

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Meeting of Board of Directors May 1, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on May 1, 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; Michelle Townes of McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson"), auditor for the Authority; Anna Katherine Parker 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"); Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins of Fallbrook Utility District ("Fallbrook"); Ashley Thompson, Marcus Jones and Bridget Smith of Harris County Municipal Utility District No. 399 ("No. 399"); 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 being no comments from the public received, the Board continued to the next item of business.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held April 3, 2024. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held April 3, 2024, be approved as presented. Director Gower 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 April 3, 2024, through May 1, 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 March 2024 and the third month of the Authority's fiscal year ending December 31, 2024, and a Summary of Pumpage Fees and Surface Water Fees paid by Member Districts through March 31, 2024. Ms. Tran noted that additional check no. 6114 in the amount of \$45,000 payable to HTD Beltway ("HTD") was being issued from the General Operating Fund as a replacement check for check no. 6065 which was previously issued to HTD in connection with the acquisition of property related to the construction of the Authority's 2025 Internal Distribution System. Ms. Tran noted that check no. 6065 was either lost or misplaced by HTD and that a "stop payment" has been issued for the check. Mr. Rubinsky then advised the Board that (i) check no. 6098 to the City of Houston ("COH") in the amount of \$56,094.86 is for the Authority's share of the annual debt service payment for the COH's Fiscal Year 2024 related to the Luce Bayou Interbasin Transfer Project, and (ii) check nos. 6110 and 6111, each in the amount of \$10,000, payable to KM Texas Pipeline, LLC and KM Tejas Pipeline, LLC (together, "KM"), are being issued from the General Operating Fund for the pre-payment of inspection fees in connection with the construction of the Authority's surface water transmission line which will cross KM's pipeline easements. Mr. Rubinsky stated that the latter two (2) checks will be held pending the approval and execution of the proposed Damage Prevention Reimbursement Agreements between the Authority and KM. Thereafter, it was moved by Director Granadino that the Bookkeeper's Report be approved and the disbursements listed therein, plus additional check no. 6114 as heretofore discussed, be approved for payment from the Authority's various accounts, with the exception of check nos. 6065 and 6106, which were voided. Director Boddy seconded said motion, which unanimously carried. It was noted that the Authority is continuing to hold check no. 6047 on the General Operating Fund payable to No. 304 in the amount of \$284,507.45 for the reimbursement of the eligible costs related to No. 304's prior conversion to surface water, pending the receipt of an executed Receipt and Release from No. 304 in connection with same. Mr. Rubinsky advised the Board that No. 304 has not responded to any communications from SPH over the past few months regarding the status of the executed Receipt and Release.

## **APPROVAL OF UNCLAIMED PROPERTY REPORT**

The Board deferred action until next month regarding the approval of an Unclaimed Property Report for the period ending March 1, 2024.

## **APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2023**

The Board recognized Ms. Townes, who presented to and reviewed with the Board a draft of the Authority's Annual Audit Report prepared by McCall Gibson for the fiscal year ended December 31, 2023 ("Audit"). Ms. Townes advised that McCall Gibson is issuing an unmodified opinion relative to the Authority's audit, which is the highest opinion an auditor can provide. After discussion concerning the Audit presented, Director Meek moved that: (i) the

Audit for the fiscal year ended December 31, 2023, be approved, subject to final review and comments by SPH and the Authority's other consultants; (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the Authority; and (iii) such Audit and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Granadino seconded said motion, which unanimously carried.

### **STATUS OF PREPARATION AND FILING OF ANNUAL CONTINUING DISCLOSURE REPORT**

Mr. Rubinsky next advised the Board that McCall, Parkhurst & Horton L.L.P. ("MPH"), the Authority's Continuing Disclosure Counsel, will prepare the Authority's annual Continuing Disclosure Report, with the assistance of the Authority's Engineer and Financial Advisor if necessary, when the Audit for the Authority's fiscal year ended December 31, 2023, has been finalized and released by McCall Gibson, and will file said report with the appropriate repositories prior to the filing deadline of June 30, 2024.

### **RATIFICATION OF ENGAGEMENT OF ARBITRAGE COMPLIANCE SPECIALISTS, INC.**

The Board next considered ratifying its prior action relative to the engagement of Arbitrage Compliance Specialists, Inc. ("ACS") to prepare a Fifth Year Arbitrage Rebate Report, as well as a Yield Restriction/Yield Reduction Report for the two-year study period ending November 15, 2024, in connection with the Authority's Series 2019 Bonds. After discussion, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that such prior action be ratified and authorized in all respects.

### **FINANCIAL ADVISOR'S REPORT**

Mr. Rubinsky next advised the Board that the COH is working on the FY 2023 True Up Report related to the Authority's share of the operations and maintenance costs of the COH's NEWPP. He noted that there was nothing new to report regarding the resolution of the outstanding issues related to the COH's FY 2019, FY 2020, FY 2021, and FY 2022 True Up Reports.

Mr. Rubinsky next addressed the Board concerning correspondence received from the Texas Water Development Board ("TWDB") dated April 12, 2024, regarding alleged noncompliance with certain covenants in the Authority's bond resolutions relative to the issuance of the Authority's outstanding bonds. Mr. Rubinsky advised the Board that the District's Financial Advisor, John Howell, is communicating with the TWDB to resolve this issue.

Ms. Townes exited the meeting at this time.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report

dated May 1, 2024, a copy of which is attached hereto as **Exhibit B**, 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 additionally addressed the Board regarding the HGSD's April 25, 2024 public hearing and presentation of its Annual Groundwater Report for 2023 and the effects of groundwater withdrawal during the preceding year on the subsidence of land.

Mr. Khouw advised the Board that he had no new activity upon which to report in connection with the inquiry received regarding whether Harris County Municipal Utility District No. 602 ("No. 602"), which is currently in the process of creation, could join the Authority's Groundwater Reduction Plan. Mr. Khouw noted that he has received no response to his request for a deposit from No. 602 to cover the Authority's costs associated with the preparation of a feasibility study to determine whether it would be feasible for No. 602 to join the Authority's Groundwater Reduction Plan.

Mr. Rubinsky next advised the Board that he had been contacted by Jon Polley, the attorney for North Forest Municipal Utility District ("North Forest"), who had inquired whether North Forest could join the Authority's Groundwater Reduction Plan. After discussion on the matter, the Board authorized Mr. Khouw to perform a preliminary analysis to determine whether the Authority would be able to accommodate North Forest's ultimate water demand requirements without having to purchase any additional surface water and still be able to meet the 80% conversion requirement in 2035 and beyond.

Mr. Khouw next advised the Board that, as discussed last month, IDS submitted a letter to Harris County Municipal Utility District No. 33 ("No. 33") confirming that the Authority has no objection to No. 33 annexing 38.199 acres into its boundaries and, therefore, into the boundaries of the Authority, as further detailed in the Engineer's Report.

Mr. Khouw next addressed the Board concerning the status of IDS's additional analyses and discussions with the COH 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 stated that it appears that accommodating the COH's request would require upsizing of certain lines as well as a cost contribution from the COH in order to serve the four (4) municipal utility districts. After discussion on the matter, the Board appointed Directors Meek and Boddy to serve on a committee between now and next month's meeting to facilitate negotiations with the COH regarding its request for a possible tie-in to the Authority's 2025 Internal Distribution System.

Mr. Khouw next reported to the Board that the North Harris County Regional Water Authority ("NHCRWA") is beginning the design of its Hardy Road Line (Project 23). He further advised that IDS is coordinating with the NHCRWA for the Authority's participation in the line

in order to serve Harris County Utility District No. 16 in the future.

Mr. Khouw next addressed the Board concerning the status of the NEWPP Expansion Project, as further detailed in the Engineer's Report. Mr. Khouw reported that, overall, the project is now approximately 91% complete. Mr. Khouw advised the Board that both the old and new NEWPP are being served by the new Intake Pump Station, and that Phase I of the NEWPP Expansion began delivering surface water on April 16, 2024 and that said facility is currently producing approximately 32 MGD. Mr. Khouw further advised the Board that the COH has issued Cash Call No. 13 (with the Authority's share totaling \$1,228,223), which is due no later than June 25, 2024. He reported that IDS will submit an escrow release request to the TWDB for payment of the invoice.

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 NHCRWA's 84-inch transmission line in which the Authority is participating. Mr. Khouw advised the Board that Project 25C, which is the section of such line that the Authority's take point is located within, is nearing substantial completion. Mr. Khouw further advised the Board that Project 25D is nearing final completion and that Project 25E is completed.

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 also addressed the Board concerning the need for two (2) additional metes and bounds descriptions for water meter easements to be conveyed to the COH. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that IDS be authorized to prepare the additional metes and bound descriptions at a total cost of \$3,000 (\$1,500 per description).

Mr. Khouw advised the Board that he had no new activity upon which to report regarding the Luce Bayou Interbasin Transfer Project.

## **REVIEW OF DROUGHT CONTINGENCY PLAN**

Mr. Rubinsky next reported that, pursuant to Title 30, Section 288.30 of the Texas Administrative Code, public water suppliers such as the Authority are required to review and, if appropriate, revise their Drought Contingency Plan (the "DCP") not later than May 1, 2024, and every five years thereafter. Mr. Rubinsky then discussed proposed amendments to the Authority's DCP dated July 6, 2022. After discussion on the matter, Director Granadino moved that the Authority's DCP be amended as discussed by Mr. Rubinsky and that the Resolution Regarding Review of Drought Contingency Plan attached hereto as **Exhibit C** (with the amended DCP attached thereto) be adopted by the Board. Director Boddy seconded said motion, which

unanimously carried.

### **REVIEW OF WATER CONSERVATION PLAN**

Mr. Rubinsky next reported that, pursuant to Title 30, Section 288.30 of the Texas Administrative Code, certain public water suppliers that have been required to adopt Water Conservation Plans, such as the Authority are also required to review and, if appropriate, revise their Water Conservation Plan (the "WCP") not later than May 1, 2024, and every five years thereafter. Mr. Rubinsky then discussed proposed amendments to the Authority's WCP dated July 6, 2022. After discussion on the matter, Director Granadino moved that the Authority's WCP be amended as discussed by Mr. Rubinsky and that the Resolution Regarding Review of Water Conservation Plan attached hereto as **Exhibit D** (with the amended WCP attached thereto) be adopted by the Board. Director Boddy seconded said motion, which unanimously carried.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for April 2024, a copy of which is attached hereto as **Exhibit E**. 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 noted that surface water usage last month was at 59% because No. 200's Water Well No. 3 was out of service and No. 200 utilized more surface water than usual to meet its needs. Mr. Martin reported that surface water usage year to date is at 49%. He then advised the Board that he had no action items to request the Board act upon at today's meeting.

### **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.

### **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 F**. 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 reported that all necessary easements have now been acquired, although litigation related to the compensation to be paid to certain landowners continues.

Mr. Rubinsky next addressed the Board concerning the proposed Damage Prevention Reimbursement Agreements between the Authority and KM in connection with the construction of the Authority's surface water distribution line. After discussion on the matter, it was moved by Director Boddy, seconded by Director Meek and unanimously carried, that the Damage Prevention Reimbursement Agreements be approved and that the President be authorized to execute the Agreements on behalf of the Board and the Authority, subject to KM's approval of SPH's proposed revisions to same.

**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 (the "SJRA") v. City of Conroe, Texas, and City of Magnolia, Texas. In that regard, he advised the Board that the Texas Supreme Court ruled in favor of the SJRA on April 6, 2024.

Mr. Rubinsky next presented to and discussed with the Board a Memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit G**, regarding the use of social media by public officials. In connection therewith, Mr. Rubinsky advised the Board that directors should exercise caution when posting about Authority-related matters on their personal social media pages in light of a recent U.S. Supreme Court case, as further discussed in the Memorandum.

**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**

Mr. Rubinsky advised the Board that it would not be necessary to meet in Closed Session.

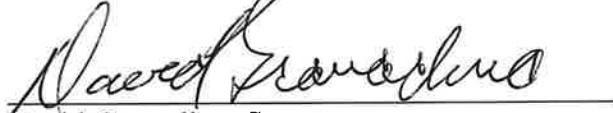
**ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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, June 5, 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 Meek, and unanimously carried, the meeting was adjourned.

A handwritten signature in black ink, appearing to read "David Granadino", written over a horizontal line.

David Granadino, Secretary  
Board of Directors



**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A      Bookkeeper's Report
- Exhibit B      Engineer's Report
- Exhibit C      Resolution Regarding Review of Drought Contingency Plan
- Exhibit D      Resolution Regarding Review of Water Conservation Plan
- Exhibit E      Operator's Report
- Exhibit F      Government Affairs Update
- Exhibit G      Memorandum regarding Use of Social Media by Public Officials