motion, which unanimously carried.

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

Mr. Rubinsky next advised that he would ensure that all future agendas are timely posted on the Authority's website. He further reported that he would also request that The Texas Network add a link to the January 31, 2023 *Houston Chronicle* article regarding subsidence.

## **CLOSED SESSION**

At 7:55 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, Section 551.072 (acquisition of real property interests). At this time, all those present, with the exception of the Board, Mr. Khouw, Mr. Hale, Mr. Lai and Mr. Rubinsky, exited the meeting.

At 8:50 p.m., the Board President announced that the Board would reconvene 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 Granadino seconded said motion, which unanimously carried.

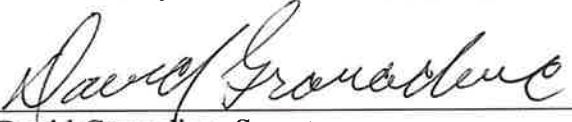
#### **ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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 regular meeting of the Board is scheduled for Wednesday, March 1, 2023, 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 Boddy, seconded by Director Granadino, and unanimously carried, the meeting was adjourned.

  
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David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A      Summary of Use of Proceeds of the Authority's Bond Issuances
- Exhibit B      Bookkeeper's Report
- Exhibit C      Engineer's Report
- Exhibit D      Operator's Report
- Exhibit E      Government Affairs Update
- Exhibit F      Resolution Approving Submittal of the Water Smart Application for Inclusion in  
the Association of Water Board Directors Water Smart Partners Program