


NHCRWA BOARD MEETING SPECIAL SESSION

January 23, 2023



Call to Order

- Invocation – Mike Kelley
- Pledges of Allegiance

The background of the image is a stylized American flag. The top-left corner features a blue canton with white stars, while the rest of the image is filled with horizontal red and white stripes.

**I pledge allegiance to the flag of the
United States of America
and to the Republic for which it
stands, one Nation
under God, indivisible, with liberty
and justice for all.**



**Honor the Texas
flag; I pledge
allegiance to
thee, Texas, one
state under God,
one and
indivisible.**

Approve minutes of prior meetings including:

- December 19, 2022 special meeting
- January 9, 2023 regular meeting

Public Comments

Message from the President and Board
Members

Legislative/Government Affairs Update

Construction and planning, including 2025 distribution system and future financing



North Harris County Regional Water Authority
Projects Currently Under Design or Construction
As of 1/20/23



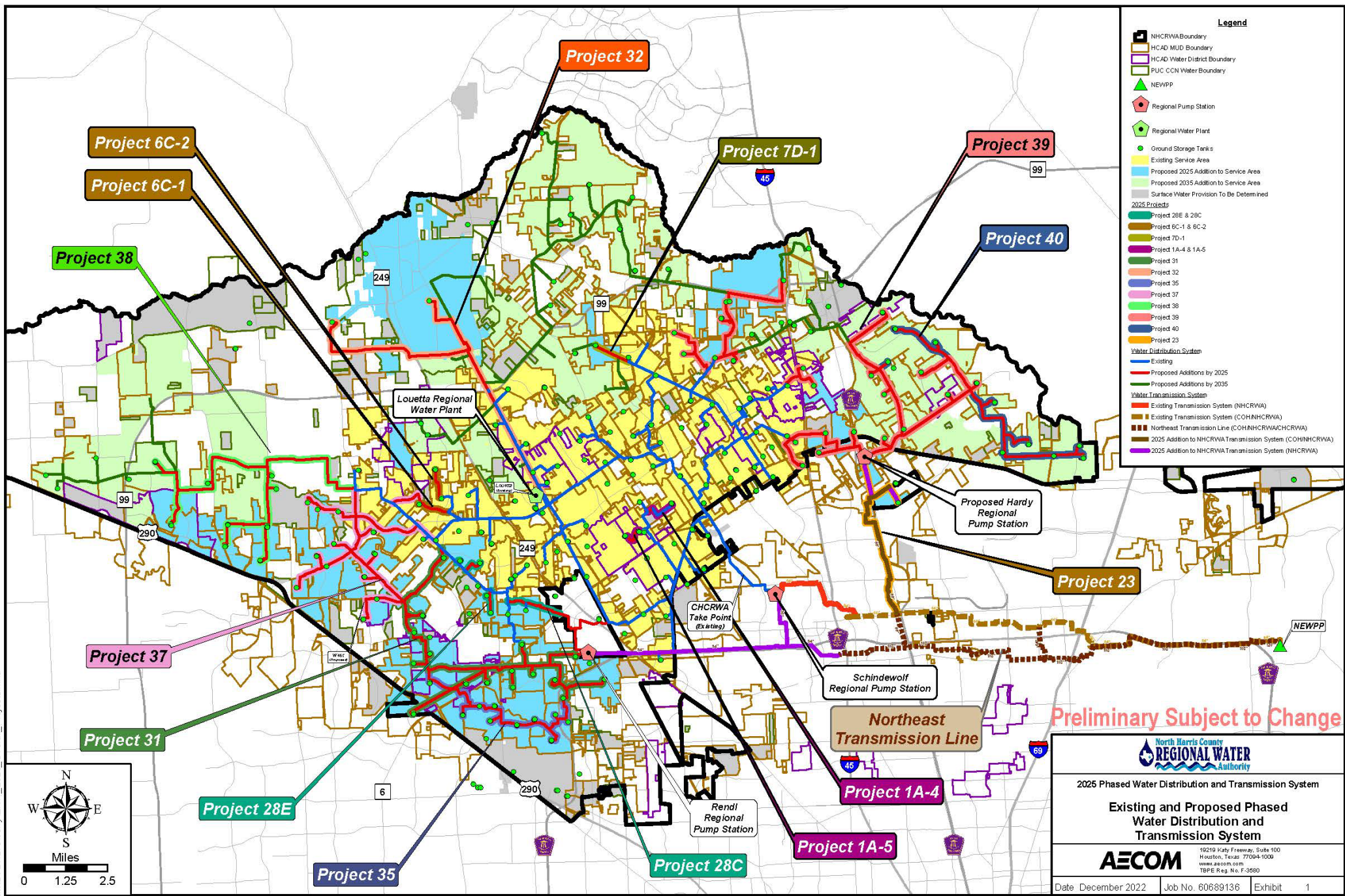
Project	Bid Date	Start Construction	Construction Completion (Substantial)	Districts Served	Surface Water Delivered (MGD)	Estimated Total Project Cost	Cost/1000 Gallons
Projects Under Construcion							
25D 84-inch	October 2020	June 2021	2nd Quarter 2023	Transmission Line	124 (Line Capacity)	\$43,209,582	\$348
25A 84-inch	January 2021	July 2021	3rd Quarter 2023	Transmission Line	124 (Line Capacity)	\$36,548,306	\$295
25B 84-inch	January 2021	May 2021	1st Quarter 2023	Transmission Line	124 (Line Capacity)	\$19,940,268	\$161
25C 84-inch	November 2020	April 2021	2nd Quarter 2023	Transmission Line	124 (Line Capacity)	\$29,005,160	\$234
28F 12 and 16-inch	December 2020	March 2021	1st Quarter 2023	Cypress Creek UD HCMUD No. 230 Emerald Forest UD Mills Road MUD	1.92 (4.5 - Line Capacity)	\$13,992,996	\$3,110
28D 60-inch Mills Rd	January 2021	July 2021	2nd Quarter 2023	Distribution Line	64 (Line Capacity)	\$26,420,874	\$413
2-8 Schindewolf Regional PS	May 2021	July 2021	1st Quarter 2023	Pump Station	80.64 (Firm Pumping Capacity)	\$8,611,833	\$107
24C Rendl Regional PS	July 2021	January 2022	4th Quarter 2023	Pump Station	100.8 (Firm Pumping Capacity)	\$117,418,705	\$1,165
25E 36-inch Trickey Rd.	August 2021	December 2021	1st Quarter 2023	Transmission Line	23 (Line Capacity)	\$14,714,672	\$640
28G 84-inch N. Gessner	August 2021	December 2021	1st Quarter 2023	Distribution Line	124 (Line Capacity)	\$11,162,290	\$90



North Harris County Regional Water Authority
Projects Currently Under Design or Construction
As of 1/20/23



Project	Bid Date	Start Construction	Construction Completion (Substantial)	Districts Served	Surface Water Delivered (MGD)	Estimated Total Project Cost	Cost/1000 Gallons
Projects Under Design							
7D-1 16 and 30-inch	March 2023	May 2023	1st Quarter 2024	NWHCMUD No. 32	0.54 (16 - Line Capacity)	\$4,968,306	\$311
6C-2 16-inch	March 2023	May 2023	1st Quarter 2024	NWHCMUD No. 5	1.03 (4.5 - Line Capacity)	\$3,213,475	\$714
6C-1 16-inch	March 2023	June 2023	1st Quarter 2024	Faulkey Gully MUD	0.29 (4.5 - Line Capacity)	\$2,994,921	\$666
31E 16 and 24-inch	March 2023	June 2023	1st Quarter 2024	Timberlake ID HCFWSD No. 61	0.92 (10 - Line Capacity)	\$14,678,231	\$1,468
28E 16-inch	April 2023	June 2023	2nd Quarter 2024	Lake Forest UD NWHCMUD No. 9	1.29 (4.5 - Line Capacity)	\$7,954,313	\$1,768
31D 12 and 24-inch	April 2023	July 2023	3rd Quarter 2024	HCMUD NO. 69 HCFWSD No. 61	0.63 (10 - Line Capacity)	\$16,150,177	\$1,615
31B 12 and 30-inch	April 2023	July 2023	4th Quarter 2024	Reid Road MUD No. 2 WHCMUD No. 21	0.69 (16 - Line Capacity)	\$21,234,589	\$1,327
28C 60-inch Mills Rd	May 2023	July 2023	3rd Quarter 2024	Distribution Line	64 (Line Capacity)	\$25,678,289	\$401
31A 12, 16, 24, 30 and 36-inch	May 2023	July 2023	4th Quarter 2024	White Oak Bend MUD Heron Lakes Reid Road MUD No. 1	1.00 (23 - Line Capacity)	\$26,647,269	\$1,159
31F 12 and 48-inch	May 2023	July 2023	4th Quarter 2024	Grant Road PUD	0.19 (40 - Line Capacity)	\$20,224,111	\$506
31C 12, 16 and 24-inch	June 2023	September 2023	4th Quarter 2024	HCMUD No. 170 HCFWSD No. 61	1.04 (10 - Line Capacity)	\$23,699,425	\$2,370
35A 12 and 30-inch	November 2023	January 2024	1st Quarter 2025	WHCMUD No. 11	0.81 (16 - Line Capacity)	\$19,594,447	\$1,225
35D 12 and 24-inch	November 2023	January 2024	4th Quarter 2024	HCMUD No. 222	0.53 (10 - Line Capacity)	\$10,440,511	\$1,044
35C 12 and 24-inch	December 2023	February 2024	2nd Quarter 2025	HCMUD No. 168 NWHCMUD No. 29	1.34 (10 - Line Capacity)	\$26,935,367	\$2,694
35B 12-inch	December 2023	February 2024	1st Quarter 2025	WHCMUD No. 9 WHCMUD No. 10	1.08 (2.5 - Line Capacity)	\$21,393,903	\$8,558



Harris County joint election billings,
including reviewing contracts and
billings for 2020 and 2022 elections

Personnel matters

Water reliability and water security issues

Discussion of possible future agenda items



Next regular meeting date

**Monday, February 6, 2023
at 6:00 p.m.**

A vertical splash of water on the left side of the slide, with droplets and bubbles visible. The background is a light blue gradient.

Executive Session



Reconvene



Adjourn

AGENDA
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

Notice is hereby given that pursuant to Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code, both as amended, the Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") will meet in special session, open to the public, on **Monday, January 23, 2023, at 6:00 p.m., at the Authority's Office, 3648 Cypress Creek Pkwy., Suite 110, Houston, Harris County, Texas 77068** to consider and act on the matters listed below.

The Authority will broadcast this meeting on Zoom. People must register to view and/or listen to the meeting on Zoom at <https://tinyurl.com/3jb8sst2>. Upon registration, a telephone number to listen to the meeting, a link to watch the meeting, and a password will be provided. **People viewing/listening to the meeting on Zoom will NOT be able to address the Board during the meeting. The Authority makes no assurances that all or any business conducted during this meeting will be visible or audible to people monitoring the meeting on Zoom. The Zoom broadcast will be recorded.**

1. Call to Order
 - a. Invocation – Mike Kelley
 - b. Pledges of Allegiance
 - c. Approve minutes of prior meetings, including December 19, 2022 special meeting and January 9, 2023 regular meeting
2. Public Comments (up to 3 minutes per person for a maximum of 30 minutes)
3. Messages from the President and Board Members
4. Legislative/Government Affairs Update
5. Construction and planning, including 2025 distribution system and future financing
6. Harris County joint election billings, including reviewing contracts and billings for 2020 and 2022 elections
7. Personnel matters
8. Water reliability and water security issues
9. Discussion of possible future agenda items
10. Announce next meeting:
 - a. Regular meeting – Monday, February 6, 2023, at 6:00 p.m.
11. Executive session, as needed, including Harris County joint election billings and water security issues


12. Reconvene in public session to act on items discussed in executive session
13. Adjourn

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive session of the Board should be held or is required in relation to any agenda item included in this Notice, then such closed or executive meeting or session, as authorized by the Texas Open Meetings Act, will be held by the Board at the date, hour, and place given in this Notice concerning any and all subjects for any and all purposes permitted by the Texas Open Meetings Act or other applicable law, including, but not limited to Section 551.071, for the purpose of a private consultation with the Board's attorney on any and all subjects or matters authorized by law.

EXECUTED this 18th day of January, 2023.



NORTH HARRIS COUNTY REGIONAL
WATER AUTHORITY

By: 

Jon Polley
Radcliffe Bobbitt Adams Polley PLLC
General Counsel for the Authority

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

December 19, 2022

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 19th day of December, 2022, 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:

Mark Ramsey	President
Melissa Rowell	Vice President
Ron Graham	Secretary
David Barker	Treasurer
Kelly P. Fessler	Assistant Secretary

All members of the Board were present except Director Graham, 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; Ms. Lisa Sagstetter, Communications and Community Relations Manager for the Authority; Ms. Kibriana Bonner, Administrative Assistant to the Authority; Mr. Carlton McDevitt of Inframark, LLC, operator for the Authority; Ms. Monica Garza, attorney, and Ms. Alison Miller, paralegal, of Radcliffe Bobbitt Adams Polley PLLC, general counsel and co-bond counsel for the Authority. Other members of the public and consultants to the Authority were also present at the meeting. Copies of the public sign-in sheets are attached hereto.

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.

CALL TO ORDER

Director Rowell called the meeting to order and noted that tonight's meeting was being recorded. Ms. Tara Beulah delivered an invocation. Director Barker led the meeting attendees in the Pledges of Allegiance.

PUBLIC COMMENT

Director Rowell then stated that a public comment card was received from Mr. Jerry Homan, General Manager of Harris County Freshwater Supply District No. 61. Mr. Homan addressed the Board and wished everyone a Merry Christmas and Happy New year. Mr. Homan stated that he would like to encourage the Board to attend the Association of Water Board Directors Mid-Winter Conference in January, which is a great opportunity for education and networking. Mr. Homan then stated that he would like to highlight the Water Users Coalition,

which is a group independent of the Authority, and was started in order to unite utility districts to have a stronger voice. Mr. Homan asked that the Authority include the Water Users Coalition in any discussions that are held by the committee that was approved at last month's meeting.

Director Ramsey entered the meeting at 6:03 p.m.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Ramsey stated that he would like to make clear to the meeting attendees that the new Directors are not trying to tear up the existing Authority and its mission. Director Ramsey then stated that there was a very clear bipartisan opinion in this area to lower the Authority's water rates and that the new Directors are committed to achieving that goal. Director Ramsey next stated that in his opinion, a governmental agency should not be scare mongering the public and it is not the role of a governmental agency to make the public fearful in any way. Director Ramsey also stated that he encourages everyone to change their focus and no longer use scare mongering tactics to accept exorbitant water rate increases.

Director Rowell stated that the voters spoke when they elected the new Directors to the Board and that they are working for Authority residents. Director Rowell then stated that she is going to review the subsidence studies and make it a goal to find a more affordable way to fund projects.

DISCUSSION ITEMS

PROCEDURE FOR APPROVAL OF EXPENDITURES UP TO \$50,000

Director Ramsey asked Mr. Chang to explain the approval process for Authority expenditures under \$50,000 that do not require Board approval. Mr. Chang stated that the Authority's procedural rules delegate authority to the General Manager to approve expenditures up to \$50,000 without seeking prior approval from the Board. Mr. Chang explained that this process is for efficiency and eliminates the need to come to the Board for approval for every single expenditure, and allows certain items to be handled quickly and/or immediately in some cases. Mr. Chang noted that this policy is an exact mirror of the policy used by the City of Houston (the "City"). Extensive discussion ensued regarding potential changes to the Authority's Procedural Rules and the General Manager's authority for approval of expenditures up to \$50,000. Mr. Chang noted that for the time being, he will notify the Board of expenditures in excess of \$25,000.

Ms. Garza stated that no action can be taken on this item at tonight's meeting because it was listed under discussion items on the agenda. Ms. Garza stated that an action item can be placed on the January 9th agenda.

RATES FOR AUTHORITY FEES, INCLUDING IMPACT ON UNRESTRICTED FUND BALANCES OF \$0.50 AND \$1.00 REDUCTION IN RATES FOR SURFACE WATER AND GROUNDWATER PUMPAGE

Ms. Garza reviewed the process for enacting a change in the Authority's rates. Ms. Plunkett then reviewed the impact on the Authority's unrestricted fund balances and revenues if the Authority's rates are reduced.

Mr. Howell reviewed an analysis of the Authority's financial position in the event of a rate decrease. Mr. Howell noted that all of these scenarios are based on the information that we have right now and assuming no changes in the future. Mr. Howell stated that in his opinion, a \$0.50 rate decrease right now would likely not cause a larger rate increase in the future. Mr. Howell also stated that the Authority could likely decrease its rates by \$0.50 right now and have a constant rate through 2026, with a \$1.00 rate increase in 2027. Mr. Howell noted that he is more comfortable with a \$0.50 decrease as opposed to a \$1.00 decrease. Discussion ensued regarding the various potential impacts of a decrease to the Authority's rates.

REPORTS

OPERATOR'S SYSTEM REPORT, INCLUDING OPERATIONS ISSUES ENCOUNTERED IN 2022 AND ANTICIPATED IN 2023

Mr. Chang presented the Operator's System Report to the Board. Mr. Chang reported that the Authority's system is relatively young compared to the industry standard, but that the facilities are aging and there will be major repairs in the future. Mr. Chang stated that the Authority's biggest challenge over the last year was surface water availability for the City since the City has limited the amount of surface water available to the contracted amount. Mr. Chang then stated that the limit in surface water is why the Authority will fall below the surface water conversion mandate for the current permit year, but that the Authority has over-conversion credits that can be used to meet the regulatory requirements. Mr. Chang next stated that another issue the Authority has faced is development in technology and the conversions required to switch the Authority's facilities from 3G to 5G cellular service. Mr. Chang went on to report that in 2023, the Authority will continue migration from old to new SCADA systems and repairs to aging infrastructure are expected to increase. Mr. McDevitt stated that the Board can refer to operational expenditures from the previous year for an idea of proposed upcoming costs. Discussion ensued regarding various operational issues.

LONG-RANGE PLANNING FOR REGULATORY COMPLIANCE

Mr. Chang then reviewed the Authority's plan for long-term regulatory compliance regarding service water conversion. Mr. Chang explained the process for obtaining and using over-conversion credits. Mr. Chang stated that the Authority has planned for potential deficits in surface water conversion in certain years and will use over-conversion credits to be in compliance.

Director Ramsey then recessed the meeting for a 10-minute break.

Director Ramsey reconvened the meeting.

PENDING LITIGATION/CONDEMNATION REPORT

Mr. Chang reported that there is no pending litigation on behalf of the Authority, but there is currently litigation between the City and its contractor for the Northeast Water Purification Plant expansion project.

Mr. Chang then reviewed the status of the Authority's condemnation cases and costs related to same. Mr. Chang stated that the real estate acquisition team can attend the next Board meeting to provide more details if the Board desires. Mr. Chang reported that the Authority has 15 projects involving 326 parcels, of which 65 parcels went to condemnation. Mr. Chang stated that of the 65 parcels that went to condemnation, 37 were settled before being assigned to commissioners and the remaining 28 parcels are pending. Director Barker asked why a statement was made at a previous Board meeting that the Authority was taking more property than it needed for a project. Mr. Chang stated that he cannot recall that statement being made and the Authority does not take more property than it needs for a project. Ms. Garza then reviewed the condemnation process. Discussion ensued regarding the condemnation process.

LEGISLATIVE REPORT INCLUDING UPDATE ON 88TH TEXAS LEGISLATURE

Mr. Evans reviewed a summary of the 87th Legislative Session and provided an update on what can be expected during the upcoming 88th Legislative Session. Mr. Evans stated that the Authority monitors proposed legislation along with Mr. Steve Bresnen, the Authority's lobbyist, Mr. Jon Polley, the Association of Water Board Directors and the Texas Water Conservation Association. Mr. Evans then stated that the Authority is interested in any bills that might affect water supply policy, regional water planning, regulation of special districts and local governments, the State Water Implementation Fund for Texas, anything involving the City or the Texas Commission on Environmental Quality, as well as many other topics. Director Rowell asked if proposed bills are brought to the Board if the Authority is considering an opposing stance. Mr. Evans stated that the Authority monitors proposed legislation and will have conversations about the proposed bills and then discuss the matter with Mr. Chang to determine what the position of the Authority. Mr. Chang stated that it is his responsibility to bring a proposed bill to the Board if a policy decision needs to be made. Mr. Evans stated that Mr. Bresnen is invaluable to the Authority by being in Austin during legislative sessions. Director Ramsey asked if the Authority ever supports proposed legislation. Mr. Evans stated that if the Authority should be in support of a bill that has been filed, they will support that bill.

ACTION ITEMS

ADOPT RESOLUTION APPROVING AND IMPLEMENTING THE 2023-2027 CAPITAL IMPROVEMENT PLAN ("CIP")

Director Fessler made a motion, seconded by Director Ramsey, to adopt the Resolution Approving and Implementing the 2023-2027 CIP.

Discussion then ensued regarding the CIP, the length of time that should be reflected in the CIP and adoption of same.

Director Ramsey then called for a vote on Director Fessler's motion. Director Fessler voted in favor with Directors Ramsey, Barker and Rowell voting in opposition. The motion failed for lack of a majority vote.

Upon motion by Director Ramsey, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Approving and Implementing CIP for 2023-2024.

ADOPT BUDGET FOR THE FISCAL YEAR ENDING DECEMBER 31, 2023

Director Barker made a motion to table this item until more information can be provided.

Ms. Garza recommended adopting the budget at this time and then amending it at a later date if the Board desires. Ms. Garza stated that the Authority needs an adopted budget to for its operations after January 1, 2023.

Director Ramsey made a motion and Director Barker seconded, to adopt the same budget from the fiscal year ending December 31, 2022 for the fiscal year ending December 31, 2023.

Discussion ensued regarding various budget items and questions.

Director Ramsey called for a vote on his previous motion. Directors Ramsey, Fessler and Barker voted in favor with Director Rowell voting in opposition. The motion passed.

AUTHORIZE REMAINDER OF PAYMENT TO HARRIS COUNTY FOR JOINT ELECTION COSTS

Upon motion by Director Rowell, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to table this item until the January 9th Board meeting.

AUTHORIZE EXECUTION OF PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN THE AUTHORITY AND THE TEXAS NETWORK, LLC

Upon motion by Director Rowell, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to table this item until the January 9th Board meeting.

CONFIRM UPCOMING MEETING DATE

Director Ramsey then confirmed the next regular meeting will be held on Monday, January 9, 2023, at 6:00 p.m.

EXECUTIVE SESSION

Director Ramsey convened the Board in executive session at 9:45 p.m., pursuant to Section 551.074, Texas Government Code, regarding personnel matters. Directors Ramsey,

Rowell, Barker and Fessler, Mr. Chang, Ms. Garza and Ms. Miller remained in the executive session.

Director Fessler exited the meeting at 10:34 p.m.

RECONVENE IN OPEN SESSION

Director Ramsey then reconvened the meeting in open session at 11:23 p.m., at which time no action was taken.

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

PASSED, APPROVED AND ADOPTED this 23rd day of January, 2023.

Secretary, Board of Directors

(AUTHORITY SEAL)

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

January 9, 2023

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, at 6:00 p.m. on Monday, the 9th day of January, 2023, 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:

Mark Ramsey	President
Melissa Rowell	Vice President
Ron Graham	Secretary
David Barker	Treasurer
Kelly P. Fessler	Assistant Secretary

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; Ms. Kibriana Bonner, Administrative Assistant to the Authority; Mr. Mike Baugher of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. Carlton McDevitt of Inframark, LLC, operator for the Authority; Mr. John Howell, of The GMS Group, L.L.C., co-financial advisor to the Authority; Mr. Steve Bresnen of Bresnen Associates, legislative affairs consultant for the Authority; 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. Other members of the public and consultants to the Authority were also present at the meeting. Copies of the public sign-in sheets are attached hereto.

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.

CALL TO ORDER

Director Ramsey called the meeting to order. Mr. Ben Solis delivered an invocation and led the meeting attendees in the Pledges of Allegiance.

PUBLIC COMMENT

Director Ramsey then stated that a public comment card was received from Mr. Jerry Homan, General Manager of Harris County Freshwater Supply District No. 61. Mr. Homan addressed the Board and stated that he has been attending Authority meetings since the inception of the Authority, and he believes the highest immediate need of the Authority is to meet the Harris-Galveston Subsidence District's (the "HGSD") 2025 surface water conversion requirements while avoiding disincentive fees. Mr. Homan then stated that many construction costs have and will continue to increase, interest rates may continue to rise and the legislature

could enact new legislation affecting the Authority, all of which could impact Authority rates in the future. Mr. Homan next stated that he appreciates the Board's consideration of a reduction to the Authority's surface water and pumpage fees, but that he would like to ask that the Board take a conservative approach to the rates so that there is not a larger than necessary increase in the future.

Director Ramsey next stated that a public comment card was received from Mr. Bill Papp of Harris County Water Control and Improvement District No. 132. Mr. Papp addressed the Board and stated that in his opinion, the new Directors are lacking basic knowledge of Robert's Rules of Order and the Texas Open Meetings Act, and that the new Directors have missed numerous opportunities to learn more about the Authority and its activities. Mr. Papp then stated the actions of the new Directors leads him to believe that negativity will be the outlook of the new Directors going forward.

Mr. Norman Adamek of Harris County MUD No. 249 addressed the Board and stated that he believes the current Board is out ahead of what the public can see as a problem regarding water rates. Mr. Adamek then stated that he does not intend to question the current or previous Board and their decision making and that the real problem is that the HGSD is forcing the Authority to comply with an artificial mandate that has not been reviewed in 20 years. Mr. Adamek further stated that subsidence is not as big of a problem as it was once believed. Mr. Adamek then welcomed the new Board to the Authority.

Director Rowell stated that the new Directors were in attendance at the Authority's budget workshop and that they have all spent dozens of hours trying to learn the job of Director of the Authority. Director Rowell then stated that the new Directors have all spent time trying to get up to speed on Authority matters and that they are here to challenge the status quo. Director Rowell noted that the new Directors have been praised for the measures they are taking and that they are here to make a positive difference for residents of the Authority.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the November 21, 2022 canvassing meeting, the November 21, 2022 budget workshop and the December 5, 2022 regular meeting. Upon motion by Director Graham, seconded by Director Rowell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the November 21, 2022 canvassing meeting, the November 21, 2022 budget workshop and the December 5, 2022 regular meeting, as written.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Ramsey stated that he would like to echo Director Rowell's previous sentiments and that he has been working very hard in this job on behalf of the Authority's ratepayers. Director Ramsey then stated that he has been attending as many utility district meetings as his schedule allows and that he has received universally positive feedback regarding a rate reduction.

Director Barker reported that during the recent freeze event, the West Harris County Regional Water Authority had issues with the City of Houston (the "City"). Director Barker stated that the City is one of the biggest risks to the Authority's water supply system and that he

would like the Authority to look into how to build the water supply system faster and get off of the City's water supply system. Director Graham stated that the Northeast Water Purification Plant expansion project should solve a lot of problems.

Director Rowell reported that over the last month, she completed the Attorney General's Open Meetings Act and Public Information Act training and attended an HGSD Board meeting. Director Rowell also stated that she recently returned from a trip to Israel and highly recommended that everyone make the trip at some point.

GENERAL MANAGER'S REPORT, INCLUDING SURFACE WATER CONVERSION METRICS AND HIGHLIGHTS OF CONSTRUCTION OF WATER SUPPLY, TREATMENT AND TRANSMISSION FACILITIES

Mr. Chang reported that the Authority used 21.8 MGD of alternative water in December. Mr. Chang also reported that the Authority will fall below the 30% conversion requirement for the 2022 permit year and will need to use over-conversion credits in order to meet the HGSD's mandate..

Mr. Haude presented the Construction Manager's Report to the Board. Mr. Haude reported that the Authority's projects are progressing and no major issues or concerns have arisen that would impact receiving water from the City.

OPERATOR'S REPORT, INCLUDING MONTHLY ISSUES RELATED TO RECEIVING WATER FROM CITY OF HOUSTON OR DELIVERING WATER TO CONVERTED ENTITIES

Mr. McDevitt presented the Operator's Report to the Board. Mr. McDevitt reported that the Authority stopped receiving water from the City during the recent freeze event in order to alleviate pressure on the City's system so that the City could avoid issuing a boil water notice. Mr. McDevitt also stated that he is always in daily communication with the City's operators and they have a very good working relationship.

REPORT ON 88TH TEXAS LEGISLATURE AND INTERAGENCY ISSUES

Mr. Bresnen reported that the 88th Legislative Session begins tomorrow. Mr. Bresnen then reviewed the number and types of bills that have been filed in the House and Senate. Mr. Bresnen stated that he will be monitoring a wide variety of subject matter for anything that might effect the Authority. Mr. Bresnen then provided an overview of House Bill 2525 from the 87th Legislative Session and how it could have impacted that Authority had it been passed. Mr. Bresnen noted that he is very committed to the Authority and its projects, and that it has been amazing to be a part of the Authority over the years.

Director Ramsey asked Mr. Bresnen to give some thought to what legislation could be enacted to actively help the Authority.

Director Rowell asked what would happen if the Authority Board would like to move in a different direction on legislation than it had done previously. Mr. Bresnen stated that he reports

directly to Mr. Evans and that he takes his direction from the Board. Mr. Bresnen then stated that he will provide updates on potential legislation to the Board as often as they would like.

Director Ramsey stated that he would be willing to come to Austin if Mr. Bresnen ever thought it was necessary.

FINANCE DIRECTOR'S REPORT, INCLUDING FINANCIAL REPORT AND PAYMENT OF BILLS

Ms. Plunkett reviewed the Authority's Financial Report with the Board, including the monthly investment report, the checks being presented for payment, and the budget comparison for the month ended November 30, 2022, a copy of which is attached hereto. Upon motion by Director Graham, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) vote opposed, with Director Rowell voting in opposition, to approve the Financial Report, the monthly investment report, and the checks being presented for payment.

UPDATED PRICING POLICY DECREASING RATES BY UP TO \$1.00 PER THOUSAND GALLONS FOR WATER PUMPED FROM A NON-EXEMPT WELL (GROUNDWATER PUMPAGE FEE) AND AUTHORITY WATER (SURFACE WATER FEE)

Director Ramsey stated that a lot of work has been done by Mr. Howell and Ms. Plunkett to provide the Board with analyses of options to reduce the Authority's surface water and pumpage fees. Director Ramsey also stated that Mr. Howell has done extensive modeling for scenarios until 2030. Director Ramsey then reviewed the following options for the Authority's Updated Pricing Policy: 1) leave the surface water and pumpage fees as-is; 2) reduce the surface water and pumpage fees by \$0.50 for the months of June, July and August only; 3) reduce the surface water and pumpage fees by \$0.50 until another rate increase or decrease is deemed necessary; or 4) reduce the surface water and pumpage fees by \$1.00 until another rate increase or decrease is deemed necessary. Discussion then ensued regarding the various options.

Mr. Howell stated that his recommendation is a \$0.50 decrease to the Authority's surface water and pumpage fees. Mr. Howell then stated that with a \$0.50 decrease, the Authority's fund balances would remain at an acceptable level for at least the next few years.

Upon motion by Director Rowell, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the decrease in the pumpage fee from \$4.60 to \$4.10 per 1,000 gallons and the decrease in the surface water rate from \$5.05 to \$4.55 per 1,000 gallons, effective February 1, 2023, and to adopt the Updated Pricing Policy reflecting such rates.

RESOLUTION ADOPTING AMENDED AND RESTATED PROCEDURAL RULES (THE "RESOLUTION") REGARDING THE PROCESS OF HIRING EXEMPT EMPLOYEES AND REPORTING TO BOARD ON OBLIGATIONS OF MORE THAN \$20,000

Director Ramsey reported that the Resolution revises the Authority's Procedural Rules to require the General Manager to report all payments or obligations in excess of \$20,000 to the Board until March 2023 and require the General Manager to discuss the hiring of any exempt

employee with the Board President prior to making a final offer of employment. Director Ramsey stated that the reasoning behind the changes is to make the Board aware of any large expenditures as well as hiring decisions. Discussion then ensued regarding the necessity for these proposed changes, with Director Graham stating that these changes send the message to Mr. Chang that the Board does not trust him.

Upon motion by Director Ramsey, seconded by Director Rowell, after full discussion and the question being put to the Board, the Board voted three (3) votes in favor and two (2) votes opposed, with Directors Fessler and Graham voting in opposition, to adopt the Resolution.

Director Fessler exited the meeting at this time.

HARRIS COUNTY JOINT ELECTION COSTS

Upon motion by Director Rowell, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to table the consideration of payment of the Harris County joint election costs.

Director Fessler reentered the meeting at this time.

ANNOUNCE NEXT MEETINGS

Ramsey stated that the Board intends to hold its regular Board meeting on the first Monday of each month to handle regular business and a special Board meeting on the third Monday of each month with a workshop format.

Director Ramsey then confirmed the following meeting dates:

- Workshop meeting on Monday, January 23, 2023, at 6:00 p.m.
- Regular meeting on Monday, February 6, 2023, at 6:00 p.m.

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

PASSED, APPROVED AND ADOPTED this 6th day of February, 2023.

Secretary, Board of Directors

(AUTHORITY SEAL)