

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
July 3, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on July 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, except Director Granadino, 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; Jason Taylor of Quiddity Engineering, LLC, representing Harris County Municipal Utility District No. 200 ("No. 200"); Lathan Johnson and Robert Blackshear of Rankin Road West Municipal Utility District ("Rankin Road"); Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Linda Watkins 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 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. There being no comments from the public received, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held June 5, 2024. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held June 5, 2024, be approved as presented. Director Meek seconded said motion, which unanimously carried.

RATIFICATION OF ACCEPTANCE OF OFFICIAL BONDS, STATEMENTS OF ELECTED OFFICER, AFFIDAVITS OF CURRENT DIRECTOR, AND OATHS OF OFFICE FOR ELECTED DIRECTORS

The Board next considered ratifying its prior action relative to the acceptance of Statements of Elected Officer, Affidavits of Current Directors, Oaths of Office and Official Bonds for Directors Boddy and Granadino in connection with their election as Directors of the Authority. After discussion, it was moved by Director Meek, seconded by Director Cox and unanimously carried, that such prior action be ratified and authorized in all respects.

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 June 5, 2024, through July 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 May 2024 and the fifth 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 May 31, 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 Meek seconded said motion, which unanimously carried.

APPOINTMENT OF INVESTMENT OFFICER AND ADOPTION OF AN AMENDED ORDER ESTABLISHING POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER IN CONNECTION THEREWITH

The Board next considered the appointment of an Investment Officer for the Authority and the adoption of an Amended Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer ("Amended Investment Policy Order") in connection therewith. After discussion on the matter, Director Cox moved that Director Granadino be appointed to serve as the Authority's Investment Officer, that the Amended Investment Policy Order attached hereto as **Exhibit B** be adopted to reflect same, and that any prior order previously adopted by the Board establishing policies for investment of Authority funds and appointing an investment officer be revoked and rescinded effective today. Director Meek 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 the conflict of interest disclosure requirements of Chapter 176 of the Local Government Code. After discussion on the matter, Director Boddy moved that SPH be authorized to update the Authority's list of local government officers to reflect that Director Granadino has been designated as the Authority's Investment Officer, as required by law. Director Meek seconded said motion, which unanimously carried.

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 Northeast Water Purification Plant for each of said fiscal years. Mr. Rubinsky noted that the COH has indicated that the FY 2023 True Up Report, which should have been released in December 2023, has now been circulated internally for review and is expected to be completed and sent to the Authority by the COH in the near future.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated July 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 noted that the Authority recently received an Over-Conversion Credit Certificate of Deposit from HGSD for 323,500,000 gallons of over conversion credits.

Mr. Johnson exited the meeting at this time.

With respect to North Forest Municipal Utility District's ("North Forest") request to join the Authority's Groundwater Reduction Plan, Mr. Khouw advised the Board that IDS is still working on a preliminary analysis to determine whether 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 and still be able to meet the 80% conversion requirement in 2035 and beyond.

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. Mr. Khouw advised the Board that the Authority should be able to accommodate the COH's request without negatively impacting any of the Member Districts. After discussion, Director Gower moved that IDS and SPH be authorized to move forward with the negotiation of a joint facilities agreement with the COH and all actions required in connection with the COH's proposed tie-in to the Authority's 2025 Internal Distribution System, including the calculation of the COH's pro-rata share of all engineering and construction costs, right-of-way acquisition costs, legal fees and other soft costs associated therewith. Director Meek seconded said motion, which unanimously carried. Mr. Khouw advised the Board that the COH must confirm whether it wants to tie-in to the Authority's 2025 Internal Distribution System by August 2, 2024 so that the Authority can advertise for bids for the project by the end of August 2024.

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 reported that IDS has advised the NHCRWA that the Authority will participate in the line in order to serve Harris County Utility District No. 16 in the future. Mr. Rubinsky noted that the Amended and Restated Joint Facilities Agreement with the NHCRWA will need to be amended again to add the Hardy Road Line project.

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 substantial completion of Phase I of the NEWPP Expansion is expected this month and, once the project is declared substantially complete, the COH will then officially assume operation of Phase I of the NEWPP.

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 further advised the Board that Project 25D is nearing final 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. He advised the Board that the Texas Water Development Board approved the final plans for the construction of the 2025 Internal Distribution System by letter dated June 17, 2024. Mr. Khouw then advised the Board that IDS has received a draft SCADA report and has provided comments to same. He further reported that the SCADA report included analysis and recommendations for site security improvements at the proposed Beltway 8 Meter Station. In that regard, Mr. Khouw presented for the Board's consideration a proposal from IDS in the amount of \$7,370 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 Boddy and unanimously carried, that the proposal from IDS, with the addition of costs for an electrical gate at the site, be approved by the Board.

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

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 reviewed with the Board an Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023 received from the NHCRWA, a copy of

which is attached hereto as **Exhibit D**, pursuant to the Amended and Restated Joint Facilities Agreement with the NHCRWA. In that regard, Mr. Rubinsky advised the Board that the report reflects that the Authority owes the NHCRWA a total of \$119,297.83 (or \$0.1347 per 1,000 gallons) for the fiscal year 2023 operation and maintenance costs. Mr. Rubinsky advised that he and Mr. Khouw will carefully review the report, but requested that Mr. Martin and Ms. Tran independently confirm that the Authority's total surface water usage reflected in the report is consistent with the Authority's internal records. Provided the Authority's consultants find no issues with the report provided, Mr. Rubinsky recommended the Board approve the payment of the Authority's share of said costs at the next meeting.

OPERATOR'S REPORT

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

ADOPTION OF RESOLUTION ADOPTING RECORDS RETENTION SCHEDULES AND POLICIES AND PROCEDURES FOR ELECTRONIC STORAGE OF AUTHORITY RECORDS

Mr. Rubinsky and Mr. Lai next presented to and reviewed with the Board a Memorandum from SPH, a copy of which is attached hereto as **Exhibit G**, regarding the legal requirements to electronically store Authority records and destroy the paper copies of such records. In this regard, they recommended that the Board approve the Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of Authority Records attached hereto as **Exhibit H** (the "Records Resolution"). After discussion, Director Meek moved that the Records Resolution be adopted by the Board, that the Authority's Records Management Officer be authorized to execute the related certifications, and that same be submitted to the Texas State Library and Archives Commission for review and approval. Director Boddy seconded the motion, which unanimously carried.

RECORDS DESTRUCTION REQUEST

Mr. Rubinsky next reported that the Authority's Records Retention Schedules adopted in connection with its Records Management Program require that records of the Authority be retained only for specific periods of time based on the type of record. As an example, he explained that notes taken during meetings and which are used to prepare the official minutes of Board meetings are to be retained for ninety days after approval of such minutes by the Board. He next presented a request from the Records Management Officer for approval to destroy certain records (which will not be scanned in and stored electronically) in accordance with the Authority's Records Retention Schedules, a copy of which request is attached hereto as **Exhibit I** (the "Request"). After discussion, Director Gower moved that SPH be authorized to destroy the records described in the Request. Director Boddy seconded said motion, which carried unanimously.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky briefly addressed the Board concerning the status of the litigation between the COH and the Houston Waterworks Team in connection with the Design-Build Contract for construction of the NEWPP Expansion project. No action was taken in connection with said matter.

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. Mr. Rubinsky, however, distributed a Quarterly Analytics Report provided by The Texas Network for April 1, 2024 through June 30, 2024, a copy of which is attached hereto as **Exhibit J**. No action was taken by the Board in connection with said matter.

CLOSED SESSION

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

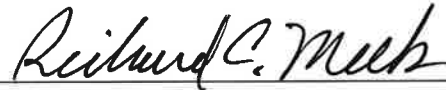
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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, August 7, 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 Boddy, and unanimously carried, the meeting was adjourned.



Richard C. Meek, Assistant Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer
- Exhibit C Engineer's Report
- Exhibit D Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023
- Exhibit E Operator's Report
- Exhibit F Government Affairs Update
- Exhibit G Memorandum regarding Electronic Storage of Authority Records
- Exhibit H Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of Authority Records
- Exhibit I Records Destruction Request
- Exhibit J Texas Network Analytics Report