

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
February 5, 2025

The Board of Directors of Central Harris County Regional Water Authority met in special session, open to the public on February 5, 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"); Robert Blackshear of Rankin Road West Municipal Utility District ("Rankin Road"); Marcus Jones, Bridget Smith, and Ashley Thompson of Harris County Municipal Utility District No. 399 ("No. 399"); Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins of Fallbrook Utility District ("Fallbrook"); Geri Scott and Rosalind Caesar, residents of Harris County Municipal Utility District No. 304 ("No. 304"); 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. The Board recognized Ms. Caesar, who stated that the Authority needs to hold its meetings within the boundaries of the Authority. Mr. Rubinsky noted that the Board has previously addressed the issue with Ms. Caesar numerous times, and with the Texas Commission on Environmental Quality pursuant to the petition she filed with such agency, and reiterated that the Authority is in full compliance with all applicable laws governing the designation of locations for conducting the Authority's meetings.

Ms. Caesar next inquired as to what actions the Authority is taking to improve the water supply infrastructure within No. 304. Mr. Rubinsky explained that the Authority's sole purpose is to meet the requirements of the Harris-Galveston Subsidence District's ("HGSD") groundwater

pumpage by its Member Districts, and that the Authority has purchased capacity in surface water treatment plants, participated in the construction of major surface water transmission lines, and constructed the necessary internal distribution lines in order to deliver surface water to its Member Districts. He further reported that the Authority's obligations relative to infrastructure end once surface water has been delivered to its Member Districts' water plants. Thereafter, it is the responsibility of each Member District to maintain and operate their individual water production and distribution facilities and to provide their customers with water service.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its special meeting held January 8, 2025. After discussion regarding the minutes, Director Boddy moved that the minutes of the special meeting held January 8, 2025, be approved as presented. Director Granadino seconded said motion, which unanimously carried.

ACCEPTANCE OF OFFICIAL BOND, STATEMENT OF ELECTED OFFICER, AFFIDAVIT OF CURRENT DIRECTOR, AND OATH OF OFFICE FOR ELECTED DIRECTOR

In connection with his election as a Director of the Authority, Judge Caston, III presented his Statement of Elected Officer and Affidavit of Current Director and took his Oath of Office. Mr. Caston also presented his Official Bond to the Board and the Board found said Bond to be in proper form. After discussion on the matter, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that the Board approve said Bond, accept said Statement of Elected Officer, Affidavit of Current Director, and Oath of Office and declare Judge Caston, III to be a duly elected and qualified Director of the Authority.

ELECTION NOT TO DISCLOSE CERTAIN INFORMATION

Mr. Rubinsky advised the Board that, pursuant to Section 552.024 of the Texas Government Code, Directors are permitted to elect to withhold public access to certain information in the custody of the Authority relating to home addresses, home telephone numbers, social security numbers and information regarding family members. Following discussion, Director Caston executed an Election Not to Disclose Certain Information presented for such purpose.

DIRECTOR TRAINING REQUIREMENTS

Mr. Rubinsky discussed with the Board the training requirements for public officials in Texas in connection with the election of Judge Caston, III as a Director of the Authority. He advised that public officials, including Directors of the Authority, must complete separate training courses regarding the Texas Open Meetings Act and the Texas Public Information Act. Mr. Rubinsky presented Director Caston with a Memorandum prepared by SPH which summarizes the training requirements. He advised that the deadline for public officials to complete their training is the 90th day after they either take their oath of office or otherwise assume their responsibilities as a public official. Mr. Rubinsky noted that it is the responsibility of Director Caston to ensure that he completes his training by the applicable deadline.

CONFLICTS DISCLOSURE REPORTING REQUIREMENTS

Mr. Rubinsky next discussed with the Board the conflicts disclosure statement reporting requirements for officers of certain local governmental entities, including water authority directors, pursuant to Chapter 176 of the Local Government Code. Mr. Rubinsky advised the Board that Director Caston had been presented with a Memorandum and Questionnaire prepared by SPH summarizing the conflicts disclosure requirements, and that Director Caston has completed the conflicts disclosure Questionnaire.

REORGANIZATION OF THE BOARD AND ELECTION OF OFFICERS

The Board considered its reorganization and the election of officers of the Board and the Authority. After discussion, Director Granadino moved that Director Caston be nominated for and elected to the position of Assistant Secretary. Director Gower seconded said motion, and with no other nominations, the motion unanimously carried. It was then determined that all remaining Directors would continue to serve on the Board in their current respective positions.

DISTRICT (AUTHORITY) REGISTRATION FORM

The Board next considered approving a District (Authority) Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Rubinsky advised that, with the Board's approval, SPH will complete the District (Authority) Registration Form to reflect the election of and mailing address for Director Caston and file the form with the TCEQ within thirty (30) days. After further discussion of the matter, Director Granadino moved that the Board authorize SPH to complete the District (Authority) Registration Form as discussed and file same with the TCEQ. Director Boddy seconded said motion, which unanimously carried.

LOCAL GOVERNMENT OFFICERS LIST

Mr. Rubinsky advised the Board that the Authority is required to maintain a list of Local Government Officers, which includes the members of the Board and the Authority's Investment Officers in connection with conflict of interest disclosure requirements. After discussion on the matter, Director Boddy moved that SPH be authorized to update the Authority's list of local government officers as required by law. 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 January 8, 2025, through February 5, 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 December 2024 and the entire twelve months 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 December 31, 2024. After discussion, it was moved by Director Granadino that the Bookkeeper's Report be approved and the disbursements listed therein be approved for

payment from the Authority's various accounts, plus the following additional checks: no. 6311 payable to Texas Municipal League's Intergovernmental Risk Pool in the amount of \$6,171.00, no. 6313 payable to Brown & Brown Insurance Services, Inc. in the amount of \$2,712.00, no. 6314 payable to Texas Mutual Insurance in the amount of \$400.00, and no. 6315 payable to the Association of Water Board Directors in the amount of \$2,000 (with check no. 6312 being voided). Director Boddy seconded said motion, which unanimously carried.

REVIEW OF ARBITRAGE REBATE CALCULATIONS AND YIELD RESTRICTIONS CALCULATIONS REPORTS PREPARED BY ARBITRAGE COMPLIANCE SPECIALISTS, INC.

Mr. Rubinsky next presented to and reviewed with the Board an Arbitrage Rebate Calculations Report dated January 9, 2025, prepared by Arbitrage Compliance Specialists, Inc. ("ACS") for the fifth year computation period in connection with the Authority's 13,185,000 Revenue Bonds, Series 2019 ("Series 2019 Revenue Bonds"), a copy of which is attached hereto as **Exhibit B**. Mr. Rubinsky advised the Board that the Report indicates that there is no arbitrage rebate payment due to the IRS for such computation period for the Authority's Series 2019 Revenue Bonds.

Mr. Rubinsky also presented to and reviewed with the Board a revised Yield Restriction Calculations Report dated January 29, 2025, prepared by ACS for the fifth year computation period in connection with the Authority's Series 2019 Revenue Bonds, a copy of which is attached hereto as **Exhibit C**. Mr. Rubinsky advised the Board that the Report indicates that there is a yield reduction payment due to the Internal Revenue Service ("IRS") for such computation period for the Series 2019 Revenue Bonds in the amount of \$328,143.16, plus interest in the amount of \$1,071.48, for a total amount due of \$329,214.64. Mr. Rubinsky explained that the initial Yield Restriction Calculations Report was not received until January 9, 2025, which was after the Authority's Board of Directors meeting held on January 8, 2025, and that the yield reduction payment was due on January 14, 2025, which was a date prior to the Board's next meeting. Accordingly, the yield reduction payment is being made at the first available opportunity: tonight's Board meeting. Mr. Rubinsky further advised the Board that the payment to the IRS will need to be accompanied with IRS Form 8038-T and a letter from the Authority requesting a waiver of late payment penalties and explaining that its failure to pay on time was due to "innocent failure" and not "willful neglect". After discussion on the matter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the Yield Restriction Calculations Report be approved, that payment to the IRS in the total amount of \$329,214.64 be authorized by the Board, and that Director Cox be authorized to execute IRS Form 8038-T and the "innocent failure" letter on behalf of the Board and the Authority.

Mr. Rubinsky next presented to and reviewed with the Board a Yield Restriction Calculations Report prepared by ACS for the interim computation period from November 19, 2023 to November 19, 2024 in connection with the Authority's \$3,560,000 Revenue Bonds, Series 2020 ("Series 2020 Revenue Bonds"), a copy of which is attached hereto as **Exhibit D**. Mr. Rubinsky advised the Board that the Report indicates that the Authority has a total interim yield reduction liability in the amount of \$54,687.20 that will be payable in November 2025, but noted that by that time the amount due will likely be higher due to additional interest expected to be earned from

November 19, 2024 through November 19, 2025. Mr. Rubinsky stated that no action was required of the Board at this time regarding the Yield Restriction Calculations Report for the Series 2020 Revenue Bonds, but that same was presented to alert the Board of the situation and to allow it to prepare for the anticipated future payment that will be due.

Mr. Rubinsky additionally presented for the Board's review an Arbitrage Rebate Summary prepared by ACS in connection with all of the Authority's bond issues, a copy of which is attached hereto as **Exhibit E**.

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 advised the Board that the NHCRWA agreed to the Authority's calculation and has now provided a revised Report to reflect the correct total surface water usage and costs attributable to the Authority for said fiscal year, a copy of which is attached hereto as **Exhibit F**. After discussion on the matter, it was moved by Director Caston, seconded by Director Granadino and unanimously carried, that Forvis be authorized to release 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.

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, FY 2023, and FY 2024 True Up Reports related to operation and maintenance costs of the NEWPP for each of said fiscal years.

Mr. Khouw next addressed the Board concerning the status of the 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. Mr. Khouw advised the Board that the Abridged Application was filed with and acknowledged by the TWDB on February 3, 2025.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated February 5, 2025, a copy of which is attached hereto as **Exhibit G**, 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 January 2025 was 537.476 MG, which equaled 44.8% 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. Khouw reported that he will also request updated water demand projections from all Member Districts. 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, and that the Agreement should be ready for the Board's consideration at the next meeting.

Mr. Khouw next addressed the Board 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. In that regard, Mr. Khouw reported that, as authorized at the last meeting, IDS had advertised bid package 1 of the Authority's 2025 Internal Distribution System and reported that he anticipated receiving bids on Friday, February 7, 2025. Mr. Khouw further reported that the COH's engineers have been authorized to begin design of the extension of the COH's lines to tie-in to the Authority's lines. Mr. Rubinsky noted that there have been no further communications with the COH regarding the proposed Joint Facilities Agreement between the Authority and the COH relating to the COH's participation in the project, but that he will reach out to his contacts at the COH to determine the status of same.

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 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 coordinating with MOC to make the necessary changes to the DCP for the Board's review and approval.

Mr. Khouw next advised the Board that IDS has completed the Authority's 2025 Water Smart Application. After discussion, Director Boddy moved that the Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program attached hereto as **Exhibit H** be adopted and that the President and Secretary be authorized to execute same on behalf of the Board and the Authority. Director Caston seconded said motion, which unanimously carried.

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 96% complete. Mr. Khouw advised the Board that the Houston Waterworks Team ("HWT") has submitted an updated schedule to the COH, which indicates that they do not anticipate achieving Phase 2 substantial completion until December 10, 2025 (135 days behind schedule). Mr. Khouw further advised the Board that the second 80 MGD train (Phase 2A) acceptance testing has been completed and that the COH has assumed operations of Phase 2A. Mr. Khouw noted that the contractor is continuing to work on Phase 1 substantial completion punch list items.

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.

Mr. Khouw next addressed the Board regarding the Luce Bayou Interbasin Transfer Project. In that regard, he advised the Board that the Authority will need to submit its final Raw Water Reservation to the COH before June 30, 2025.

REVIEW AND APPROVAL OF AMENDED DROUGHT CONTINGENCY PLAN

The Board deferred action relative to the approval of an amended Drought Contingency Plan after noting that it was addressed under the Engineer's Report.

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 Caston 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 I**, be adopted by the Board. Director Granadino seconded said motion, which unanimously carried.

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

Mr. Rubinsky advised the Board that he no update this month regarding the status of communications with Harris County Municipal Utility District No. 33 ("No. 33") relative to 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. Mr. Rubinsky stated that he will follow up with the attorney for No. 33 regarding same.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of January, a copy of which is attached hereto as **Exhibit J**. Mr. Martin advised the Board that the surface water meter at No. 150's Water Plant No. 2 was malfunctioning and would be replaced. 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.

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 February 5, 2025, a copy of which is attached hereto as **Exhibit K**. The Board concurred that no action was required on its part at this time relative to such matter.

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.

RENEWAL OF INSURANCE COVERAGES

Mr. Rubinsky next presented for the Board's review a proposal for renewal of the Authority's various insurance coverages for policies expiring March 31, 2025 received from Brown & Brown Insurance Services, Inc., the agent for the Texas Municipal League's Intergovernmental Risk Pool ("TML"), a copy of which is attached hereto as **Exhibit L**. A discussion ensued regarding TML's new Cyber Liability – Data Breach policy. Mr. Rubinsky advised the Board that it will not need to consider this coverage until the Authority's SCADA system has been placed into operation. After discussion on the matter, Director Boddy moved that the TML insurance proposal be accepted, with the exception of the Cyber Liability – Data Breach policy, and that the President be authorized to execute same on behalf of the Board and the Authority. Director Granadino seconded said motion, which unanimously carried.

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, March 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.



David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Arbitrage Rebate Calculations Report for Fifth Year Computation Period - Series 2019 Revenue Bonds
- Exhibit C Yield Restriction Calculations Report for Fifth Year Computation Period – Series 2019 Revenue Bonds
- Exhibit D Yield Restriction Calculations Report for Interim Computation Period - Series 2020 Revenue Bonds
- Exhibit E Arbitrage Rebate Summary for all of the Authority's Bond Issues
- Exhibit F Revised Annual Operation and Maintenance Accounting for Joint Facilities for the Fiscal Year 2023
- Exhibit G Engineer's Report
- Exhibit H Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program
- Exhibit I Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit J Operator's Report
- Exhibit K Government Affairs Update
- Exhibit L Insurance Renewal Proposal from Brown & Brown Insurance Services, Inc.