

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
February 7, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on February 7, 2024, 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; Wesley Lay of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Thomas Villanueva of Edminster, Hinshaw, Russ & Associates, Inc., representing Harris County Municipal Utility District No. 304 ("No. 304"); Oliver Agard and Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Ashley Thompson, Marcus Jones and Bridget Smith of Harris County Municipal Utility District No. 399 ("No. 399"); Rosalind Caesar of No. 304; Curran McDowell of Geotech Engineering & Testing; 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 and Mr. Johnson thanked the Board for arranging the tour of the Northeast Water Purification Plant ("NEWPP") held on February 2, 2024. Mr. Johnson and Mr. Agard both stated that the tour was extremely educational and that the NEWPP is a very impressive facility.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held January 3, 2024. After discussion regarding the minutes, Director Granadino moved that the minutes of the

meeting held January 3, 2024, 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 January 3, 2024 through February 7, 2024, 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 2023 and the entire twelve 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 December 31, 2023. After discussion, it was moved by Director Gower that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts, plus additional check nos. 6046 and 6047 on the General Operating Fund payable respectively to (i) Vinson & Elkins LLP in trust for 2ML Real Estate Interests, Inc. in the amount of \$150,000.00 in connection with the acquisition of property related to the construction of the Authority's 2025 Internal Distribution System, and (ii) No. 304 in the amount of \$284,507.45 (as adjusted based upon the additional documentation provided by No. 304 last month) for the reimbursement of the eligible costs related to No. 304's prior conversion to surface water, subject to receipt of an executed Receipt and Release from No. 304 in connection with same, and that check nos. 6029, 6037 and 6038 on the General Operating Fund relating to the renewal of the District's insurance coverages be held pending Director Meek's review and evaluation of the insurance renewal proposals. Director Meek seconded said motion, which unanimously carried.

REVIEW OF 5TH YEAR ARBITRAGE REBATE REPORT PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC. IN CONNECTION WITH THE AUTHORITY'S SERIES 2018 REVENUE BONDS

Mr. Rubinsky next reviewed with the Board an Arbitrage Rebate Calculation Report prepared by Arbitrage Compliance Specialists, Inc., a copy of which is attached hereto as **Exhibit B**, for the fifth year rebate installment computation period in connection with the Authority's \$7,735,000 Unlimited Tax Revenue Bonds, Series 2018. Mr. Rubinsky advised the Board that the Report indicates that there is no rebate installment payment due to the Internal Revenue Service for such computation period for the District's Series 2018 Revenue Bonds.

FINANCIAL ADVISOR'S REPORT

Mr. Rubinsky next advised the Board that there was nothing new to report regarding the City of Houston's (the "COH") 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 February 7, 2024, 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 he had been contacted by the engineer for Harris County Municipal Utility District No. 602 ("No. 602") inquiring whether No. 602, currently in the process of creation, could join the Authority's Groundwater Reduction Plan. Mr. Khouw advised the Board that, although the Authority could potentially accommodate No. 602 from a regulatory standpoint, it was unlikely that the Authority would actually ever be able to supply No. 602 with surface water due to its location (between F.M. 2100 and Huffman). After discussion on the matter, it was moved by Director Granadino, seconded by Director Gower and unanimously carried that IDS be authorized to request a \$5,000.00 deposit from No. 602 and, upon receipt of same, conduct a feasibility study to determine whether it would be feasible for No. 602 to join the Authority's Groundwater Reduction Plan.

Mr. Khouw next advised the Board that he had no new activity upon which to report 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 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), all of which are approaching completion, 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 89% complete. Mr. Khouw further advised the Board that the COH expects to be able to start delivering surface water from Phase I of the NEWPP either late this month or in early March 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 all of the thirteen (13) projects that make up Phase I of the NETL are complete and ready to receive water.

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. Mr. Khouw advised the Board that it is anticipated that Project 25C, which is the section the Authority's take point is located within, will be substantially completed by mid-February 2024. Mr. Khouw further advised the Board that Project 25D is nearing final completion and that Project 25E is completed. Mr. Khouw reported that, once Phase I of the NEWPP is placed into operation, the Authority will be able to begin receiving surface water from the new plant.

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 he anticipates that final plan approval will be received from the Harris County Engineering Department by the end of this month and that the plans will then be submitted to the Texas Water Development Board for approval. Mr. Khouw further advised the Board that he anticipates advertising for bids for the project in March 2024 and awarding a contract in April or May 2024.

Mr. Khouw additionally addressed the Board concerning the proposed installation of a SCADA system with the 2025 Internal Distribution System which will enable MOC to monitor the Authority's entire surface water distribution system, as further detailed in the Engineer's Report. After discussion, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the proposal received from Burrer Engineering ("Burrer") to perform a preliminary engineering study to evaluate the SCADA system alternatives at a cost not to exceed \$17,800.00 be approved by the Board, subject to the receipt of a Texas Ethics Commission Form 1295 from Burrer.

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 January 2024, 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 advised the Board that the Authority's water accountability decreased last month to 93% due to the COH's change out of its meters, but that the water accountability should return to normal this month. Mr. Martin noted that there were no major issues during the freezing weather experienced on January 15, 2024, but that the North Harris County Regional Water Authority briefly lowered pressure in its system in order to accommodate demand.

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.

STATUS OF COMMUNICATIONS WITH NO. 304 REGARDING REQUEST FOR REIMBURSEMENT OF COSTS AND PAYMENT OF RELATED EXPENSES IN CONNECTION WITH NO. 304'S PRIOR CONVERSION TO SURFACE WATER

Mr. Rubinsky next addressed the Board concerning the communications with No. 304's attorney and engineer regarding 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 advised the Board that on the day of the Authority's January 3, 2024 Board of Directors meeting, No. 304 provided additional documentation to evidence additional engineering expenses paid by No. 304 in the amount of \$32,132.59, resulting in an increase in the total costs incurred by No. 304 from \$264,050.00 to \$296,182.59. After discussion on the matter, it was moved by Director Gower, seconded by Director Granadino and unanimously carried, that the Board authorize the reimbursement of all substantial costs to No. 304, less the costs incurred by the Authority in connection with the final resolution of this matter, resulting in a total reimbursement to No. 304 in the amount \$284,507.45, subject to receipt of an executed Receipt and Release from No. 304.

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 on its part at this time relative to such matter.

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

RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board reviewed an annual survey of prevailing wage rates for construction projects and considered the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky advised the Board that, as required pursuant to Section 2258.022 of the Texas Government Code, the District has previously adopted the applicable United States Department of Labor ("DOL") wage rate scales for Harris County as the general prevailing wage rates for construction projects by or on behalf of the District. Mr. Rubinsky further advised that the DOL's applicable wage rate scales for Harris County have been amended. After discussion on the matter, Director Granadino moved that the new DOL wage rate scales (comprised of two DOL wage determination scales for each project type) for Harris County be adopted as the

District's prevailing wage rate scales for construction projects, and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit F**, be adopted by the Board. Director Boddy seconded said motion, which unanimously carried.

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, 2024, pending Director Meek's review of the proposal received from Texas Municipal League's Intergovernmental Risk Pool for the 2024-2025 term.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky next advised 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 advised the Board that the Texas Supreme Court heard oral arguments in the case on Tuesday, January 9, 2024, but a decision is still pending.

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

Mr. Rubinsky next advised the Board that a proposal had been received from Texas Network in the amount of \$3,650.00 for the redesign of the Authority's website in order to enhance functionality and aesthetic appeal. After discussion, the Board deferred action on the matter pending the receipt of website traffic data from Texas Network.

2024 DIRECTOR APPOINTMENT PROCESS AND CALCULATION OF VOTING PERCENTAGES

Mr. Rubinsky next discussed with the Board the status of the Authority's 2024 Director Appointment Process, including the status of receipt of nominating resolutions to date. Mr. Rubinsky advised that the nomination period ends at 5:00 p.m. on February 15, 2024, and that he will report on the status of nominations and the next step in the 2024 Director Appointment Process at the Board meeting scheduled for March 6, 2024. Mr. Rubinsky further advised the Board that IDS will prepare a draft report regarding 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.

CLOSED SESSION

At 7:23 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 7:53 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, March 6, 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 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 Arbitrage Rebate Calculation Report
- Exhibit C Engineer's Report
- Exhibit D Operator's Report
- Exhibit E Government Affairs Update
- Exhibit F Resolution Adopting Prevailing Wage Rate Scale for Construction Projects