

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
January 3, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on January 3, 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"); 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"); Juan M. Rojas of Precision Utility, LLC; 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 were no comments received from the public in attendance at the meeting.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held December 6, 2023. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held December 6, 2023, be approved as presented. Director Granadino 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 December 6, 2023 through January 3, 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 November 2023 and the first eleven 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 November 30, 2023.

A discussion next ensued regarding check no. 5997 in the amount of \$264,050 that was issued last month from the General Operating Fund payable to Harris County Municipal Utility District No. 304 ("No. 304") for the reimbursement of the eligible costs related to No. 304's prior conversion to surface water. In that regard, Mr. Rubinsky advised the Board that, since the date of the Authority's last Board meeting, No. 304's engineer has provided additional documentation to evidence additional expenses purportedly paid by No. 304 in connection with such matter, and that IDS and SPH will review such documentation to confirm whether the total costs to be reimbursed to No. 304 should be adjusted based upon such additional documentation. After discussion, it was moved by Director Gower, seconded by Director Boddy 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 exception of the aforementioned check no. 5997, which was voided.

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. Mr. Rubinsky advised that, pursuant to the Public Funds Investment Act and the Authority's Investment Policy, the Board is required to review, revise, if necessary, and adopt such list at least annually. He 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 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, but it is ultimately the Board's decision as to where the Authority's funds are actually placed. After discussion on the matter, Director Granadino 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 District. Director Gower seconded said motion, which unanimously carried.

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.

Mr. Rubinsky next presented for the Board's review correspondence received from the District's Financial Advisor, The GMS Group, L.L.C., dated December 28, 2023, a copy of which is attached hereto as **Exhibit D**, regarding its Municipal Securities Rulemaking Board Rule G-10 Disclosures.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated January 3, 2024, 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 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 87% complete. Mr. Khouw noted that the COH has intends to significantly reduce the 33.9% administrative cost charged in connection with operation of the NEWPP Expansion project pursuant to Consensus Item No. 37 to be presented to the COH and the various regional water authorities. Mr. Khouw further advised the Board that approval of Phase I of the NEWPP Expansion project has now been received from the Texas Commission on Environmental Quality. However, the NEWPP still cannot discharge to the water distribution system due to a problem with the ozone disinfection system. Mr. Khouw reported that the ozone disinfection system should be repaired and the NEWPP ready to begin delivering water by February 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 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 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 December 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.

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.

AUTHORIZE MOC TO PROVIDE REQUIRED INFORMATION TO MEMBER DISTRICTS RECEIVING SURFACE WATER FROM THE AUTHORITY RELATIVE TO CONSUMER CONFIDENCE REPORTS

The Board next considered authorizing MOC to provide required information to Member Districts receiving surface water from the Authority during 2023 relative to required annual Consumer Confidence Reports. Mr. Rubinsky explained that, pursuant to the Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the Authority is required to provide by April 1, 2024, a report containing various information regarding the Authority's surface water supply to any other water supplier which received surface water from the Authority during the prior calendar year. After discussion on the matter, it was moved by Director Granadino, seconded by Director Meek and unanimously carried, that MOC be authorized to provide the required information as set forth hereinabove.

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.

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 G**. 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.

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 will hear oral arguments in the case on Tuesday, January 9, 2024.

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. The Board, however, requested that SPH reach out to Texas Network for recommendations regarding updates or redesign of the Authority's website in order to enhance functionality and aesthetic appeal.

AUTHORIZE SOLICITATION OF PROPOSALS FOR INSURANCE COVERAGES

The Board next discussed the solicitation of proposals for the Authority's insurance coverages for the term of April 1, 2024, through March 31, 2025. Mr. Rubinsky advised the Board that the Authority's current insurance coverages, through the Texas Municipal League's ("TML") Intergovernmental Risk Pool, will expire on March 31, 2024. After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that SPH be authorized to solicit proposals on behalf of the Authority from TML only at

this time.

AUTHORIZE PREPARATION AND SUBMISSION OF AUTHORITY INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Rubinsky next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the Authority is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Gower, seconded by Director Meek and unanimously carried, that the Authority's auditor, McCall Gibson Swedlund Barfoot PLLC, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1, 2024.

2024 DIRECTOR APPOINTMENT PROCESS AND CALCULATION OF VOTING PERCENTAGES

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 reported that the Memorandum outlining the appointment process presented at the last meeting was forwarded to each of the Authority's Member Districts after the last meeting. Mr. Rubinsky further advised the Board that IDS is currently working 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. 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.

CLOSED SESSION

At 7:10 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 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 7:17 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 Granadino seconded said motion, which unanimously carried.

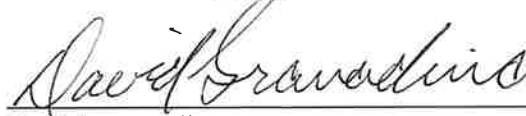
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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, February 7, 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 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 District
- Exhibit D The GMS Group, LLC's MSRB Rule G-10 Annual Disclosures
- Exhibit E Engineer's Report
- Exhibit F Operator's Report
- Exhibit G Government Affairs Update