

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

April 20, 2020

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, via telephone conference call at 713-955-6338, Access Code 2371222, pursuant to the Texas Governor's suspension of certain Texas Open Meetings Act provisions due to COVID-19, at 4:00 p.m. on Monday, the 20<sup>th</sup> day of April, 2020; whereupon, the roll was called of the duly constituted officers and members of the Board, to-wit:

Alan J. Rendl	President
Kelly P. Fessler	Vice President
Lenox A. Sigler	Secretary
Ron Graham	Assistant Secretary
Jim Pulliam	Treasurer/Investment Officer

All members of the Board were present, thus constituting a quorum. Also attending the meeting were: Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Jun Chang, P.E., D.WRE, Deputy General Manager for the Authority; Mr. Mark Evans, Director of Planning and Governmental Affairs for the Authority; Ms. Cynthia Plunkett, Financial Assistant for the Authority; Ms. Krystal Boggs, Administrative Assistant for the Authority; Ms. Barbara Payne of Payne Communications, Communications Coordinator for the Authority; Messrs. Stephen Berkenhoff, P.E. and Doug Haude, P.E., of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. John Howell of The GMS Group, Inc., financial advisor for the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC ("Radcliffe Bobbitt"), general counsel and co-bond counsel for the Authority. Numerous members of the public and other consultants to the Authority also participated in the conference call meeting. The conference call meeting was recorded and made available to the public according to provisions of Texas Government Code Sections 551.125 and 551.127.

WHEREUPON, the meeting was called to order by Director Rendl and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

PRESIDENT'S MESSAGE

Director Rendl thanked everyone for attending tonight's meeting via conference call. Director Rendl then stated that the Authority has received several requests to delay the surface water rate and pumpage fee increases that were scheduled to go into effect on April 1<sup>st</sup>. Director Rendl explained that the Authority relies on the surface water rate and pumpage fee revenue to fund the Authority's capital projects, to meet its financial obligations to the City of Houston and make payments on the Authority's outstanding bonds. Director Rendl next stated that the Board would like to help its customers during this difficult time, so the Authority has

asked Ms. Plunkett and Mr. Howell, the Authority's financial advisor, to review the impact of delaying the April 1<sup>st</sup> rate increase. Director Rendl added that he is personally in favor of delaying the rate increase until July 1, 2020 and suspending the late payment penalty in certain cases until July 31, 2020.

#### BOARD MEMBER COMMENTS

Director Pulliam stated that it is critical to closely review the impact of delaying the rate increase.

#### PUBLIC COMMENTS

Mr. Jerry Homan of Harris County Freshwater Supply District No. 61 then thanked the Board for calling today's meeting and for the Board's time and consideration of this matter.

#### REGULAR AGENDA

#### REVIEW AND DISCUSS OPTIONS FOR POSTPONEMENT OF AUTHORITY RATE INCREASE EFFECTIVE APRIL 1, 2020, AND TAKE ANY NECESSARY ACTIONS ON SAME

Director Rendl then called upon Mr. Howell to review his analysis of delaying the April 1<sup>st</sup> rate increase with the Board. Mr. Howell stated that after reviewing the Authority's revenues and expenses with Ms. Plunkett, he believes the Authority is able to delay the rate increase for three (3) months, until July 1<sup>st</sup>. Mr. Howell noted that delaying the rate increase will result in approximately \$2.6 million in lost revenue for the Authority, but that there will be no adverse impact on the Authority's financing obligations with the Texas Water Development Board or the Authority's rating with Standard & Poor's. Mr. Howell also stated that delaying the rate increase will not have an adverse impact on the Authority's emergency fund. Director Pulliam asked if the Authority would need to delay rate increases again if COVID-19 returns in the fall. Mr. Howell responded that he is comfortable with the Authority deferring the rate increase for the next three (3) months, but that he cannot make a determination at this time beyond that timeframe. Director Pulliam then asked if it is possible that the surface water rate would have to be increased by \$0.45 in three (3) months instead of the \$0.40 increase that was approved in December 2019. Mr. Howell responded that he is recommending that the \$0.40 increase be deferred until July 1<sup>st</sup> and that he is not recommending any additional increase beyond what was approved by the Board in December 2019. Director Rendl then noted that whatever revenue the Authority does not receive due to the rate increase postponement will need to be accounted for in the 2021 budget.

Director Sigler joined the conference call meeting at this time.

Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the postponement of the Authority's surface water rate and pumpage fee increases until July 1<sup>st</sup>.

Director Rendl next proposed that late payment penalties on Authority fees be waived until July 31<sup>st</sup> for any utility districts that are unable to pay their bill to the Authority due to the

non-payment of customer bills in their district. Director Rendl noted that utility districts will still owe their payments to the Authority, but that any late payment penalties will not be applied. Director Pulliam asked how the Authority will know if a utility district is having issues receiving customer payments. Director Rendl responded that a utility district will need to request the waiver of late payment penalties from the Authority in writing, and that Ms. Plunkett will make a determination on a case by case basis. Director Pulliam asked if the Authority will be sending a letter or email to the entities within the Authority regarding the rate increase postponement and the waiver of late payment penalties. Director Rendl then reviewed a statement that will be placed on the Authority's website regarding the rate increase postponement and the waiver of late payment penalties, a copy of which is attached hereto. Director Rendl noted that any entity that would like to request a waiver of late payment penalties will need to submit a request in writing to the Authority and that the waiver will not automatically be given.

Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the waiver of late payment penalty fees as outlined above.

PUBLIC COMMENTS

Mr. Homan then thanked the Board on behalf of the Water Users Coalition for their consideration and decision on the postponement of the implementation of the surface water fee and pumpage fee rate increases from April 1<sup>st</sup> to July 1<sup>st</sup>. .

CONFIRM UPCOMING MEETING DATE

Director Rendl then informed the meeting attendees that the Authority's next regular meeting will be held via conference call on Monday, May 4, 2020, at 6:00 p.m. Director Rendl noted that the Authority will attempt to utilize additional technology to allow meeting attendees to view consultant reports along with the slide show presentation during such meeting.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of May, 2020.

/s/ Lenox A. Sigler \_\_\_\_\_  
Secretary, Board of Directors

