

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors May 7, 2025

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on May 7, 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
Judge Caston, III, 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; John Howell of The GMS Group, L.L.C. ("GMS"), financial advisor for the Authority; Jayson Taylor of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Michelle Townes of McCall Gibson Swedlund Barfoot Ellis PLLC ("MGSBE"); 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 and Gilbert Miranda of Fallbrook Utility District ("Fallbrook"); Lathan Johnson and Robert Blackshear of Rankin Road Municipal Utility District ("Rankin Road"); Deborah Gower, wife of Director Gower; 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. Lai noted that the first item on the agenda was to open the meeting for public comments. There being no comments from the public at this time, 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 2, 2025. After discussion regarding the minutes, Director Granadino moved that the minutes of the meeting held April 2, 2025, be approved as presented. Director Boddy seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Tran next presented the Bookkeeper's Report dated May 7, 2025, a copy of which is attached hereto as **Exhibit A**, including Cash Flows for the Authority's various funds for the period commencing April 2, 2025, through May 7, 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 March 2025 and the first three months of the Authority's fiscal year ending December 31, 2025, and a Summary of Pumpage Fees and Surface Water Fees paid by Member Districts through March 31, 2025. After discussion, it was moved by Director Granadino that the Bookkeeper's Report be approved and the disbursements listed therein, plus additional check no. 6379 on the General Operating Fund payable to Director Caston in the amount of \$163.93, be approved for payment from the Authority's various accounts. Director Caston seconded said motion, which unanimously carried.

APPROVAL OF UNCLAIMED PROPERTY REPORT

The Board next considered approval of an Unclaimed Property Report as of March 1, 2025, and the filing of same with the Texas State Comptroller of Public Accounts (the "State Comptroller") prior to July 1, 2025. Ms. Tran next advised the Board that there was no Unclaimed Property to be reported by the Authority for the period ending March 1, 2025.

REVIEW AND APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2024

The Board recognized Ms. Townes, who presented to and reviewed with the Board a draft of the Authority's Annual Audit Report prepared by MGSBE for the fiscal year ended December 31, 2024. Ms. Townes advised that MGSBE is issuing an unmodified opinion relative to the Authority's audit, which is the highest opinion an auditor can provide, as the Authority's financial records appear to be in good shape. After discussion concerning the Audit presented, Director Boddy moved that: (i) the Audit Report for the fiscal year ended December 31, 2024, 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 Report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ"). Director Granadino seconded said motion, which unanimously carried.

STATUS OF PREPARATION AND FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

The Board next considered the status of the preparation and filing of the Authority's annual Continuing Disclosure Report. Mr. Lai advised the Board that McCall, Parkhurst & Horton L.L.P. ("MPH"), the Authority's Continuing Disclosure Counsel, will prepare the 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, 2024, has been finalized and released by MGSBE, and will file said report with the appropriate repositories prior to the filing deadline of June 30, 2025.

FINANCIAL ADVISOR'S REPORT

The Board next considered the Financial Advisor's Report. Mr. Howell and Mr. Khouw addressed the Board concerning the status of the Abridged Application for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") in connection with the additional funds required for the Authority's 2025 Internal Distribution System, which was filed with the Texas Water Development Board ("TWDB") on February 3, 2025. In that regard, Mr. Howell reported that, by correspondence dated April 10, 2025, the TWDB extended an invitation to the Authority to submit a formal application for SWIFT financial assistance for the project in the amount of \$8,000,000. After discussion on the matter, Director Boddy moved that: (i) the Resolution Authorizing Application to the TWDB for Financial Assistance; Designating Authorized Representatives for Such Purposes; and Containing Other Provisions Relating to the Subject attached hereto as **Exhibit C** be adopted by the Board, (ii) IDS, SPH and GMS be authorized to prepare and submit the formal application to the TWDB for SWIFT financing by May 12, 2025; and (iii) the officers of the Board be authorized to execute any and all documentation necessary to complete and file the SWIFT application by May 12, 2025. Director Granadino seconded said motion, which unanimously carried.

Mr. Howell addressed the Board concerning the Authority's proposed Series 2025 Bonds. In that regard, he presented to and reviewed with the Board correspondence from GMS dated May 7, 2023, a copy of which is attached hereto as **Exhibit D**, relative to MSRB Rule G-23 with respect to new issues for which the Time of Formal Award occurs after November 27, 2011, which states that a broker, dealer or municipal securities dealer is prohibited from acting as a Financial Advisor or Municipal Advisor to an issuer for a particular issue sold on a negotiated or competitive bid basis and subsequently switching roles to underwrite the same issue. Mr. Howell disclosed that GMS will be acting solely as Financial Advisor in connection with the Authority's proposed Series 2025 Bonds. Following discussion, the Board concurred that the President be authorized to acknowledge GMS' disclosure on behalf of the Board and the Authority.

Mr. Lai next 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.

ADOPTION OF AMENDED RATE ORDER

The Board next considered the amendment of the Authority's Rate Order. In that regard, Mr. Howell addressed the Board concerning the need for an adjustment of the Authority's rates, as previously discussed at the last Board meeting. He then presented to and reviewed with the Board a 2025 Projected Annual Cash Flow Analysis, together with a comparison of the Authority's rates with the rates imposed by the other regional water authorities in the Houston metropolitan area, copies of which are attached hereto as **Exhibit E**. Mr. Howell reminded the Board that, at its meeting held on April 2, 2025, the Board had indicated its intention to increase the Authority's GRP Fee and Importation Fee from \$3.86 per 1,000 gallons to \$4.08 per 1,000 gallons, and the Surface Water Fee from \$4.20 per 1,000 gallons to \$4.42 per 1,000 gallons, effective June 1, 2025.

Mr. Lai then advised the Board that SPH had directed correspondence to all Member Districts on April 3, 2025, advising them of the proposed amendment of the Authority's Rate Order at today's meeting, including the adoption of the proposed increases of the GRP Fee, Importation Fee, and Surface Water Fee recommended by Mr. Howell at the Board's last meeting. Mr. Lai then presented to and reviewed with the Board an amended Rate Order reflecting the GRP Fee, Water Importation Fee and Surface Water Fee increases. After discussion, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that (i) the Rate Order attached hereto as **Exhibit F** be passed and adopted by the Board, effective as of June 1, 2025, (ii) the President be authorized to execute and the Secretary to attest said Rate Order on behalf of the Board and the Authority, (iii) all Rate Orders heretofore adopted by the Board be revoked as of such date, and (iv) SPH be authorized to distribute a copy of the new Rate Order to all Member Districts.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated May 7, 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 April 2025 was 746.474 MG, which equaled 52.17% of total water usage in the Authority through such date. Mr. Khouw advised the Board that the Authority must reduce groundwater usage to no more than 40% of the Authority's total water use (meaning that surface water usage must increase to 60% of total water usage) for the HGSD Permit Period June 1, 2025 through May 31, 2026, or the Authority will incur disincentive fees pursuant to the terms of said Permit and the rules of the HGSD. Mr. Khouw advised the Board that he believes the Authority will be able to meet the HGSD's groundwater reduction requirements by increasing surface water usage to 60% of total water usage by May 31, 2026, by increasing the delivery of surface water to No. 200 and Harris County Municipal Utility District No. 304.

Mr. Khouw next advised the Board that he had no new activity upon which to report concerning North Forest Municipal Utility District's ("North Forest") request to join the Authority's Groundwater Reduction Plan ("GRP").

Mr. Khouw next advised the Board that Harris County Municipal Utility District No. 33 ("No. 33") is continuing its payment in-kind to Harris County Utility District No. 14 and Harris County Utility District No. 15 for water imported into the Authority in 2024 in connection with the terms of the exemption from payment of Water Importation Fees imposed by the Authority.

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. Lai reported that a draft Interlocal Cost Sharing Agreement between the Authority and

the COH relating to the COH's participation in the project has been received from the COH, and that SPH is in the process of reviewing 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 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 January 14, 2026 (170 days behind schedule). He reported, however, that Phase 2 substantial completion will most likely not be achieved until February 2026. Mr. Khouw noted that the contractor is continuing to work on Phase 1 substantial completion punch list items. Mr. Khouw further advised the Board that the COH has issued Consensus Item No. 46R in connection with the approval for use of Management Reserve Funds for payment of legal costs (\$777,526.18) associated in connection with the NEWPP Expansion Project, and noted that the Authority's share of same was 1.525% or \$11,857.27.

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 costs once its 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. In that regard, he reported that a Notice to Proceed has been issued to V&S Construction for the construction of Bid Package 1 of the 2025 Internal Distribution System (the "Project") and that the TWDB has released \$11,751,626.10 from escrow for the Project.

Mr. Khouw next addressed the Board regarding the Luce Bayou Interbasin Transfer Project. In that regard, he reported that a construction manager has been selected and that negotiations are underway for a contract for building out the Trinity River Pump Station to its full capacity.

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

The Board deferred further discussion relative to the status of No. 33's 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, as said matter was addressed earlier in the meeting.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of April 2025, a copy of which is attached hereto as **Exhibit H**. Mr. Martin advised the Board that the COH's master meter is currently out of operation and that water usage will be calculated based upon estimates until such time as the meter has been placed back into operation.

Mr. Martin reported that there is a leak in the Authority's connection line located within No. 150 and that MOC will repair the leak and restore the area back to its original condition.

Mr. Martin next briefly reported to the Board concerning a Notice and Resolve of Violations received from the TCEQ last month regarding the development and submittal of an initial lead service line inventory in connection with the United States Environmental Protection Agency's ("EPA") Lead and Copper Rule Revision requirements. Mr. Martin stated that MOC believed that the EPA's Lead and Copper Rule Revision requirements were not applicable to the Authority since there are no service lines in the Authority's distribution system that are subject to said requirements, but that the TCEQ indicated that the Authority was still required to respond since it is considered a Public Water System. Mr. Martin reported that MOC submitted a report to the TCEQ advising it of the situation and resolved the violation. Mr. Martin advised the Board that he had no action items for the Board's approval at today's meeting.

APPROVAL OF ANNUAL CONSUMER CONFIDENCE REPORT

Mr. Martin next presented to and reviewed with the Board a draft of the Authority's Consumer Confidence Report ("CCR"), the format of which is dictated by the TCEQ and by the EPA. A copy of the draft CCR is attached hereto as **Exhibit I**. He advised the Board that the CCR must be provided to all customers of the Authority and posted to the Authority's website prior to July 1 of this year, as required by law. After discussion on the matter, it was moved by Director Caston, seconded by Director Granadino and unanimously carried, that the CCR be approved by the Board, subject to SPH's final review and approval, and that MOC be authorized and directed to send a copy of the CCR to the website provider for posting on the Authority's website and to distribute same to the Member Districts in an electronic format prior to the July 1 deadline.

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. Lai next presented to and reviewed with the Board a Government Affairs Update received from C.J. Tredway, dated May 7, 2025, together with a Bill Tracking Chart regarding certain bills introduced during the 89th Legislative Session, copies of which are attached hereto as **Exhibit J**. No action was taken by the Board in connection with said matter.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Lai addressed the Board concerning the potential need for the submittal of a formal request to the HGSD for an extension of the 2025 conversion date in connection with the Authority's Groundwater Reduction Plan. After discussion on the matter, it was moved by Director Caston, seconded by Director Granadino and unanimously carried, that SPH and IDS be authorized to submit a formal request to the HGSD for an extension of the 2025 conversion date, if deemed necessary.

A discussion next ensued regarding the potential acquisition of Class B Groundwater Certificates ("Certificates") issued by the HGSD to the Member Districts. Mr. Lai noted that based on Mr. Khouw's projections, it may not be necessary to purchase the Certificates in order to meet the May 31, 2026 surface water conversion target. However, SPH and IDS will continue to coordinate efforts to purchase the Certificates, as needed, from the Member Districts or other special purpose districts.

DISCUSSION REGARDING STATUS OF AUTHORITY WEBSITE AND OTHER COMMUNICATIONS WITH MEMBER DISTRICTS

Mr. Lai noted that there was no new activity to report in connection with the Authority's website or other communications with Member Districts.

CLOSED SESSION

At 7:15 p.m., the Board President announced that the Board would meet in Closed Session to consult with the Authority'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). At this time, all those present, with the exception of the Board, Mr. Khouw, Mr. Hale, and Mr. Lai, exited the meeting.

At 7:30 p.m., the Board President announced that the Board would reconvene in Open Session, whereupon, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the engagement of Hicks Johnson PLLC in connection with the Houston Waterworks Team lawsuit be authorized by the Board, as discussed in Closed Session.

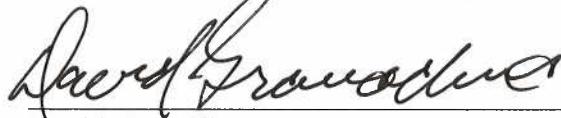
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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. Lai noted that the next regular meeting of the Board is scheduled for Wednesday, June 4, 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 Caston, seconded by Director Granadino, and unanimously carried, the meeting was adjourned.

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

David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Draft Audit Report for Fiscal Year Ended December 31, 2024
- Exhibit C Resolution Authorizing Application to the TWDB for Financial Assistance; Designating Authorized Representatives for Such Purposes; and Containing Other Provisions Relating to the Subject
- Exhibit D Financial Advisor's 2025 Projected Annual Cash Flow Analysis and Rate Comparison
- Exhibit E Regulatory Disclosure Regarding Municipal Advisor Agreement provided by GMS relative to Municipal Securities Rulemaking Board Rule G-23 and the Authority's proposed Series 2025 Bonds
- Exhibit F Rate Order effective June 1, 2025
- Exhibit G Engineer's Report
- Exhibit H Operator's Report
- Exhibit I Draft Consumer Confidence Report
- Exhibit J Government Affairs Update