

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

## Minutes of Special Meeting of Board of Directors January 8, 2025

The Board of Directors of Central Harris County Regional Water Authority met in special session, open to the public on January 8, 2025, 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

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 Mazars, LLP ("Forvis"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator for the Authority; Jayson Taylor of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Lathan Johnson and Kelvin Smith of Rankin Road West Municipal Utility District ("Rankin Road"); Marcus Jones and Ashley Thompson of Harris County Municipal Utility District No. 399 ("No. 399"); Roosevelt Johnson and Oliver Agard of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins of Fallbrook Utility District ("Fallbrook"); Judge Caston, III, a resident 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. Mr. Johnson, Mr. Agard and Mr. Jones briefly wished the Board a Happy New Year. Mr. Rubinsky next advised all in attendance that a memorial service for former Director Richard Meek would be held on Saturday, January 18, 2025 at 10:00 a.m. at First Presbyterian Church located at 5309 Main Street, Houston, Texas.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held December 4, 2024. After discussion regarding the minutes, Director Granadino moved that the minutes of the meeting held December 4, 2024, be approved as presented. Director Boddy 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 4, 2024, through January 8, 2025, 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 2024 and the eleventh 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 November 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.

## **STATUS OF REVISED ANNUAL OPERATION AND MAINTENANCE ACCOUNTING FOR JOINT FACILITIES FOR FISCAL YEAR 2023 PURSUANT TO AMENDED AND RESTATED JOINT FACILITIES AGREEMENT WITH THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

Mr. Rubinsky next reminded the Board of the discrepancy between the Authority's and the City of Houston's ("COH") meter readings which resulted in the inaccurate measure of the total surface water usage attributable to the Authority as reflected in the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023 (the "Report") received from the North Harris County Regional Water Authority ("NHCRWA"), as discussed at previous meetings. Mr. Rubinsky reported that the NHCRWA has acknowledged the discrepancy but not yet provided a revised Report to reflect the correct total surface water usage attributable to the Authority. Mr. Rubinsky advised the Board that Forvis will continue to hold check no. 6194 previously issued to the NHCRWA in the amount of \$111,893.32 for the Authority's total share of the operation and maintenance expenses for the Joint Facilities for the fiscal year 2023 pending the receipt of an updated Report from the NHCRWA.

## **FINANCIAL ADVISOR'S REPORT**

The Board considered the Financial Advisor's Report. Mr. Rubinsky advised the Board that there was nothing new to report regarding the resolution of the outstanding issues related to the COH FY 2019, FY 2020, FY 2021, FY 2022, and FY 2023 True Up Reports related to operation and maintenance costs of the NEWPP for each of said fiscal years. He further advised the Board that a preliminary True Up Report for FY 2024 has now been received from the COH, which indicates that actual costs were less than budgeted costs by \$0.6415 per thousand gallons. Mr. Rubinsky stated that, if the preliminary True Up Report is accurate, the Authority will be due a significant credit for the fiscal year ended June 30, 2024.

Mr. Khouw next addressed the Board concerning the status of an Abridged Application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") in an amount up to \$8,000,000 in connection with additional funds required for the construction of the Authority's 2025 Internal Distribution System. After discussion, it was moved by Director Boddy that (i) the Board's prior action relative to

authorizing the preparation and approval of the Abridged Application be ratified and authorized in all respects, and (ii) Mr. Khouw be authorized to execute the Application and file same with the TWDB on behalf of the Board and the Authority prior to the February 3, 2025 deadline. Director Granadino seconded said motion, which unanimously carried.

## **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated January 8, 2025, 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 regarding 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 noted that surface water usage through December 2024 was 543.869 MG, which equaled 54.31% of total water usage in the Authority through such date.

Mr. Khouw next addressed the Board concerning North Forest Municipal Utility District's ("North Forest") request to join the Authority's Groundwater Reduction Plan ("GRP"). He advised the Board that IDS will be updating the GRP to incorporate North Forest's projected water demand requirements. Mr. Rubinsky advised the Board that SPH is in the process of reviewing a draft of the proposed GRP Participation Agreement prepared by North Forest's attorney, Jon Polley. He then reviewed certain terms and conditions of the proposed GRP Participation Agreement. No action was taken by the Board at this time regarding the proposed Agreement.

Mr. Khouw next briefly reported to the Board concerning the discussions conducted at the COH Advisory Committee meeting held on December 13, 2024, including discussion regarding the status of per-and polyfluoroalkyl substances (PFAS) testing by the COH and repairs to the Lake Houston Dam.

Mr. Khouw next advised the Board that he had no new activity upon which to report concerning the status of 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 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 ("No. 16") in the future.

Mr. Khouw next addressed the Board concerning comments received from the Texas Commission on Environmental Quality ("TCEQ") regarding the Authority's 2024 Drought Contingency Plan ("DCP"). He advised the Board that the TCEQ is requesting that the DCP be amended to address various requirements applicable to Wholesale Water Suppliers, and that IDS and SPH are still working with MOC to make the necessary changes to the DCP for the Board's

review and approval.

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 95% complete. Mr. Khouw further advised the Board that the second 80 MGD train (Phase 2A) acceptance testing is on hold pending TCEQ approval and that the contractor is working on Phase 1 substantial completion punch list items. Mr. Khouw then addressed the Board concerning Consensus Item No. 44 issued by the COH for payment of certain legal costs that were previously allocated out of the Management Reserve Funds, as further detailed in the Engineer's Report, and noted that the Authority's share of such costs would be 1.5% of the total costs or \$1,427,235.

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. He further reported that the COH is working on the project true-up.

Mr. Khouw next advised the Board that the NHCRWA is working on the final accounting of costs for 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, and that the NHCRWA will invoice the Authority for its share of the project once their accounting is complete.

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. He advised the Board that the TWDB has now approved bid package 1 and authorized the Authority to advertise for bids for the project. After discussion, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that IDS be authorized to advertise for bids for bid package 1 of the Authority's 2025 Internal Distribution System.

Mr. Khouw next addressed the Board regarding the Luce Bayou Interbasin Transfer Project. In that regard, he advised the Board that the design to complete the full build out of the Capers Ridge Pump Station is approximately 60% complete. Mr. Khouw further reported that the construction manager has been selected and that it is anticipated that negotiations regarding the guaranteed maximum price will be complete by July 2025.

Mr. Rubinsky further reported that, as previously authorized by the Board, correspondence had been directed to the COH last month regarding potential costs to be incurred by the Authority as a result of the delay in the construction of the 2025 Internal Distribution System due to the COH's delay in confirming its participation in the project. Mr. Rubinsky reported that the COH will need to execute an agreement with the Authority related to its participation in the project and deposit or escrow funds with the Authority to pay its share of the project costs and any costs resulting from the delay in the construction of Internal Distribution System before the Authority awards a construction contract for the project. Mr. Rubinsky further advised the Board that the COH has indicated that it is in the process of drafting a proposed Joint Facilities Agreement between the Authority and the COH. The Board took no action on the matter at this time.

## **REVIEW AND APPROVAL OF AMENDED DROUGHT CONTINGENCY PLAN**

The Board deferred action relative to the approval of an amended Drought Contingency Plan to comply with other requirements of the TCEQ applicable to wholesale water suppliers.

## **STATUS OF COMMUNICATIONS WITH FALLBROOK AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 33 REGARDING STATUS OF PAYMENT IN-KIND FOR WATER IMPORTED**

Mr. Rubinsky next addressed the Board concerning the status of communications with Fallbrook and Harris County Municipal Utility District No. 33 ("No. 33") regarding the status of payment in-kind for water imported into the Authority in 2024 in connection with the exemption from payment of Water Importation Fees imposed by the Authority. In that regard, he advised the Board that Fallbrook has completed the repayment to Harris County Municipal Utility District No. 321 ("No. 321") in-kind for the water it imported from No. 321, but that No. 33 has not yet begun to repay Harris County Utility District No. 14 ("No. 14") in-kind for the water it imported from No. 14.

## **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of December, a copy of which is attached hereto as **Exhibit C**. Mr. Martin advised the Board that surface water constituted 41% of the total water usage within the Authority last month and has amounted to 54% of total water usage within the Authority during the current permit period. Mr. Martin reported that No. 150's Water Plant No. 2 has been out of service for approximately eight (8) months and that the surface water meter is also broken, which will be replaced by the Authority. He then noted that he had no action items for the Board's approval 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.

## **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 2024 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, 2025, 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 Boddy, seconded by Director Granadino 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 dated January 7, 2025, a copy of which is attached hereto as **Exhibit D**. The Board concurred that no action was required on its part at this time relative to such matter.

### **ORDER ESTABLISHING POLICY FOR COVERED APPLICATIONS AND PROHIBITED TECHNOLOGY**

Mr. Rubinsky next presented for the Board's consideration an Order Establishing Policy for Covered Applications and Prohibited Technology ("Technology Policy Order"). Mr. Rubinsky advised the Board that Senate Bill 1893, as passed during the 88<sup>th</sup> Regular Session of the Texas Legislature, requires that all political subdivisions of the state, including the Authority, adopt a policy that prohibits the installation of certain social media applications, defined as "covered applications", on electronic devices owned or leased by the Authority. Mr. Rubinsky noted that the social media application TikTok and any other software owned by ByteDance Limited are considered covered applications and may not be installed or used on an Authority owned or leased device. Mr. Rubinsky further advised that the proposed Technology Policy Order mirrors the model policy created for governmental entities created by the Texas Department of Information Resources ("DIR"), and will be updated as needed to comply with the recommendations of DIR. After discussion on the matter, Director Granadino moved that the Technology Policy Order attached hereto as **Exhibit E** be adopted and that the President and Secretary be authorized to execute same on behalf of the Board and the Authority. Director Boddy seconded said motion, which unanimously carried."

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky briefly reported to the Board regarding the status of the lawsuit between the COH and Houston Waterworks Team.

Mr. Rubinsky also presented for the Board's review correspondence received from the District's Financial Advisor, The GMS Group, L.L.C., dated December 26, 2024, a copy of which is attached hereto as **Exhibit F**, regarding its Municipal Securities Rulemaking Board Rule G-10 Disclosures.

**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. However, Mr. Rubinsky distributed a Quarterly Analytics Report provided by The Texas Network for the period October 1, 2024 through December 31, 2024, a copy of which is attached hereto as **Exhibit G**.

**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, 2025, through March 31, 2026. 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, 2025. After discussion on the matter, it was moved by Director Granadino, seconded by Director Boddy 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 Boddy, seconded by Director Granadino and unanimously carried, that the Authority's auditor, McCall Gibson Swedlund Barfoot Ellis 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, 2025.

**STATUS OF DIRECTOR APPOINTMENT PROCESS AND ADOPTION OF ORDER DECLARING RESULTS OF 2024 SPECIAL DIRECTOR APPOINTMENT PROCESS**

Mr. Rubinsky next addressed the Board regarding the status of the appointment process in connection with the vacancy on the Board for the office of At-Large (Position No. 2) Director as a result of the passing of Director Meek. He advised that SPH had received Resolutions from five (5) Member Districts, as follows: Fallbrook, No. 33, No. 150, No. 399, and Rankin Road, prior to the December 31, 2024 deadline, determining their respective votes for the position on the Board of At-Large Director (Position No. 2), and that Judge Caston, III had received 41.8 votes and Ashley Thompson had received 4.5 votes. After discussion, it was duly moved by Director Granadino, seconded by Director Boddy and unanimously carried, that: (i) Judge Caston, III be declared to have been duly elected to serve as a Director of the Authority for the position on the Board of At-Large Director (Position No. 2), to serve for the remainder of Director Meek's term from and after February 5, 2025 through May 15, 2026; and (ii) there be passed and adopted the Order Declaring Results of 2024 Special Director Appointment Process attached hereto as **Exhibit H**.

**CLOSED SESSION**

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

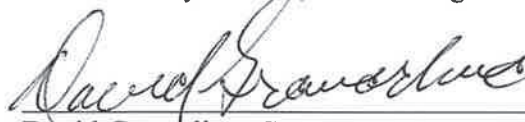
**ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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, February 5, 2025, 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 Granadino, seconded by Director Boddy, and unanimously carried, the meeting was adjourned.



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David Granadino, Secretary  
Board of Directors



## LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Bookkeeper's Report
<u>Exhibit B</u>	Engineer's Report
<u>Exhibit C</u>	Operator's Report
<u>Exhibit D</u>	Government Affairs Update
<u>Exhibit E</u>	Order Establishing Policy for Covered Applications and Prohibited Technology
<u>Exhibit F</u>	The GMS Group, LLC's MSRB Rule G-10 Annual Disclosures
<u>Exhibit G</u>	Texas Network Analytics Report
<u>Exhibit H</u>	Order Declaring Results of 2024 Special Director Appointment Process