

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors
September 4, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on September 4, 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 Meek, 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"); Kelvin Smith and Lathan Johnson of Rankin Road West Municipal Utility District ("Rankin Road"); Roosevelt Johnson of Harris County Municipal Utility District No. 150 ("No. 150"); Marcus Jones and Ashley Thompson 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 were no comments received from the public in attendance at the meeting at this time.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its meeting held August 7, 2024. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held August 7, 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 August 7, 2024, through September 4, 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 July 2024 and the seventh 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 July 31, 2024. Mr. Rubinsky then addressed the Board concerning check no. 6194 issued on the General Operating Fund payable to the North Harris County Regional Water Authority ("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 pursuant to the Amended and Restated Joint Facilities Agreement with the NHCRWA. In that regard, he advised the Board that it appears that the Authority's total surface water usage reflected in the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023 (the "Report") received from the NHCRWA is inconsistent with the Authority's internal records. Mr. Rubinsky explained the discrepancy between the Authority's and the COH's meter readings resulting in the inconsistency in the total surface water usage attributable to the Authority reflected in the Report. Thereafter, 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, with check no. 6194 to be held pending confirmation from the NHCRWA that it agrees with the Authority's calculations for the Authority's revised total share of the operation and maintenance expenses for the Joint Facilities for the fiscal year 2023, as heretofore discussed. Director Gower seconded said motion, which unanimously carried.

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 presented for the Board's review and approval proposed correspondence to the NHCRWA, a copy of which is attached hereto as **Exhibit B**, regarding the inconsistency in the total surface water usage attributable to the Authority reflected in the Report, as discussed during the Bookkeeper's Report, and the reasons for same. After discussion on the matter, it was moved by Director Granadino, seconded by Director Gower and unanimously carried, that the proposed correspondence be approved, that Director Cox be authorized to execute same, and that SPH be authorized to forward the correspondence to the NHCRWA on behalf of the Board and the Authority.

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 COH FY 2019, FY 2020, FY 2021, FY 2022, and FY 2023 True Up Reports related to operation and maintenance costs of the Northeast Water Purification Plant ("NEWPP") for each of said fiscal years.

Mr. Rubinsky next presented for the Board's review correspondence received from the COH dated August 19, 2024, a copy of which is attached hereto as **Exhibit C**, regarding the COH's adoption of its FY 2025 water rate for the NEWPP of \$1.8222 per 1,000 gallons. Mr. Rubinsky advised the Board that the FY 2025 O&M rate for the NEWPP has been established at \$1.40 per 1,000 gallons pursuant to the terms of Consensus Item No. 37 (Approval of Contingency Project Costs for Interim Operational Scenario) agreed to by the Authority earlier this year, and that the FY 2025 water rate includes the O&M rate, plus the Raw Water rate and a Rehabilitation Capital Cost Component for said FY. He further noted that John Howell of The GMS Group, L.L.C. will likely attend the October or November 2024 meeting to address the Board regarding the impact of the COH's FY 2025 water rate for the NEWPP on the Authority's groundwater pumpage fee and surface water rate.

ENGINEER'S REPORT

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated September 4, 2024, a copy of which is attached hereto as **Exhibit D**, 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.

A discussion next ensued regarding North Forest Municipal Utility District's ("North Forest") request to join the Authority's Groundwater Reduction Plan ("GRP"). After discussion on the matter, Director Boddy moved that SPH and IDS be authorized to proceed with the analysis of the addition of North Forest to the Authority's GRP and to negotiate the terms of same with North Forest, subject to the receipt of a \$25,000 deposit from North Forest to cover the Authority's legal and engineering expenses in connection therewith. Director Granadino seconded said motion, which unanimously carried.

With respect to Fallbrook Utility District's ("Fallbrook") proposed annexation of approximately 32.849 acres of land into its boundaries, as further detailed in the Engineer's Report, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that IDS be authorized to forward correspondence to Fallbrook confirming that the Authority has no objection to Fallbrook annexing such property into its boundaries and, therefore, into the boundaries of the Authority.

With respect to Harris County Municipal Utility District No. 217's ("No. 217") proposed annexation of approximately 4.782 acres of land into its boundaries, as further detailed in the Engineer's Report, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that IDS be authorized to forward correspondence to No. 217 confirming that the Authority has no objection to No. 217 annexing such property into its boundaries and, therefore, into the boundaries of the Authority.

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 IDS and SPH are still coordinating with the COH regarding 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 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 93% complete. Mr. Khouw further advised the Board that the COH is preparing a Certificate of Substantial Completion for Phase I of the NEWPP Expansion with an effective date as of July 10, 2024.

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 substantially complete and the contractor is working on the final punch list items.

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 advised the Board that the project was advertised on August 30, 2024, and the bid opening is scheduled for September 27, 2024. Mr. Khouw further advised the Board that IDS has received a report from Burrer Engineering in connection with the engineering study that was conducted to evaluate SCADA system alternatives. Mr. Khouw discussed the options for receiving data and remotely controlling facilities and the costs associated therewith. No action was taken by the Board concerning the SCADA system at this time.

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

APPROVAL OF SURFACE WATER SUPPLY COMMITMENT LETTER AGREEMENT BETWEEN THE AUTHORITY AND NO. 200

The Board next considered the approval of a surface water supply commitment letter agreement between the Authority and No. 200. After discussion, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the surface water supply

commitment letter agreement with No. 200 be approved in accordance with the terms of the Authority's Rate Order, and that Director Cox be authorized to execute same on behalf of the Board and the Authority, subject to Mr. Khouw's confirmation of the Daily Commitment Amounts and Delivery Points reflected in the respective agreement.

OPERATOR'S REPORT

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of August 2024, a copy of which is attached hereto as **Exhibit E**. Mr. Martin noted that the control panel for the cla-val located at No. 217's water plant is not working and needs to be replaced, but that the panel is now obsolete. He reported that replacement of the panel was included in the plans and specifications for the Authority's 2025 Internal Distribution System. Mr. Martin advised the Board that he had no action items for the Board's approval at today's meeting.

STATUS OF REQUESTS FROM FALLBROOK AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 33 FOR EXEMPTION FROM WATER IMPORTATION FEES IMPOSED BY THE AUTHORITY

Mr. Rubinsky next addressed the Board concerning the status of the request received last month from Fallbrook for an exemption from water importation fees imposed by the Authority for 14.256 million gallons of water imported from Harris County Municipal Utility District No. 321 ("No. 321"), which is located outside the boundaries of the Authority. In that regard, he reported that although Fallbrook's Emergency Water Supply Agreement with No. 321 does not currently provide an automatic right to repay No. 321 in-kind for the water supplied to Fallbrook, No. 321 has agreed to accept repayment-in-kind of the 14.256 million gallons of water it supplied to Fallbrook. Mr. Rubinsky further reported that Fallbrook intends to repay No. 321 in-kind once its Water Plant No. 1 has been placed back into operation, which is anticipated to occur prior to the end of the year. Mr. Rubinsky stated that no action was required of the Board in connection with this matter.

Mr. Rubinsky also addressed the Board concerning the status of the request received last month from Harris County Municipal Utility District No. 33 ("No. 33") for an exemption from water importation fees imposed by the Authority for water it received through its interconnect with Harris County Utility District No. 14 ("No. 14") due to a well pump failure. He further advised the Board that No. 33 expects that its well will be back in service in approximately six to eight weeks, and that No. 33 is requesting an exemption from water importation fees imposed by the Authority, since No. 14 has also agreed to allow No. 33 to repay it for the water supplied to it in-kind once No. 33's water well is back on line. The Board took no action on the matter at this time.

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 September 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.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky addressed the Board concerning the HGSD's Joint Regulatory Plan Review meeting scheduled for September 11, 2024. In that regard, he advised the Board that the various regional water authorities met with the HGSD on August 23, 2024 to review HGSD's annual findings relative to subsidence in Harris County and the surrounding areas.

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.

CLOSED SESSION

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

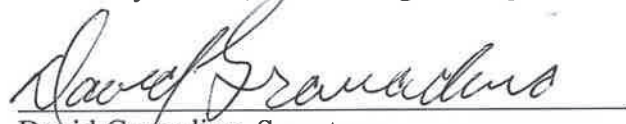
ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY

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, October 2, 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 Gower, and unanimously carried, the meeting was adjourned.

A handwritten signature in cursive script, reading "David Granadino", written over a horizontal line.

David Granadino, Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Bookkeeper's Report
- Exhibit B Correspondence to NHCRWA regarding inconsistency in total surface water usage reflected in the Annual Operation and Maintenance Accounting for Joint Facilities for the fiscal year 2023 and request for correction of same
- Exhibit C Correspondence from COH dated August 19, 2024 regarding FY 25 Water Rate for the NEWPP
- Exhibit D Engineer's Report
- Exhibit E Operator's Report
- Exhibit F Government Affairs Update