

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 23rd day of January, 2023.



Secretary, Board of Directors

