

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
December 6, 2023

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on December 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, except Director Granadino and Director Meek, 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 of Fallbrook Utility District ("Fallbrook"); Ashley Thompson and Bridget Smith 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"); Cordelia Brown and Debra Johnson 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. The Board recognized Mr. Agard, who inquired as to the status of the implementation of the Authority's Drought Contingency Plan ("DCP"). Mr. Rubinsky advised that this matter would be discussed later in the meeting under the separate item included on the agenda for same, but noted that he would be recommending that the Board rescind Stage One of the Authority's DCP.

Mr. Johnson next inquired regarding the status of scheduling of a tour of the Northeast Water Purification Plant ("NEWPP") Expansion project. Mr. Khouw stated that tours have not been conducted for some time due to the level of activity at the project site, but that he would

contact the City of Houston ("COH") to try to coordinate a tour of the NEWPP.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held November 1, 2023. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held November 1, 2023, be approved as presented. Director Gower seconded said motion, which unanimously carried.

STATUS OF THE AUTHORITY'S ISSUANCE OF ITS \$5,000,000 CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY REVENUE BONDS, SERIES 2023

Mr. Rubinsky next advised the Board that the Authority's \$5,000,000 Central Harris County Regional Water Authority Revenue Bonds, Series 2023, closed as scheduled on December 1, 2023.

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 November 1, 2023 through December 6, 2023, 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 October 2023 and the first ten 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 October 31, 2023. Ms. Tran further reported that the request for release of escrowed funds from the Series 2016 Bonds in the amount of \$925,000 to pay for the Authority's 2025 Internal Distribution System and various costs related thereto has been approved by the Texas Water Development Board ("TWDB"). Ms. Tran also advised the Board that additional check no. 5997 in the amount of \$264,050 was being issued from the General Operating Fund to No. 304 for the reimbursement of the eligible costs related to No. 304's prior conversion to surface water. After discussion, it was moved by Director Boddy, seconded by Director Gower 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, with the aforementioned additional check no. 5997 to be held subject to the receipt of an executed Receipt and Release from No. 304.

APPROVAL OF OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2024

Ms. Tran presented to and reviewed in detail with the Board a proposed Operating Budget for the fiscal year ending December 31, 2024, a copy of which is attached hereto as **Exhibit B**. Mr. Rubinsky also addressed a few changes made to the proposed Operating Budget from the initial draft presented last month. Thereafter, it was moved by Director Boddy, seconded by Director Gower and unanimously carried, that the proposed Operating Budget for the Authority's fiscal year ending December 31, 2024 be approved as presented.

FINANCIAL ADVISOR'S REPORT

Mr. Rubinsky next advised the Board that there was nothing new to report regarding the COH's FY 2019, FY 2020, FY 2021, and FY 2022 True Up Reports related to the Authority's share of the operations and maintenance costs of the COH's NEWPP.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated December 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 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. In that regard, Mr. Khouw advised the Board that IDS has provided the results of its feasibility analysis to the COH, as previously authorized by the Board, but has not heard anything back from the COH yet.

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 87% complete. Mr. Khouw further advised the Board that Houston Waterworks Team ("HWT") has completed the acceptance testing for Phase I of the NEWPP Expansion project by producing 80 million gallons per day for fourteen (14) consecutive days. He noted, however, that the COH will not likely issue a Certificate of Substantial Completion for Phase I of the NEWPP Expansion project until Texas Commission on Environmental Quality approval is received and various outstanding items are completed, which is not projected to occur until approximately mid-January 2024.

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 should be complete by the end of December 2023.

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 that the new contractor for Project 25C, which is the section the Authority's take point is located within, has mobilized and that it is anticipated that Project 25C will be completed by mid-February 2024.

Mr. Khouw and 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. Khouw advised the Board that the Harris County Flood Control District has indicated that it will not complete its review of the final geotechnical report until mid-January 2024, but that once the final geotechnical report is approved, IDS will submit the final approved plans to the TWDB for approval. Mr. Khouw further reported that the Authority will probably not be able to advertise for bids for construction of the 2025 Internal Distribution System until February 2024, and that the project will likely be constructed under two (2) separate construction contracts.

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 November 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. Rubinsky next briefly addressed the Board regarding two (2) proposed class action settlements with DuPont and 3M (the "Settlements") relating to the presence of PFAS (per and polyfluoroalkyl substances) in drinking water. He provided the Board with a brief overview of the Settlements and the requirements to participate in same. Mr. Rubinsky advised the Board that, because the Authority (i) does not draw or collect water from a source in which PFAS has previously been detected, (ii) is not a retail provider and (iii) does not independently treat the water it receives, it does not appear the Authority qualifies as a member of the settlement class. To that end, Mr. Rubinsky also advised the Board that the Authority has never received notification of the Settlements. After discussion, the Board concurred that no action was required on its part in connection with such matter at this time.

DISCUSSION REGARDING THE AUTHORITY'S DROUGHT CONTINGENCY PLAN

Mr. Rubinsky next recommended that, in light of cooler temperatures and reduced overall water usage within the Authority, the Authority rescind Stage One of its DCP. After discussion on the matter it was moved by Director Boddy, seconded by Director Gower and unanimously

carried, that the Authority rescind Stage One of its DCP and no longer implement any water use restrictions, as recommended by Mr. Martin and Mr. Rubinsky.

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

With respect 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, Mr. Rubinsky advised the Board that, as discussed earlier in the meeting, the Authority has issued a check to No. 304 for a one-time and final payment for only the amounts substantiated by the Authority's and No. 304's records.

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**.

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

Mr. Rubinsky and Mr. Hale 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. Hale noted that the Authority has now acquired all but one parcel required for the Authority's 2025 Internal Distribution System, but that appeals have been filed in connection with a couple of parcels already acquired by the Authority by eminent domain. Mr. Hale advised the Board IDS is still waiting on a proposed Consent to Encroachment Agreement from Kinder Morgan Tejas Pipeline LLC ("KM") and an invoice for the pre-payment of inspection fees, as discussed at the last meeting. 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 next 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. He reported that the Texas Supreme Court has agreed to consider the case in early 2024.

Mr. Rubinsky next addressed the Board regarding the appointment of Directors to the Board of Directors of the Authority in 2024. In that regard, he presented to and reviewed with the Board a Memorandum outlining the appointment process, a copy of which is attached hereto as **Exhibit F**, and noted that Director Granadino's term of office representing Director Precinct No. 2, and Director Boddy's term of office as At-Large Director (Position No. 1) will expire May 15, 2024. After discussion, the Board approved the 2024 Director appointment procedures, as outlined in the attached Memorandum, and authorized SPH to forward the Memorandum to each of the Authority's Member Districts. Mr. Rubinsky noted that nominations for the two Director positions to be acted upon in 2024 must be delivered to the Board no later than 5:00 p.m., on February 15, 2024.

Mr. Rubinsky next reported on the need for the Authority to determine each Member District's total 2023 water usage in order to calculate the number of votes each Member District may cast in connection with the Authority's 2024 Director Appointment Process and the weight of each Member District's vote for the respective positions to be appointed. After discussion, the Board authorized IDS and MOC to calculate the Member Districts' respective voting percentages for the Authority's 2024 Director Appointment Process as soon as possible.

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 7:12 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 7:47 p.m., the Board President announced that the Board would reconvene in Open Session, whereupon, it was moved by Director Boddy 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 Gower 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, January 3, 2024, 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 Gower, and unanimously carried, the meeting was adjourned.



Tom Gower, Assistant Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Proposed Operating Budget for Fiscal Year Ending December 31, 2024
- Exhibit C Engineer's Report
- Exhibit D Operator's Report
- Exhibit E Government Affairs Update
- Exhibit F Memorandum Outlining 2024 Director Appointment Process