

# CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

Minutes of Meeting of Board of Directors  
December 4, 2024

The Board of Directors of Central Harris County Regional Water Authority met in regular session, open to the public on December 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

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"); Thomas Villanueva of Edminster, Hinshaw, Russ & Associates, Inc., representing Harris County Municipal Utility District No. 304 ("No. 304"); Kelvin Smith of Rankin Road West Municipal Utility District ("Rankin Road"); Marcus Jones 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"); Judge Caston, a resident of Harris County Municipal Utility District No. 217 ("No. 217"); Merieux Jones, a resident of No. 399; Deborah Gower, wife of Director Gower; and Abraham I. Rubinsky 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.

## **APPROVAL OF MINUTES**

The Board next considered approval of the minutes of its meeting held November 6, 2024. After discussion regarding the minutes, Director Granadino moved that the minutes of the meeting held November 6, 2024, be approved as presented. Director Boddy 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 November 6, 2024, through December 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 October 2024 and the tenth 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 October 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 Granadino seconded said motion, which unanimously carried.

## **APPROVAL OF OPERATING BUDGET FOR FISCAL YEAR ENDING DECEMBER 31, 2025**

Ms. Tran presented to and reviewed in detail with the Board a proposed Operating Budget for the fiscal year ending December 31, 2025, a copy of which is attached to the Bookkeeper's Report. A lengthy discussion followed regarding various changes made to the proposed Operating Budget from the initial draft presented last month. Thereafter, it was moved by Director Boddy, seconded by Director Granadino and unanimously carried, that the proposed Operating Budget for the Authority's fiscal year ending December 31, 2025 be approved as presented.

## **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 previous meetings. Mr. Rubinsky reported that the NHCRWA has acknowledged the discrepancy but not yet provided a revised Report to reflect the correct total surface water usage attributable to the Authority. 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 the receipt of an updated Report from the NHCRWA.

## **FINANCIAL ADVISOR'S REPORT**

The Board considered the Financial Advisor's Report. Mr. Rubinsky 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 NEWPP for each of said fiscal years.

Mr. Howell and Mr. Khouw next addressed the Board concerning the proposed filing of an Abridged Application to the Texas Water Development Board (the "TWDB") for financial assistance from the State Water Implementation Fund for Texas ("SWIFT") in connection with funds required for the Authority's 2025 Internal Distribution System. After discussion, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that SPH and IDS be authorized to prepare an Abridged Application with the TWDB for financial assistance from SWIFT in an amount up to \$8,000,000 in connection with funds required for the Authority's 2025 Internal Distribution System for the Board's approval at its January 2025 meeting and submittal to the TWDB prior to the February 1, 2025 deadline.

### **ADOPTION OF AMENDED RATE ORDER**

The Board next considered the amendment of the Authority's Rate Order. In that regard, Mr. Rubinsky advised the Board that SPH had directed correspondence to all Member Districts on November 7, 2024, advising them of the proposed amendment of the Authority's Rate Order, 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. He reminded the Board that the GRP Fee and Importation Fee is being increased from \$3.51 per 1,000 gallons to \$3.86 per 1,000 gallons, and the Surface Water Fee is being increased from \$3.85 per 1,000 gallons to \$4.20 per 1,000 gallons, effective January 1, 2025. Mr. Rubinsky 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 Boddy, seconded by Director Granadino and unanimously carried, that (i) the Rate Order attached hereto as **Exhibit B** be passed and adopted by the Board, effective as of January 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 December 4, 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 October 2024 was 404.690 MG, which equaled 58.42% of total water usage in the Authority through such date.

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"). He advised the Board that North Forest has now provided its projected 2035 through 2045 water demand requirements, and that IDS will also request this information from all of the Member Districts so that an analysis can be performed to ensure that the Authority's GRP can accommodate North Forest.

Mr. Khouw next advised the Board that he had no new activity upon which to report 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. Mr. Khouw advised the Board that he will try to get an update from the COH at the Advisory Committee meeting to be held on December 13, 2024.

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 comments received from the Texas Commission on Environmental Quality ("TCEQ") regarding the Authority's 2024 Drought Contingency Plan ("DCP"). He advised the Board that the TCEQ is requesting that the DCP be amended to address various requirements applicable to Wholesale Water Suppliers, and that IDS and SPH will work with MOC to make the necessary changes to the DCP for the Board's review and approval at either the January or February 2025 meeting.

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 95% complete. Mr. Khouw further advised the Board that the second 80 MGD train (Phase 2A) has been placed into operation and that a water sample has been sent to the TCEQ for approval. Mr. Khouw then addressed the Board concerning Consensus Item No. 43 and Notice of Upcoming Cash Call No. 14 issued by the COH, as further detailed in the Engineer's Report.

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 once their 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. He advised the Board that, as approved at the last meeting, bid package 1 has been prepared and submitted to the TWDB for authorization to advertise for bids in January 2025.

Mr. Rubinsky next addressed the Board regarding potential costs to be incurred by the Authority as a result of the delay in the construction of the 2025 Internal Distribution System due to the COH's delay in confirming its participation in the project and depositing or escrowing funds

with the Authority to pay its share of the project costs. Mr. Rubinsky confirmed that correspondence would be forwarded to the COH prior to the January 2025 Board meeting requesting a schedule for the completion of same and advising that the Authority will expect the COH to pay all costs incurred by the Authority as a result of the COH's delays.

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

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

Mr. Rubinsky next addressed the Board concerning the status of communications with Fallbrook Utility District ("Fallbrook") and Harris County Municipal Utility District No. 33 ("No. 33") regarding the status of 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. In that regard, he advised the Board that, due to Harris County Municipal Utility District No. 321's ("No. 321") recent change in operators, Fallbrook's operator has not yet been able to obtain the information required to determine the number of days water needs to be supplied to No. 321 to exhaust the 14.256 million gallons of water that Fallbrook imported from No. 321. He further advised, however, that Fallbrook expects to start repaying the imported water in-kind prior to the end of the year.

Mr. Rubinsky further reported that No. 33 is still flushing its water supply system and will begin to repay Harris County Utility District No. 14 ("No. 14") in-kind soon for the 47.076 million gallons of water that No. 33 imported from No. 14.

**OPERATOR'S REPORT**

Mr. Martin presented to and reviewed with the Board a written Operator's Report for the month of November, a copy of which is attached hereto as **Exhibit D**. Mr. Martin advised the Board that surface water constituted 47% of the total water usage within the Authority last month and has amounted to 57% 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.

**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 December 3, 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.

Mr. Rubinsky next presented to and reviewed with the Board a proposed Government Affairs Representation Agreement between C.J. Tredway and the Authority in connection with the 89<sup>th</sup> Texas Legislative Session, a copy of which is attached hereto as **Exhibit F**. After discussion on the matter, it was moved by Director Granadino, seconded by Director Boddy and unanimously carried, that the proposed Government Affairs Representation Agreement be approved and that the President be authorized to execute same on behalf of the Board and the Authority, subject to (i) the addition of various anti-boycott, foreign terrorists organizations, fossil fuels, and firearms discrimination verifications, and (ii) the receipt of a Texas Ethics Commission Form 1295 from Ms. Tredway.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Rubinsky briefly informed the Board that he would be in attendance at the COH Advisory Committee Meeting to be held on December 13, 2024.

### **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.

### **DISCUSSION REGARDING DIRECTOR APPOINTMENT PROCESS IN CONNECTION WITH VACANCY ON THE BOARD**

Mr. Rubinsky next discussed with the Board the status 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. He advised the Board that the resolutions of the Member Districts casting votes for the Director At-Large (Position No. 2) position are due by 5:00 p.m. on December 31, 2024, and that the results will be declared at the Board of Directors meeting scheduled for January 8, 2025.

### **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 addressed the Board regarding the need for the rescheduling of the Authority's January 2025 Board of Directors meeting due to the New Year's holiday. After discussion, it was determined that the regularly scheduled meeting on Wednesday, January 1, 2025, would be moved to Wednesday, January 8, 2025, at 6:00 p.m.

**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.



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David Granadino, Secretary  
Board of Directors

**LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A      Bookkeeper's Report
- Exhibit B      Amended Rate Order
- Exhibit C      Engineer's Report
- Exhibit D      Operator's Report
- Exhibit E      Government Affairs Update
- Exhibit F      Government Affairs Representation Agreement