

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
April 3, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on April 3, 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, LLP ("FORVIS"), bookkeeper for the Authority; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"), operator 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"); Rosalind Caesar of No. 304; Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins and Gilbert Miranda 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 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. Mr. Johnson inquired as to whether the Authority's GRP Fee, Importation Fee and Surface Water Fee charged to the Member Districts would increase as a result of the City of Houston's ("COH") recent water rate increase. Mr. Lai explained that the recent COH water rate increase impacts only those municipal utility districts that contract directly with the COH for surface water, and does not in any way impact the Authority's fees charged to its Member Districts.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held March 6, 2024.

After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held March 6, 2024, be approved as presented. 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 March 6, 2024 through April 3, 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 February 2024 and the second 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 February 29, 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. 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.

REVIEW OF ARBITRAGE ANALYSIS REPORT

Mr. Lai next presented to and reviewed with the Board an Annual Maintenance Report related to the originally dated March 29, 2016, Arbitrage Analysis Report provided by Municipal Risk Management Group, L.L.C. ("MRMG") dated March 8, 2024, a copy of which is attached hereto as **Exhibit B**, in connection with the yield restriction and arbitrage rebate calculation analyses performed in connection with the Authority's outstanding bond issues. Mr. Lai advised the Board that MRMG is recommending that the Authority engage 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 Series 2019 Bonds. Mr. Lai further advised the Board that, as reflected in the attached Arbitrage Analysis Report, no further action is required in connection with any of the Authority's other bond issues at this time. After discussion on the matter, it was moved by Director Granadino, seconded by Director Meek and unanimously carried, that ACS be engaged by the Authority to prepare a Fifth Year Arbitrage Rebate Report and 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, as recommended in the attached report from MRMG, and that the President be authorized to execute ACS' engagement letter related thereto on behalf of the Board and the Authority.

REVIEW AND APPROVAL OF AUDIT FOR FISCAL YEAR ENDED DECEMBER 31, 2023

The Board deferred consideration of the review and approval of the Authority's Annual Audit Report for the fiscal year ended December 31, 2023, until next month's meeting.

STATUS OF PREPARATION AND FILING OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Lai next advised the Board that McCall, Parkhurst & Horton L.L.P., the Authority's Continuing Disclosure Counsel, will prepare the Authority's annual Continuing Disclosure Report when the Audit for the Authority's fiscal year ended December 31, 2023, has been finalized and released by the Authority's auditor, McCall Gibson Swedlund Barfoot PLLC.

FINANCIAL ADVISOR'S REPORT

Mr. Lai 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.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated April 3, 2024, a copy of which is attached hereto as **Exhibit C**, 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 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 next addressed the Board concerning the need of Harris County Municipal Utility District No. 33 ("No. 33") for a letter from the Authority confirming 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 advised that because the annexation tract is already developed and being served by No. 33, No. 33 is not requesting any additional water capacity in connection with the proposed annexation.

Mr. Khouw next advised the Board that IDS is proceeding with 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 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, including the status of Early Work Package ("EWP") No. 1 (Site Grading), which is now complete, EWP No. 2 (Filter Module 1), EWP No. 4 (Raw Water Pipelines), and EWP No. 6 (Intake Pump Station and North Plant), all of which are approaching completion, as well as the Balance of the NEWPP, as further detailed in the Engineer's Report. Mr. Khouw reported that, overall, the project is now approximately 90% complete. Mr. Khouw further advised the Board that the Houston Waterworks Team is working on the final items to reach substantial completion of the NEWPP Expansion Project.

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 North Harris County Regional Water Authority's ("NHCRWA") 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 advised the Board that he had no new activity upon which to report regarding the Luce Bayou Interbasin Transfer Project.

APPROVAL OF WATER SUPPLY COMMITMENT LETTER AGREEMENTS

The Board next considered the approval of a Water Supply Commitment Letter Agreements with No. 33 and Fallbrook, which are required in connection with the Texas Commission on Environmental Quality's approval of their plans for the conversion to surface water. After discussion on the matter, it was moved by Director Meek, seconded by Director Boddy and unanimously carried, that the Water Supply Commitment Letter Agreements with No. 33 and Fallbrook be approved, and that the President be authorized to execute same on behalf of the Board and the Authority.

OPERATOR'S REPORT

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

A discussion next ensued regarding the Authority's 2024 Water Smart Application. After discussion, Director Meek 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 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.

IMPLEMENTATION OF REMOTE METER READING AND MONITORING SYSTEM

Mr. Lai 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. Lai 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. Lai and Mr. Khouw 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. Khouw reported that all necessary easements have now been acquired, although litigation related to the compensation to be paid to certain landowners continues. Mr. Lai then advised that further discussion regarding said matter would be addressed in Closed Session.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Lai 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

As requested by the Board at the last meeting, Mr. Lai next distributed a Monthly Analytics Report provided by The Texas Network ("TTN") for the month of March 2024, a copy of which is attached hereto as **Exhibit G**. After discussion, the Board requested that TTN provide the Board with Quarterly Analytics Reports for its review over the course of the next year or so before making a decision as to whether the Authority's website should be redesigned by TTN in order to enhance functionality and aesthetic appeal.

Mr. Khouw next advised the Board that the Harris-Galveston Subsidence District will conduct a public hearing on Thursday, April 25, 2024, for the purpose of considering testimony, evidence, exhibits and other information related to the presentation of its Annual Use Report and the effects of groundwater withdrawal on the subsidence of land.

CLOSED SESSION

At 6:38 p.m., the Board President announced that the Board would meet in Closed Session to consult with the District's attorney pursuant to matters authorized by Texas Government Code, Section 551.072 (acquisition of real property interests). At this time, all those present, with the exception of the Board, Mr. Khouw, and Mr. Lai, exited the meeting.

At 6:55 p.m., the Board President announced that the Board would reconvene in Open Session, whereupon, Director Meek moved to authorize all actions as discussed in Closed Session for the acquisition of the easements and other property interests required in connection with the Authority's 2025 Internal Distribution System. Director Boddy seconded said motion, which unanimously carried.


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, May 1, 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.



David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Arbitrage Analysis Report
- Exhibit C Engineer's Report
- Exhibit D Operator's Report
- Exhibit E Resolution Approving Submittal of the Water Smart Application for Inclusion in
the Association of Water Board Directors Water Smart Partners Program
- Exhibit F Government Affairs Update
- Exhibit G Monthly Analytics Report