

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

November 15, 2021

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in special session, open to the public, at 6:00 p.m. on Monday, the 15th day of November, 2021, at the Authority's office located at 3648 Cypress Creek Parkway, Suite 110, Houston, Texas, a public meeting place within the boundaries of the Authority; 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. Jun Chang, P.E., D.WRE, General Manager for the Authority; Mr. Mark Evans, Director of Planning and Governmental Affairs for the Authority; Mr. Doug Haude, P.E., Construction Manager for the Authority; Ms. Cynthia Plunkett, Finance Director for the Authority; Messrs. Philip Topek and Michael Baugher, P.E., of AECOM Technical Services, Inc. ("AECOM"), Program Manager for the Authority; Mr. John Howell, of The GMS Group, L.L.C., co-financial advisor to the Authority; and Mr. Jon D. Polley, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC, general counsel and co-bond counsel for the Authority. Numerous members of the public and other consultants to the Authority were also present at the meeting.

WHEREUPON, the meeting was called to order 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.

A copy of the PowerPoint presentation for the meeting is attached as an exhibit to these minutes.

BUDGET WORKSHOP, INCLUDING REVIEW AND DISCUSSION OF THE PROPOSED BUDGET FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022 (THE "2022 BUDGET"), AND REVIEW AND DISCUSSION OF THE PROPOSED 2022-2023 CAPITAL IMPROVEMENT PLAN (THE "2022-2023 CIP")

Director Rendl stated a public hearing will not be required this year, as the surface water and pumpage fees will be unchanged in 2022.

2022 BUDGET WORKSHOP

Mr. Chang then explained that the proposed 2022 Budget was developed by the Authority's staff members, working with various representatives of the Authority's consultant

team. Mr. Chang went on to explain that the goal was to develop a fiscally sound budget that was, at the same time, comprehensive enough to efficiently and properly operate and maintain the Authority's 2010 Surface Water Transmission and Distribution System (the "2010 System") in conformance with all local, state and federal regulations, to remain in compliance with the Authority's updated Groundwater Reduction Plan, and to continue the planning and development process for the Authority's 2025 Surface Water Conversion Program.

Ms. Plunkett then presented an overview of the proposed 2022 Budget, including the Operating Budget Planning Report and the various revenue and expense items included in the proposed 2022 Budget. Ms. Plunkett noted that the Authority's earned interest amount is budgeted conservatively due to the unpredictable future interest rates and the decreasing capital fun balances. A complete copy of the 2022 Budget Workshop packet is attached hereto.

Mr. Topek next reviewed the 2022 Operation and Maintenance ("O&M") budget and expense items reflected in the proposed 2022 Budget, as outlined in the attached PowerPoint presentation. Mr. Topek informed the Board that the Authority's total O&M costs are projected to be \$23,366,000 for 2022 which is the same amount as the O&M expenses that were budgeted for 2021. Mr. Topek further stated that 72% of the proposed 2022 O&M Budget will be used for funding the Authority's water purchase costs from the City of Houston ("COH"). Mr. Topek went on to explain that several of the key considerations in developing the proposed 2022 Budget included providing for an anticipated increase in the volume of water purchased from the COH, an anticipated increase in the COH's O&M rate, increased physical monitoring of the Authority's distribution system, projected increases in utilities, chemicals, operator, regulatory fees, water sampling/monitoring and maintenance/repair costs and the potential impact of supply chain issues. Director Rendl asked if there will be cost increases due to supply chain issues. Mr. Topek explained that for the most part, the Authority's construction contract prices are locked in and will not change, but that there could be a delay in the timeline of construction projects.

Ms. Plunkett then went on to review the Administrative Expenses reflected in the proposed 2022 Budget. Ms. Plunkett explained that the Authority's total Administrative Expenses are projected to be \$5,071,285 for 2022. Ms. Plunkett noted that the Legal Services budget has been reduced from \$256,500 to \$212,500.

Ms. Plunkett next noted that the Communications Services budget line item has been decreased from \$376,093 for 2021 to \$370,493 for 2022. Ms. Payne then briefly reviewed the various items included in the Communication Services budget.

Ms. Plunkett next reviewed the Management Services budget line item and stated that it is projected to be \$3,106,792 for 2022, increased from \$2,864,952 for 2021. Ms. Plunkett concluded her remarks by reporting that the proposed 2022 Budget reflects total projected revenues of \$116,400,000 and total projected expenses of \$122,561,349.

REVIEW OF PROPOSED 2022-2023 CIP

Mr. Chang then stated that this is the 20th CIP to be developed by the Authority and then called on Mr. Baugher to review the proposed 2022-2023 CIP, as outlined in the attached PowerPoint presentation.

Mr. Baugher explained that the proposed 2022-2023 CIP focuses on the development and expansion of the infrastructure needed to enable the Authority to meet the HGSD 2025 surface water conversion mandate. Mr. Baugher further explained that the 2022-2023 CIP includes, but is not limited to the following items: 1) continue maintenance and enhancements of the Authority's existing Regional Pump Station and Water Plant; 2) continue evaluating the need for additional regional water wells and enhancements to the 2010 System and take any necessary steps to optimize use of such system; 3) identify and purchase the sites for the third Regional Pump Station and second Regional Water Plant; 4) finalize design and construction of the 2025 transmission line; 5) provide funding for the Authority's share of the cost for the major expansion of the NEWPP; 6) provide funding for the Authority's share of the cost for acquisition of real estate, design and construction of the proposed joint transmission line from the NEWPP site to the Authority's take-point and proposed 2025 transmission line; 7) pay the Authority's portion of the project costs for the Luce Bayou Interbasin Transfer Project; 8) continue the planning, design and construction of the 2025 distribution system; 9) provide funding to help encourage and facilitate implementation of reuse systems; and 10) provide professional services to perform the wide variety of activities required to implement the 2022-2023 CIP.

Mr. Baugher next explained that it will cost approximately \$516 million to implement the Authority's 2022-2023 CIP, \$49 million of which will be funded from proceeds of the Authority's prior bond issues, capital contributions and interest earnings and \$455 million of which will be provided by TWDB's SWIFT funds. Mr. Baugher added that approximately \$12 million of "Other" funding will be provided by other entities via cost sharing agreements.

Mr. Baugher then reviewed the major projects that are part of the 2022-2023 CIP, including the Luce Bayou Interbasin Transfer project, the NEWPP Expansion project, the NETL project, the Authority's 84-inch transmission line project, Project 28-"The Loop" project, Project 31-"The 2nd Loop" project, Project 25E-"36-inch Interconnect" project and Projects 6C-1, 6C-2 and 7D-1.

GENERAL MANAGER'S ACTION ITEMS

AWARD OF CONTRACT FOR CONSTRUCTION OF PROJECT 24C AND AUTHORIZE EXECUTION OF SAME

Mr. Chang then recommended award of the contract for construction of Project 25C (Highway 249 Pump Station) to the best overall qualified bidder, Five Companies, LLC ("Five Companies"), in the amount of \$102,151,000. Mr. Chang next introduced Mr. Haude to provide an overview of the Competitive Sealed Proposal ("CSP") process that was used to select the best overall qualified bidder. Mr. Haude explained that the CSP process is an alternative to the design/bid process that awards a project to the lowest bidder. Mr. Haude stated that the CSP process allows the Authority to evaluate bidders on more than just their bid amount, and a committee reviews a number of criteria before recommending award of a contract to the best overall qualified bidder. Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the award and execution of the contract for construction of Project 25C to Five Companies, in the amount of \$102,151,000.

AUTHORIZE GENERAL MANAGER TO NEGOTIATE, FINALIZE AND EXECUTE AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES WITH BL TECHNOLOGY, INC. ("BLTI")

Mr. Chang next requested Board authorization to negotiate, finalize and execute the Agreement with BLTI for professional on-call engineering services. Upon motion by Director Fessler, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the General Manager to negotiate, finalize and execute the Agreement with BLTI, a copy of which is included in the Authority's files.

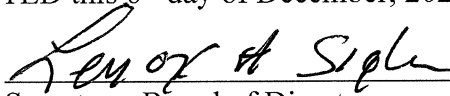
CONFIRM UPCOMING MEETING DATES

Mr. Chang then noted the Board's regular meeting will be held on Monday, December 6, 2021 at 6:00 p.m. Director Rendl noted that only a brief review of the proposed 2022 Budget and the proposed 2022-2023 CIP will be presented at the December 6th Board meeting.

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

PASSED, APPROVED AND ADOPTED this 6th day of December, 2021.




Secretary, Board of Directors