

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors August 7, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on August 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 of IDS Engineering Group, Inc. ("IDS"), engineer for the Authority; Tina Tran of Forvis Mazars, LLP ("Forvis"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Jason Taylor 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"); Kelvin Smith of Rankin Road West Municipal Utility District ("Rankin Road"); Roosevelt Johnson and Oliver Agard of Harris County Municipal Utility District No. 150 ("No. 150"); Ashley Thompson 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. The Board recognized Mr. Agard, who addressed the Board concerning the brief loss of surface water supply from the Northeast Water Purification Plant ("NEWPP") last month due to a failure of SCADA communications at the NEWPP as the result of a power outage during Hurricane Beryl, which interrupted the delivery of surface water to the North Harris County Regional Water Authority ("NHCRWA") Pump Station. Mr. Agard also requested that Robert Cadena be removed from the Authority's distribution list as he had resigned from the Board of Directors of No. 150.

Mr. Johnson next thanked Director Cox for attending No. 150's recent Board of Directors of meeting.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held July 3, 2024. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held July 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 July 3, 2024, through August 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 June 2024 and the sixth 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 June 30, 2024. After discussion, it was moved by Director Boddy that the Bookkeeper's Report be approved and the disbursements listed therein be approved for payment from the Authority's various accounts. Director Granadino seconded said motion, which unanimously carried.

REVIEW OF ANNUAL OPERATION AND MAINTENANCE ACCOUNTING FOR JOINT FACILITIES FOR FISCAL YEAR 2023 PURSUANT TO AMENDED AND RESTATED JOINT FACILITIES AGREEMENT WITH THE NHCRWA

Mr. Rubinsky next addressed the Board concerning the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023 received from the NHCRWA, as presented at the last meeting, pursuant to the Amended and Restated Joint Facilities Agreement with the NHCRWA. In that regard, Mr. Rubinsky advised the Board that it appears that the Authority's total surface water usage reflected in the report is inconsistent with the Authority's internal records. Mr. Rubinsky further advised the Board that SPH and IDS will provide the NHCRWA with the Authority's corrected total surface water usage for 2023.

FINANCIAL ADVISOR'S REPORT

Mr. Rubinsky next advised the Board that there was nothing new to report regarding the resolution of the outstanding issues related to the City of Houston's ("COH") FY 2019, FY 2020, FY 2021, and FY 2022 True Up Reports related to operation and maintenance costs of the NEWPP for each of said fiscal years. Mr. Rubinsky reported that the FY 2023 True Up Report has now been received and that the Authority is owed \$7,756.65 by the COH for operation and maintenance costs of the NEWPP for FY 2023 based upon said report. Mr. Rubinsky noted that the NHCRWA has not yet completed its review of the FY 2023 True Up Report.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated August 7, 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.

With respect to North Forest Municipal Utility District's ("North Forest") request to join the Authority's Groundwater Reduction Plan ("GRP"), Mr. Khouw advised the Board that IDS has determined that the Authority would be able to accommodate North Forest's ultimate water demand requirements without having to acquire any raw or treated additional surface water or constructing any new infrastructure. Mr. Rubinsky noted, however, that the Authority may not be able to add North Forest to the GRP without the consent of the COH. After discussion, Director Meek moved that SPH and IDS be authorized to proceed with the analysis of the addition of North Forest to the Authority's GRP and to negotiate the terms of same with North Forest. Director Boddy seconded said motion, which unanimously carried.

Mr. Khouw next advised the Board that Harris County Municipal Utility District No. 33 ("No. 33") is receiving water through its interconnect with Harris County Utility District No. 14 ("No. 14") due to a well pump failure. He further advised the Board that No. 33 expects that its well will be back in service in approximately six to eight weeks, and that No. 33 will be requesting an exemption from water importation fees imposed by the Authority, subject to No. 33 repaying No. 14 in-kind for the imported water. The Board took no action on the matter at this time.

Mr. Rubinsky next presented to and discussed with the Board correspondence received from Kendall Dicke, attorney for Fallbrook Utility District ("Fallbrook"), dated August 7, 2024, a copy of which is attached hereto as **Exhibit C**, requesting an exemption from water importation fees imposed by the Authority for 14.256 million gallons of water imported from Harris County Municipal Utility District No. 321 ("No. 321"). Mr. Rubinsky advised the Board that, although Fallbrook's Emergency Water Supply Agreement with No. 321 does not currently provide an automatic right to repay No. 321 in-kind for the water supplied to Fallbrook, Fallbrook has requested that No. 321 accept repayment-in-kind of the 14.256 million gallons of water imported. Mr. Rubinsky further reported that No. 321 has indicated that it intends to take formal action on Fallbrook's request for repayment-in-kind at its meeting scheduled for August 20, 2024. After discussion, the Board deferred action relative to Fallbrook's request for an exemption from water importation fees imposed by the Authority pending No. 321's formal action regarding Fallbrook's request for repayment-in-kind.

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. In that regard, Mr. Khouw presented to and reviewed with the Board a Capacity Allocation Table, a Cost Share Table and a Contract Scenario, copies of which are attached hereto as **Exhibit D**. After discussion, Director Boddy moved that: (i) SPH be authorized to move forward with the negotiation of an agreement or Memorandum of

Understanding with the COH in connection with the COH's proposed tie-in to the Authority's 2025 Internal Distribution System; and (ii) IDS be authorized to advertise for bids for the project, subject to the receipt of a \$100,000 deposit from the COH or, alternatively, to advertise for bids for the project with the proposed tie-in to be included as an alternate bid item. Director Meek seconded said motion, which unanimously carried.

Mr. Khouw next reported to the Board that the NHCRWA is beginning the design of its Hardy Road Line (Project 23). He further reported that IDS is continuing to coordinate with the NHCRWA regarding 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 92% complete. Mr. Khouw further advised the Board that Phase I of the NEWPP Expansion has not yet been declared substantially complete by the COH as there are a number of items for Phase I that have not yet been completed. He stated that these remaining items will most likely be moved to Phase II of the NEWPP Expansion.

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 next reported to the Board regarding the status of the Authority's 2025 Internal Distribution System, as further detailed in the Engineer's Report. Mr. Khouw advised the Board that he anticipates advertising the project on August 23, 2024.

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

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of July 2024, a copy of which is attached hereto as **Exhibit E**. Mr. Martin 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,

as such project is currently on hold until decisions are made regarding the proposed SCADA System.

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 dated August 3, 2024, 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 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 and that the Authority can proceed with the project.

The Board next considered ratifying its prior action relative to the approval of a proposal from IDS for electrical design services for a security system at the proposed Beltway 8 Meter Station site. After discussion, it was moved by Director Meek, seconded by Director Granadino and unanimously carried, that such prior action be ratified and authorized in all respects.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that he had nothing further to discuss with the Board of a legal nature which was not covered under specific agenda items.

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, September 4, 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 Meek, seconded by Director Gower, 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 Engineer's Report
- Exhibit C Correspondence from Fallbrook Utility District dated August 7, 2024 requesting Waiver of Importation Fee
- Exhibit D Capacity Allocation Table, Cost Share Table and Contract Scenario in connection with City of Houston's request for tie-in to the Authority's 2025 Internal Distribution System
- Exhibit E Operator's Report
- Exhibit F Government Affairs Update