

# **CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY**

## **Minutes of Meeting of Board of Directors May 3, 2023**

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on May 3, 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; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC ("MGSB"), auditor for the Authority; Anna Katherine Parker of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Bridget Smith, Ashley Thompson, and Marcus Jones of Harris County Municipal Utility District No. No. 399 ("No. 399"); Oliver Agard and Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Cordelia Brown of Harris County Municipal Utility District No. 217 ("No. 217"); 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. There being no comments from the public received, the Board continued to the next item of business.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meetings held March 29, 2023, and April 5, 2023. After discussion regarding the minutes, Director Meek moved that both the minutes of the meeting held March 29, 2023, and the minutes of the meeting held April 5, 2023, 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 April 5, 2023, through May 3, 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 March 2023 and the third month of the Authority's fiscal year ending December 31, 2023, and a Summary of Pumpage Fees and Surface Water Fees paid by Member Districts through March 31, 2023. 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.

## **APPROVAL OF UNCLAIMED PROPERTY REPORT**

Ms. Tran next advised the Board that there was no Unclaimed Property to be reported by the Authority for the period ending March 1, 2023.

## **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2022**

The Board recognized Mr. Toldan, who presented to and reviewed with the Board a draft of the Authority's Annual Audit Report prepared by MGSB for the fiscal year ended December 31, 2022. Mr. Toldan advised that MGSB is issuing an unmodified opinion relative to the Authority's audit, which is the highest opinion an auditor can provide, as the Authority's financial records appear to be in good shape. After discussion concerning the Audit presented, Director Meek moved that: (i) the Audit Report for the fiscal year ended December 31, 2022, be approved, subject to final review and comments by SPH and the Authority's other consultants; (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the Authority; and (iii) such Audit Report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Granadino seconded said motion, which unanimously carried.

## **AUTHORIZE PREPARATION AND FILING OF ANNUAL CONTINUING DISCLOSURE REPORT**

The Board next considered authorizing McCall, Parkhurst & Horton L.L.P. ("MPH"), the Authority's Continuing Disclosure Counsel, to prepare the Authority's annual Continuing Disclosure Report due on or before June 30, 2023. Mr. Rubinsky advised the Board that MPH 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, 2022, has been finalized and released by MGSB, and will file said report with the appropriate repositories prior to the filing deadline of June 30, 2023. After discussion on the matter, Director Granadino moved that MPH be authorized to prepare the Authority's annual Continuing Disclosure Report and be authorized and directed to file said Continuing Disclosure Report with the appropriate repositories on behalf of the Authority prior to the June 30, 2023 deadline. Director Boddy seconded said motion, which unanimously carried.

Mr. Toldan exited the meeting at this time.

## FINANCIAL ADVISOR'S REPORT

The Board deferred consideration of the Financial Advisor's Report after noting that a representative of The GMS Group, L.L.C. ("GMS") was not present at today's meeting. Mr. Rubinsky then addressed the Board concerning the status of the Abridged Application 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, which was filed with the Texas Water Development Board ("TWDB") on February 1, 2023. In that regard, Mr. Rubinsky reported that, by correspondence dated April 6, 2023, the TWDB extended an invitation to the Authority to submit a formal application for SWIFT financial assistance for the project in the amount of \$5,000,000. A copy of said correspondence is attached hereto as **Exhibit B**. After discussion on the matter, Director Boddy moved that: (i) the Resolution Authorizing Application to the TWDB for Financial Assistance; Designating Authorized Representatives for Such Purposes; and Containing Other Provisions Relating to the Subject attached hereto as **Exhibit C** be adopted by the Board, (ii) IDS, SPH and GMS be authorized to prepare and submit the formal application to the TWDB for SWIFT financing by May 8, 2023; and (iii) the officers of the Board be authorized to execute any and all documentation necessary to complete and file the SWIFT applications by May 8, 2023. Director Gower seconded said motion, which unanimously carried.

Mr. Rubinsky next presented for the Board's review the City of Houston's ("COH") FY 2022 True Up Report and supporting documentation related to the operation and maintenance expenses of the Northeast Water Purification Plant ("NEWPP") a copy of which is attached hereto as **Exhibit D**. Mr. Rubinsky advised the Board that, subject to final approval of said Report, it appears that the Authority will owe \$1,441.16 to the COH for the COH's FY 2022.

Mr. Rubinsky next presented for the Board's review correspondence received from the COH dated April 7, 2023, a copy of which is attached hereto as **Exhibit E**, regarding the COH's FY 2024 preliminary water rate for the NEWPP. Mr. Rubinsky advised the Board that the NEWPP's FY 2024 preliminary water rate of \$1.8898 per 1,000 gallons is significantly higher than last year's rate of \$1.3374. Mr. Rubinsky advised that GMS is evaluating the impact the FY 2024 preliminary water rate will have on the Authority's financial condition and rates, but that the final FY 2024 water rate will not be known until the COH adopts its final budget for its fiscal year ending June 30, 2024. Mr. Rubinsky stated that the Authority will likely be required to consider a mid-year increase in its rates as a result of the Authority's proposed issuance of additional bonds.

## ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated May 3, 2023, a copy of which is attached hereto as **Exhibit F**, 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 status of compliance with the Harris-Galveston Subsidence District ("HGSD") permit requirements, as detailed in the Engineer's Report. Mr. Khouw advised the Board that the the application for renewal of the Authority's aggregate water well permit for the period commencing June 1, 2023, has been approved by the HGSD.

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 81% complete. Mr. Khouw advised the Board that the Houston Waterworks Team ("HWT") has submitted an updated schedule to the COH, which indicates that they do not anticipate achieving Phase I Substantial Completion until August 7, 2023 (169 days behind schedule), and Phase II Substantial completion until July 29, 2025 (7 days behind 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 twelve (12) 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 project, 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 North Harris County Regional Water Authority ("NHCRWA") transmission line in which the Authority is participating, which are all under construction and nearing completion.

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 various agencies regarding final approval of the Authority's plans for construction of same. Mr. Hale then 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 application to the TWDB for SWIFT financing for the additional funds required for the 2025 Internal Distribution System, 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 Coastal Water Authority ("CWA") has notified the regional water authorities that it plans to utilize remaining bond funds to complete the build-out of the Capers Ridge Pump Station to its full capacity, including the addition of four (4) pumps and associated equipment.

## **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for April 2023, a copy of which is attached hereto as **Exhibit G**. 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.

## **APPROVAL OF 2022 CONSUMER CONFIDENCE REPORT**

Mr. Martin next presented to and reviewed with the Board the Authority's Consumer Confidence Report ("CCR") for 2022, a copy of which is attached hereto as **Exhibit H**. Mr. Rubinsky advised the Board that SPH had reviewed and approved the CCR. After discussion on the matter, it was moved by Director Meek, seconded by Director Gower and unanimously

carried, that the CCR be approved, and that MOC be authorized to distribute the CCR to the Member Districts in electronic format prior to June 2023.

### **DISCUSSION REGARDING BICARBUS LLC FIELD STUDIES WITH UNIVERSITY OF HOUSTON**

Mr. Khouw next advised the Board regarding his preliminary review of the data and materials provided at the last meeting by Dr. Chris Feriante regarding the BiCarbus LLC Field Studies with the University of Houston with respect to the use of sodium hypochloride in treating wastewater. Mr. Khouw reported that he would discuss these materials in further detail with a representative of the City of Sugar Land, as the City of Sugar Land was a participant in Dr. Feriante's study.

### **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. He noted that Mr. Khouw communicated with No. 304's engineer in March 2023 regarding the outstanding documentation, but received no response. After discussion on the matter, the Board concurred that the Authority consider reimbursing No. 304 for the amounts substantiated by the Authority's records.

### **GOVERNMENT AFFAIRS UPDATE**

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update dated May 2, 2023, and a Bill Tracking Report received from C.J. Tredway, copies of which are attached hereto as **Exhibit I**. Mr. Rubinsky discussed various bills of interest to the Authority being considered during the ongoing 88th Texas Legislative Session. 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. 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 would be addressed further in Closed Session.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky addressed the Board regarding ongoing matters relating to the construction of the NEWPP Expansion Project. He also advised the Board of a North Harris County Regional Subsidence Update Town Hall Meeting scheduled for May 4, 2023.

Mr. Rubinsky advised the Board that he had no updates at this time 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, and (ii) San Jacinto River Authority v. City of Conroe, Texas, and City of Magnolia, Texas.

**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 other communications with Member Districts.

**CLOSED SESSION**

At 6:56 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 551.071 (consultation with attorney regarding pending or contemplated litigation or matters protected by attorney-client privilege), and 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 7:45 p.m., the Board President announced that the Board would reconvene in Open Session. No action was taken by the Board following the Closed Session.

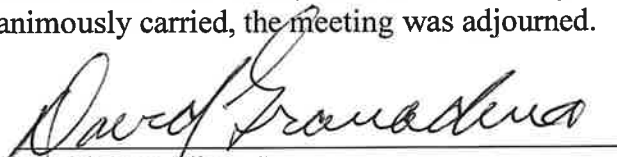
**ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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, June 7, 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 Meek, and unanimously carried, the meeting was adjourned.

A handwritten signature in cursive script, reading "David Granadino", written over a horizontal line.

David Granadino, Secretary  
Board of Directors

## LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Resolution Authorizing Application to the TWDB for Financial Assistance; Designating Authorized Representatives for Such Purposes; and Containing Other Provisions Relating to the Subject
- Exhibit C Correspondence from TWDB dated April 6, 2023, Extending Formal Invitation to Submit Application for Financial Assistance through SWIFT
- Exhibit D City of Houston FY 2022 True Up Report
- Exhibit E Correspondence from COH dated April 7, 2023, regarding the COH's FY 2024 Preliminary Water Rate
- Exhibit F Engineer's Report
- Exhibit G Operator's Report
- Exhibit H 2022 Consumer Confidence Report
- Exhibit I Government Affairs Update and Bill Tracking Report