

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors September 6, 2023

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on September 6, 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 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 of Fallbrook Utility District ("Fallbrook"); Marcus Jones, Bridget Smith and Ashley Thompson of Harris County Municipal Utility District 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. Mr. Agard addressed the Board concerning a surface water line break within No. 150. Mr. Agard inquired as to whether the Authority could install low water pressure sensors at the No. 150 water plants in an effort to be aware of water line breaks sooner. Mr. Martin and Mr. Khouw discussed the installation of a SCADA system for the Authority's entire water supply system that will be able to provide alarms for various types of conditions. Mr. Khouw stated that the Authority intends to include the installation of a SCADA system with its 2025 Internal Distribution System.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held August 2, 2023. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held August 2, 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 August 2, 2023, through September 6, 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 July 2023 and the first seven 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 July 31, 2023. 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.

Mr. Rubinsky next presented to and reviewed with the Board a Fifteenth Year Arbitrage Rebate Calculations Report for the Authority's \$22,050,000 Revenue Bonds, Series 2008, a copy of which is attached hereto as **Exhibit B**, as prepared by Arbitrage Compliance Services, Inc., and advised that no action was necessary in connection therewith.

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 regarding the sale of the Authority's proposed Series 2023 Bonds. In that regard, he reported that the sale of the Authority's proposed Series 2023 Bonds has been scheduled for October 4, 2023, with the closing of same to occur on or about December 1, 2023.

Mr. Rubinsky next advised the Board that he had no new activity upon which to report regarding 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 NEWPP.

Mr. Rubinsky next addressed the Board concerning the correspondence received from the COH dated July 24, 2023, regarding the COH's adoption of its final FY 2024 water rate for the NEWPP of \$1.8197 per 1,000 gallons. Mr. Rubinsky advised the Board that John Howell of GMS will provide the Board with his recommendation regarding a potential increase in the Authority's groundwater pumpage fee and surface rate later this year after the sale of the Authority's proposed Series 2023 Bonds.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated September 6, 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 status of compliance with the Harris-Galveston Subsidence District ("HGSD") permit requirements, as detailed in the Engineer's Report.

Mr. Khouw next advised the Board that IDS has completed its review of Investment & Development Ventures, LLC's ("IDV") preliminary development plan for a parcel of land which is proposed to be annexed into the boundaries of Fallbrook and upon which the Authority previously acquired Parcel Nos. 5-22 and 5-23, and has issued a letter of no-objection to IDV in connection therewith.

Mr. Khouw reported that, as authorized by the Board last month, IDS has issued a letter to No. 399 on behalf of the Board and the Authority approving the annexation of 2.7 acres into No. 399 and the Authority's Groundwater Reduction Plan ("GRP").

Mr. Khouw next addressed the Board regarding the COH's request for a possible tie-in to the Authority's 2025 Internal Distribution System to serve four (4) municipal utility districts located both north and south of Beltway 8 and in the vicinity of Veteran's Memorial Drive, which are participants in the COH's GRP. Mr. Khouw advised the Board that IDS is still analyzing whether it would be feasible to allow the COH to tie-in to the Authority's 2025 Internal Distribution System to serve the four (4) subject municipal utility districts.

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 85% 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 October 3, 2023 (226 days behind schedule), and Phase II Substantial completion until July 29, 2025 (7 days behind schedule). Mr. Khouw reported that HWT has submitted water samples to the Texas Commission on Environmental Quality and that, once the samples have been approved, HWT will then begin start up testing.

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 by September 15, 2023, as further detailed in the Engineer's Report. Mr. Khouw further advised the Board that, once the final project is completed, the COH will then be able to initiate the flushing and disinfection of the NETL; however, the COH does not currently have sufficient water capacity to commit to the flushing and disinfection process.

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's ("NHCRWA") 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 the contractor's surety has negotiated a contract with another contractor to complete the

remaining 5% of the project, and that the new contractor is now mobilizing to complete the project.

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 various agencies regarding final approval of the Authority's plans for construction of same.

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 is moving forward 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 August 2023, a copy of which is attached hereto as **Exhibit D**. 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 additionally reported to the Board regarding a break in a twelve-inch water main that occurred on August 18, 2023 within No. 150. He advised the Board that there was a lateral crack along an entire twenty foot segment of the line and that it took approximately twelve hours to excavate and replace the line.

DISCUSSION REGARDING THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

Mr. Martin next advised the Board that, in light of the current drought conditions in the Harris County area and the COH's and NHCRWA's implementation of their respective drought contingency plans, MOC implemented Stage One of the Authority's Drought Contingency Plan ("DCP") on August 18, 2023, and Stage Two of the DCP on August 25, 2023.

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

The Board next deferred discussion relative to No. 304's request for reimbursement of costs and payment of related expenses in connection with No. 304's prior conversion to surface water.

GOVERNMENT AFFAIRS UPDATE

Mr. Rubinsky next presented to and reviewed with the Board a Government Affairs Update dated September 5, 2023, 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.

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 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 7:05 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. Lai, and Mr. Rubinsky, exited the meeting.

At 7:35 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 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 next regular meeting of the Board is scheduled for Wednesday, October 4, 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 Meek, seconded by Director Granadino, 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 Fifteenth Year Arbitrage Rebate Calculations Report – Series 2008 Revenue Bonds

Exhibit C Engineer's Report

Exhibit D Operator's Report

Exhibit E Government Affairs Update