

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

January 23, 2023

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 23rd 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. Kibriana Bonner, Administrative Assistant for 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. Jon D. Polley, attorney, 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 Ramsey called the meeting to order and noted that tonight's meeting was being recorded. Mr. Mike Kelley, Director of Harris County Freshwater Supply District No. 61, delivered an invocation and led the meeting attendees in the Pledges of Allegiance to the United States and Texas Flags.

APPROVE MINUTES OF PRIOR MEETINGS

The Board considered approval of the minutes of the December 19, 2022 special meeting and the January 9, 2023 regular meeting. Director Ramsey requested that a revision be made to the December 19, 2022 special meeting minutes on page no. 2, paragraph no. 4, line no. 10 to read "Mr. Chang volunteered...". 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 approve the minutes of the December 19, 2022 special meeting, as revised.

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 January 9, 2023 regular meeting, as written.

PUBLIC COMMENT

Mr. Michael Corcoran, resident of the Lakes at Cypress Hill ("LCH") subdivision, addressed the Board and stated that in 2001, the Authority reduced the reduced LCH's well pumpage allotment to 5 million gallons per year ("MGY") from 10 MGY that was permitted by the Harris-Galveston Subsidence District. Mr. Corcoran further stated that the Authority's Rate Order imposes a penalty on any amount pumped over 5 MGY. Mr. Corcoran requested that the Authority amend its Rate Order to allow well pumpage up to 10 MGY and not charge penalties on pumpage over 5 MGY. Mr. Polley stated that the Authority staff can investigate the matter further and an agenda item can be placed on the next agenda to discuss the request.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Ramsey thanked the meeting attendees for being at tonight's meeting and for the positive feedback that has been received regarding the Authority's rate decrease.

Director Rowell stated that if someone contacts the Authority through the Authority's website, the Board receives the message and will reach out to provide an answer. Director Rowell then reported that she attended a recent Lonestar Groundwater Conservation District meeting and will be attending the upcoming Association of Water Board Directors-Texas Mid-Winter Conference. Director Rowell then stated that the Board is considering conducting an internal audit of the Authority and its processes. Director Rowell next stated that she would like to find out if utility districts are required to pass on the Authority's recent rate decrease to their customers. Director Rowell also stated that she would like to find out if the Authority evaluates the backgrounds and insurance coverage of their contractors and the subcontractors that are used by utility companies doing work in the Authority as well as contractors used by the City of Houston (the "City"). Director Rowell further stated that she has been investigating water main breaks that have occurred within the City and is concerned about the water loss of 15-20%. Director Rowell asked if the Authority has any responsibility for those breaks or if the City's water loss is a concern for the Authority. Mr. Chang stated that the Authority does not have anything to do with the City and their water main breaks. Director Rowell also stated that in light of recent fraud issues reported in Harris County Municipal Utility District No. 304, she would like the Authority to consider doing an internal audit.

Director Fessler stated that the Authority does not have anything to do with water leaks within the City. Director Fessler further stated that the money the Authority pays to the City only has to do with the Authority's pro rata share of the operation of the City's Northeast Water Purification Plant. Director Fessler then stated that the Authority's contractors are always well vetted and if there are any concerns, to please bring them to Mr. Chang.

Director Barker asked for clarification on the Texas Open Meetings Act ("TOMA") and discussing topics with the public during public comment. Mr. Polley briefly reviewed the TOMA and rules for public comment.

LEGISLATIVE/GOVERNMENT AFFAIRS UPDATE

Mr. Evans reported that the 88th Legislative Session is underway and Senate committees have been appointed. Mr. Evans provided a brief update on a sampling of bills that have been filed. Mr. Evans also stated that the State of Texas has an approximately \$32 billion surplus.

CONSTRUCTION AND PLANNING, INCLUDING 2025 DISTRIBUTION SYSTEM AND FUTURE FINANCING

Mr. Baugher reviewed a spreadsheet of the Authority's active projects that are currently under construction and/or design. Director Barker asked at what point is the Authority legally obligated to continue a project that is currently under design and not yet in the construction phase. Mr. Baugher stated that there is no legal commitment to construct a project that is currently in the design phase, but that all of the Authority's projects are planned to meet the HGSD's surface water conversion goals. Discussion ensued regarding the Authority's various projects currently under construction and/or design.

Director Rowell asked if the Authority has already acquired the property that is necessary to construct the projects that are currently in the design phase. Mr. Baugher stated that all property has been acquired for the projects that are under construction, and acquisition is ongoing for the projects currently under design. Director Rowell stated that she would like a list of all properties that the Authority plans to acquire and asked if the Authority is currently undergoing any litigation related to property acquisition. Mr. Baugher stated that a list of all properties that have been or will be acquired can be prepared, and that some parcels are acquired by condemnation. Mr. Baugher explained that the acquisition team tries to reach an acceptable agreement with property owners, but that sometimes that cannot happen in a timely manner and the Authority has to pursue condemnation. Mr. Haude noted that an amicable agreement between the Authority and a property owner is always the end goal and is the typical outcome.

Director Rowell asked if the Authority is taking the surface water conversion goal deadline into consideration for construction dates and deadlines, since the Authority did not meet the HGSD's mandate this year. Mr. Chang stated that the Authority did meet the conversion mandate and by using over-conversion credits. Mr. Chang then stated that the use of over-conversion credits are an intentional part of the Authority's strategy for meeting the HGSD's conversion mandates.

HARRIS COUNTY (THE "COUNTY") JOINT ELECTION BILLINGS, INCLUDING REVIEWING CONTRACTS AND BILLINGS FOR 2020 AND 2022 ELECTIONS

Mr. Polley provided an overview of the Authority's 2020 Directors Election (the "2020 Election") and issues encountered while conducting the 2020 Election jointly with the County. Mr. Polley stated that due to guidance provided by the Texas Secretary of State ("SOS") regarding unopposed single-member voting districts and the language included in the contract for joint election services with the County, the Authority had to pay for election costs associated with three (3) single-member voting districts even though only one (1) single-member voting district ended up holding a contested election. Director Ramsey asked if anyone pushed back on the County regarding payment of the costs. Mr. Polley stated that the Authority disputed the

costs with the County, but ultimately paid the invoice. Director Ramsey asked if the Authority is required to hold its elections jointly with the County. Mr. Polley stated that effectively, the Authority is required to hold its elections jointly with the County due to County-wide polling places and the notices that are required to be posted for November elections. Mr. Polley noted that entities with May elections are able to conduct their own elections, but that the Authority changed its election date to November of even years in 2012 and there is no way to change it back without legislative action. Discussion ensued regarding the billings for the 2020 Election and the remaining payment from the 2022 Directors Election. The Board concurred to further discuss the matter during execution session.

PERSONNEL MATTERS

Mr. Chang reported that Mr. Jimmie Schindewolf, Senior Advisor to the Authority, has resigned as of December 31, 2022. Mr. Chang next reported that Mr. Hamlet Hovsepian, Chief Engineer for the Authority has retired as of December 31, 2022, but that he has agreed to stay on as the Authority's onsite representative for the NEWPP Expansion project on a part-time basis. Mr. Chang then reported that Ms. Lisa Sagstetter, Communications and Community Relations Manager for the Authority, has taken an extended leave.

WATER RELIABILITY AND WATER SECURITY ISSUES

Mr. Chang stated that the existing NEWPP is not very reliable and the Authority is at the mercy of the City and its issues at the plant. Mr. Chang then stated that the reliability issues will improve when the NEWPP Expansion project is complete.

DISCUSSION OF POSSIBLE FUTURE AGENDA ITEMS

Director Ramsey stated that the intent of this agenda item is consideration of items for future agendas.

Director Barker stated that he would like a future agenda item to discuss why the Authority allows 5 MGY for well pumpage when the HGSD allows 10 MGY.

Director Rowell stated that she would like to consider the following items: i) hiring a hydrogeologist to prepare a subsidence study; ii) whether the Authority has ever tied into the infrastructure of a utility district when the utility district did not have room to make the tie in and denied the Authority's request; iii) asking the HGSD to update its regulatory plan and to push back on the conversion deadlines and requirements; and iv) investigating the subcontractors that utility and telecommunication companies within the Authority's boundaries are using to ensure they have proper insurance and that they are reliable.

Mr. Chang asked Director Rowell to provide him with clarification regarding the Authority tying into a utility district without the utility district's consent. Mr. Chang stated that the alleged situation sounds very concerning and should not be happening. Director Rowell stated that she would have to consult her notes and let Mr. Chang know the details.

Mr. Chang stated that the HGSD is currently undertaking a study for a possible update to their Regulatory Plan and that no update would be likely for the 2025 requirements. Mr. Chang

also stated that the Authority has no jurisdiction over the utility or communication companies on requirements to their contractors.

Director Ramsey stated that he would like to discuss and take action on the following: i) rules relating to utility districts passing the Authority's fees on to their customers; ii) rules regarding conflict of interest disclosures and how they are handle; and iii) possible ways to smooth out summer spikes in water bills.

ANNOUNCE NEXT MEETING DATE

Director Ramsey then confirmed the next regular meeting will be held on Monday, February 6, 2023, at 6:00 p.m. Director Ramsey noted that he has a schedule conflict for the regularly scheduled March Board meeting, so it will likely be rescheduled.

Director Ramsey then recessed the meeting until 7:50 p.m.

EXECUTIVE SESSION

Director Ramsey convened the Board in executive session at 7:50 p.m., pursuant to Section 551.071, Texas Government Code, regarding attorney-client privileged matters, Section 551.074, Texas Government Code, regarding personnel matters and Section 551.076, Texas Government Code, regarding security matters. Directors Ramsey, Rowell, Barker, Graham and Fessler, Mr. Chang, Mr. Polley, Ms. Garza and Ms. Miller remained in the executive session.

RECONVENE IN OPEN SESSION

Director Ramsey then reconvened the meeting in open session at 9:10 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 6th day of February, 2023.



Secretary, Board of Directors

(AUTHORITY SEAL)

