

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
October 2, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on October 2, 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"); Thomas Villanueva of Edminster, Hinshaw, Russ & Associates, Inc., representing Harris County Municipal Utility District No. 304 ("No. 304"); Kelvin Smith and Lathan Johnson of Rankin Road West Municipal Utility District ("Rankin Road"); Linda Watkins of Fallbrook Utility District ("Fallbrook") Oliver Agard 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"); Ivory Thompson; 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. Director Cox began by informing the Board of Director Meek's sudden passing on September 13, 2024. Director Cox stated that Director Meek had served on the Board of Directors of the Authority for many years and made invaluable contributions to the Authority and its constituents during his years of dedicated service. Mr. Johnson offered his condolences on behalf of Rankin Road, as did Ms. Watkins on behalf of Fallbrook and Mr. Agard on behalf of No. 150.

The Board next recognized Mr. Agard, who queried the Board regarding the status of the implementation of smart meters for the Authority's surface water meters and the Member Districts' water well meters. Mr. Khouw reported that the Authority's proposed remote meter reading and

monitoring system should be in place by October 2025.

### **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held September 4, 2024. After discussion regarding the minutes, Director Boddy moved that the minutes of the meeting held September 4, 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 September 4, 2024, through October 2, 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 August 2024 and the eighth 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 August 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. Director Boddy seconded said motion, which unanimously carried.

### **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 last month's meeting. Mr. Rubinsky reported that, as authorized by the Board last month, correspondence was forwarded to the NHCRWA regarding the inconsistency in the Authority's total surface water usage and the reasons for same, but that the NHCRWA has not yet confirmed that it is in agreement with the Authority's calculations. Mr. Rubinsky advised the Board that Forvis will continue to hold 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 pending confirmation from the NHCRWA that it is in agreement with the Authority's calculations.

### **ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER**

Mr. Rubinsky next advised the Board that the Public Funds Investment Act requires the Authority to review its investment policy and investment strategies included within its Order

Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy Order") on an annual basis. In that regard, Mr. Rubinsky advised the Board that SPH is not recommending that the Authority make any changes to the Investment Policy Order at this time. After discussion on the matter, Director Boddy moved that: (a) the policies, procedures, provisions and investment strategies set forth in the Investment Policy Order adopted by the Board on July 3, 2024, be affirmed and that the Investment Policy Order remain in effect until amended by further Order of the District; and (b) the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer attached hereto as **Exhibit B** be adopted by the Board. Director Cox seconded said motion, which unanimously carried.

### **FINANCIAL ADVISOR'S REPORT**

The Board deferred consideration of the Financial Advisor's Report after noting that a representative of The GMS Group, L.L.C. ("GMS") was not present at tonight's meeting. Mr. Rubinsky then advised the Board that the NHCRWA recently lowered its Groundwater Reduction Plan Fee and Surface Water rate by \$1.00 per 1,000 gallons, effective October 1, 2024. Mr. Rubinsky reported that he reached out to John Howell of GMS, who also serves as the NHCRWA's financial advisor, to request information concerning the NHCRWA's actions, and indicated that it was his understanding that Mr. Howell had not recommended such decrease.

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 addressed the Board concerning the correspondence received from the COH dated August 19, 2024, 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 he will request that the District's Financial Advisor, Mr. Howell, attend next month's meeting to discuss the potential impact of same on the Authority.

### **ENGINEER'S REPORT**

Mr. Khouw next presented to and reviewed with the Board a written Engineer's Report dated October 2, 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 surface water usage through August 2024 was 244.574 MG, which is approximately 60% of total water usage.

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"). In that

regard, he advised the Board that a \$25,000 deposit was received from North Forest to cover the Authority's legal and engineering expenses in connection with such request, and that IDS has requested additional information from North Forest regarding its last three (3) years of water usage and is in the process of reviewing various information provided to date. Mr. Khouw reported that IDS will prepare a thorough analysis for the Board's review once it has received and completed its review of the information to be provided by North Forest.

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 ("No. 16") in the future. Mr. Khouw noted that it is currently anticipated that No. 16 will convert to surface water in 2035, and that he has advised No. 16's engineer of same.

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 94% complete. Mr. Khouw further advised the Board that the COH is preparing to issue a Certificate of Substantial Completion for Phase I of the NEWPP Expansion and that the COH has now assumed full operation 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. He further reported that the Authority should be receiving a refund from the COH as all thirteen (13) projects came within or under budget.

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 stated that the Authority needs to begin discussions with the NHCRWA regarding the final accounting of costs for Phase II of the NETL and the Authority's share of same.

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 advised the Board that the Authority will need to convey two (2) meter station easements to the COH. Mr. Rubinsky stated that SPH will review the easements on behalf of the Authority upon receipt of same from the COH.

Mr. Hale next gave a presentation regarding the Authority's proposed SCADA system. Mr. Hale provided a general overview of how a SCADA system functions and how it will be beneficial to the Authority. Mr. Hale advised the Board that each Member District's water plant would need to be equipped with a cabinet for the SCADA system, input and output connections, and cellular communication capabilities.

Mr. Khouw next advised the Board that a bid opening for the 2025 Internal Distribution System was held on September 27, 2024. Mr. Khouw reported that the bids received for the project were significantly higher than the estimated cost of the project. He then discussed several issues that may have caused an escalation in the project costs. Mr. Khouw further advised the Board that IDS is still evaluating the bids and does not have a recommendation for the award of a contract for the project at this time. Mr. Khouw noted that it might be more advantageous for the Authority to rebid the project in smaller packages. Accordingly, the Board deferred action relative to the award of a construction contract for the 2025 Internal Distribution System.

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

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

The Board next considered ratifying its prior action relative to 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 such prior action be ratified and authorized in all respects.

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

Mr. Rubinsky next addressed the Board concerning the status of the request received from Harris County Municipal Utility District No. 33 ("No. 33") for an exemption from Water Importation Fees imposed by the Authority for approximately 47.076 million gallons of water received through its interconnect with Harris County Utility District No. 14 ("No. 14") due to a well pump failure. He advised the Board that No. 14 has 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. Mr. Rubinsky stated that No. 33 is still receiving water through the interconnect with No. 14 and that no action is required by the Board at this time.

Mr. Rubinsky also addressed the Board concerning the status of the request received 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 immediately 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 at this time.

### **OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of September 2024, a copy of which is attached hereto as **Exhibit D**. Mr. Martin advised the Board that surface water constituted 56% of the total water usage within the Authority last month and has amounted to 59% of total water usage within the Authority during the current permit period. 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, other than the information previously presented by Mr. Hale.

### **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 October 2, 2024, a copy of which is attached hereto as **Exhibit E**. 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 of a Town Hall Meeting to be held by the Water Users Coalition on Tuesday, October 15, 2024, at which the candidates for the NHCRWA Board of Directors election will be given an opportunity to address the public.

Mr. Rubinsky next discussed the 2023 Groundwater Usage Report received from the Harris-Galveston Subsidence District ("HGSD"), which was previously emailed to the Directors.

## **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. However, Mr. Rubinsky distributed a Quarterly Analytics Report provided by The Texas Network for the period July 1, 2024 through September 30, 2024, a copy of which is attached hereto as **Exhibit F**. A discussed followed regarding the possible update of the Authority's website. Mr. Johnson of Rankin Road stated that he did not feel it was necessary for the Authority to make any changes to the format of its website as long as the information included on the website is kept current. No action was taken by the Board in connection with said matter. Director Cox then requested that the 2023 Groundwater Usage Report received from the HGSD be posted on the Authority's website.

## **INITIATION OF DIRECTOR APPOINTMENT PROCESS IN CONNECTION WITH VACANCY ON THE BOARD**

Mr. Rubinsky next addressed the Board regarding the initiation of the appointment process in connection with the vacancy on the Board for the office of At-Large (Position No. 2) Director as a result of the passing of Director Meek. In that regard, he presented to and reviewed with the Board a Memorandum outlining the appointment process and the schedule to be followed, a copy of which is attached hereto as **Exhibit G**. Mr. Rubinsky advised the Board that he would forward the Memorandum to each of the attorneys for the Authority's Member Districts for further dissemination to and discussion with the Boards of Directors of said districts. Mr. Rubinsky noted that nominations for the office of At-Large (Position No. 2) Director must be delivered to the Board no later than 5:00 p.m., on November 5, 2024.

## **CLOSED SESSION**

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

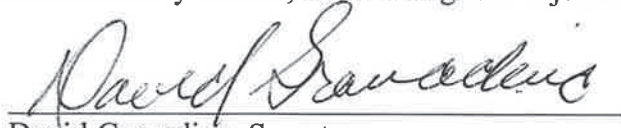
## **ITEMS TO BE PLACED ON NEXT AGENDA PERTINENT TO THE AUTHORITY**

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, November 6, 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 Granadino, 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 Resolution Regarding Review of Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer
- Exhibit C Engineer's Report
- Exhibit D Operator's Report
- Exhibit E Government Affairs Update
- Exhibit F Texas Network Analytics Report
- Exhibit G Memorandum Outlining Director Appointment Process