

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors June 7, 2023

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on June 7, 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; 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"); Rosalind Caesar of Harris County Municipal Utility District No. 304 ("No. 304"); Bridget Smith 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"); 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. The Board recognized Ms. Caesar, who inquired as to whether the Directors of the Authority are residents of the Authority and whether they were elected or appointed as Directors. Mr. Rubinsky then responded to Ms. Caesar's inquiry.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held May 3, 2023. After discussion regarding the minutes, Director Gower moved that the minutes of the meeting held May 3, 2023, be approved as presented. Director Meek 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 May 3, 2023, through June 7, 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 April 2023 and the first four months 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 April 30, 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 (plus additional check nos. 5848, 5849, and 5850 on the General Operating Fund to be reflected on next month's Bookkeeper's Report) be approved for payment from the Authority's various accounts.

ADOPTION OF RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE AUTHORITY

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the Authority. In that regard, Mr. Rubinsky advised the Board that, as recommended by the Authority's Investment Officer, three (3) banks have been added to the list that was previously adopted by the Authority at its January 4, 2023 Board meeting. Mr. Rubinsky then presented to and reviewed with the Board a proposed list of financial institutions, brokers and dealers authorized to engage in investment transactions with the Authority, a copy of which is attached hereto as **Exhibit B**, as compared to the list previously adopted by the Board. Mr. Rubinsky noted that, although the broker list presented is a list of potential institutions with which the Authority may engage in investment transactions compiled with the input of the Authority's Investment Officer, it is ultimately the Board's decision as to where the Authority's funds are actually placed. After discussion on the matter, Director Meek moved that the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the Authority attached hereto as **Exhibit C** be adopted by the Board and that the President and Secretary be authorized to execute same on behalf of the Board and the Authority. Director Gower seconded said motion, which unanimously carried.

REVIEW OF ARBITRAGE ANALYSIS REPORT

Mr. Rubinsky next presented to and reviewed with the Board an Arbitrage Analysis Report provided by Municipal Risk Management Group, L.L.C. ("MRMG") dated May 10, 2023, a copy of which is attached hereto as **Exhibit D**, in connection with the yield restriction and arbitrage rebate calculation analyses performed in connection with the Authority's outstanding bond issues. Mr. Rubinsky advised the Board that MRMG is recommending that the Authority engage Arbitrage Compliance Specialists, Inc. ("ACS") to prepare a Fifteen Year Arbitrage Rebate Report in connection with the Series 2008 Bonds and a Fifth Year Arbitrage Rebate Report in connection with the Series 2018 Bonds. Mr. Rubinsky further advised the Board that, as reflected in the attached Arbitrage Analysis Report, no further action is required in connection with any of the Authority's other bond issues at this time. After discussion on the matter, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that ACS be engaged by the Authority to prepare a Fifteen Year Arbitrage Rebate Report in

connection with the Authority's Series 2008 Bonds and a Fifth Year Arbitrage Rebate Report in connection with the Authority's Series 2017 Bonds, as recommended in the attached report from MRMG, and that the President be authorized to execute ACS' engagement letters related thereto on behalf of the Board and the Authority.

STATUS OF FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

The Board next considered the status of the filing of the Authority's annual Continuing Disclosure Report due on June 30, 2023. In that regard, Mr. Rubinsky advised the Board that McCall, Parkhurst & Horton L.L.P. ("McCall Parkhurst"), the Authority's Continuing Disclosure Counsel, will prepare the annual Continuing Disclosure Report, with the assistance of the Authority's Engineer and Financial Advisor if necessary, when the annual audit for the Authority's fiscal year ended December 31, 2022, has been completed and released by McCall Gibson Swedlund Barfoot PLLC. Mr. Rubinsky also noted that McCall Parkhurst would file said Report with the appropriate repositories prior to the filing deadline of June 30, 2023.

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 reported, however, that the Authority's formal application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") for additional funds required for the Authority's 2025 Internal Distribution System in the amount of \$5,000,000 was submitted to the TWDB before the deadline on May 8, 2023. Mr. Rubinsky advised the Board that the TWDB requested additional documentation on May 18, 2023, which was immediately provided by IDS, and that final approval of the application is expected from the TWDB within the next couple of months, with the sale of the bonds anticipated to occur in the fourth quarter of this year.

Mr. Rubinsky next advised the Board that the Authority's review and final approval of the City of Houston's ("COH") FY 2019 through FY 2022 True Up Reports related to the operation and maintenance expenses of the Northeast Water Purification Plant ("NEWPP") are still outstanding. In that regard, he noted that the North Harris County Regional Water Authority ("NHCRWA") has requested additional information from the COH, and that he and Mr. Khouw recommend the Authority hold off on giving its final approval of said True Up Reports until all outstanding issues have been addressed.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated June 7, 2023, a copy of which is attached hereto as **Exhibit E**, 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 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 82% 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 12, 2023 (174 days behind schedule), but that Phase II Substantial completion is expected to be completed on July 22, 2025 (on schedule). Mr. Khouw additionally reported that the COH has issued draft Consensus Item No. 33 for approval of a change order relating to additional material costs in the amount of \$235,117.36 resulting from Winter Storms Uri and Viola. Mr. Khouw stated that it is his understanding that all regional water authorities will be approving Consensus Item No. 33.

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 the final project is expected to be completed in August 2023, 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's 84-inch transmission line in which the Authority is participating, which are all under construction and nearing completion. Mr. Khouw advised the Board, however, that Project 25C, which is the section the Authority's take point is located within, has been delayed as the contractor for this project has filed for bankruptcy. Mr. Khouw reported that Project 25C is approximately 95% complete and that the contractor's surety will complete the remaining 5% of the project.

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 that the Luce Bayou Interbasin Transfer Project is complete and that he had no new activity upon which to report in connection with this project.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for May 2023, a copy of which is attached hereto as **Exhibit F**. 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 advised that the Authority was able to supply 52% surface water last month, and achieved a total of 43% surface water supply during the current permit year.

RATIFICATION OF APPROVAL OF 2022 CONSUMER CONFIDENCE REPORT

The Board next considered ratifying its prior action relative to the approval of the Authority's Consumer Confidence Report for 2022. After discussion, it was moved by Director Granadino, seconded by Director Meek and unanimously carried, that such prior action be ratified and authorized in all respects.

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. In that regard, he reported to the Board concerning the Authority's recent communications with No. 304's engineer. Mr. Rubinsky advised the Board that SPH has still not received the requested documentation evidencing all of the expenses paid by No. 304. After discussion on the matter, Director Gower moved that SPH be authorized to direct correspondence to No. 304 advising No. 304 to provide any additional information in support of its request for reimbursement of the surface water conversion costs and expenses within the next month, after which time the Authority will proceed with making a one-time and final payment to No. 304 for only the amounts substantiated by the Authority's records. Director Granadino seconded said motion, which unanimously carried.

GOVERNMENT AFFAIRS UPDATE

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update dated June 7, 2023, and a Final Bill Tracking Report received from C.J. Tredway, copies of which are attached hereto as **Exhibit G**. Mr. Rubinsky discussed various bills of interest to the Authority that were considered during the 88th Texas Legislative Session, some of which passed and some which did not. The Board concurred that no action was required in connection with such matter at this time.

REQUEST FROM AUTHORITY'S RECORDS MANAGEMENT OFFICER TO DESTROY SPH'S NOTES AND AUDIO RECORDINGS OF BOARD MEETINGS

The Board next considered a request from the Authority's Records Management Officer to destroy SPH's notes of Board meetings held from March 2, 2022, through February 1, 2023, in accordance with the terms of the Authority's Records Management Program. A copy of the subject request is attached hereto as **Exhibit H**. After discussion on the matter, Director Granadino moved that the destruction of said notes and audio recordings be authorized as requested in accordance with the provisions of the Authority's Records Management Program. Director Meek seconded said motion, which unanimously carried.

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. Mr. Rubinsky advised that further discussion regarding said matter would be addressed in Closed Session.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky addressed the Board concerning the status of the Authority's participation as Amicus Party in Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1. In that regard, he advised the Board that the Texas Supreme Court ruled on May 13, 2023, that governmental immunity does not apply in a condemnation action of one political subdivision against another, which is a positive result for the Authority. Mr. Rubinsky further advised that San Jacinto River Authority v. City of Conroe, Texas, and City of Magnolia, Texas is still 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 other communications with Member Districts.

CLOSED SESSION

At 7:37 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 8:04 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.

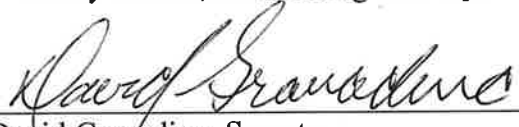
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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, July 5, 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.



David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B List of Financial Institutions, Brokers and Dealers as Compared to List Previously Adopted by the Board
- Exhibit C Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the Authority
- Exhibit D Arbitrage Analysis Report
- Exhibit E Engineer's Report
- Exhibit F Operator's Report
- Exhibit G Government Affairs Update and Final Bill Tracking Report
- Exhibit H Records Destruction Request