

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 6, 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 6<sup>th</sup> day of February, 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 for the Authority; Mr. Mike Baugher and Mr. Paul Vining 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, 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. Norman Adamek, director of Harris County Municipal Utility District No. 249, 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 January 23, 2023 special meeting. Director Barker made a motion, seconded by Director Rowell, to approve the minutes of January 23, 2023 special meeting.

Director Rowell then requested several revisions to the minutes, as reflected in the redline that was provided to the Board. Upon motion by Director Rowell, seconded by Director

Graham, after full discussion and the question being put to the Board, the Board voted unanimously to include the proposed revisions to minutes of the January 23, 2023 special meeting. The Board then voted unanimously to approve the minutes of the January 23, 2023 special meeting, as revised.

#### PUBLIC COMMENT

Director Ramsey stated that a public comment card was received from Mr. Bill Papp of Harris County Water Control and Improvement District ("HCWCID") No. 132. Mr. Papp addressed the Board and noted that his comments are his alone and do not reflect HCWCID No. 132. Mr. Papp congratulated the Board for reducing the surface water and pumpage fees by \$0.50 and not \$1.00. Mr. Papp stated that how utility districts pass through the Authority's fees to utility district customers should not be of any concern to the Authority Board, and that every utility district handles the Authority's fees differently. Mr. Papp then stated that he has never heard of any utility district making a profit off of charging the Authority's fees to their customers. Mr. Papp next stated that it is his opinion that the budget and audit are mischaracterized on the agenda and should not be classified as special projects. Mr. Papp then stated that in regards to broadcasting the Board meetings over Zoom, it would be helpful for each person to identify themselves before speaking and to require any speaker to speak directly into the microphone.

Director Ramsey then stated that a public comment card was received from Mr. Jerry Homan, General Manager of Harris County Fresh Water Supply District No. 61. Mr. Homan addressed the Board and stated that the Authority is a wholesale water provider that was created to meet the Harris-Galveston Subsidence District's ("HGSD") surface water mandates and the main customers of the Authority are utility districts that include Authority fees on their customer's water bills. Mr. Homan then stated that there are many different ways in which utility districts might pass the Authority's surface water and pumpage fees on to their customers and requiring that utility districts follow a certain rate structure in implementing the Authority's fees could lose any goodwill gained by the recent surface water and pumpage fee reduction. Mr. Homan suggested that the Authority focus on HGSD's 2025 surface water conversion mandate as their main priority and minimize any distractions that could hinder meeting the mandate while also avoiding disincentive fees.

Director Ramsey next stated that a public comment card was received from Ms. Maria Armacanqui, resident of Huntwick Forest. Ms. Armacanqui addressed the Board and stated that she received a notice regarding an Authority water line being constructed through her backyard. Ms. Armacanqui stated that she would like to preserve her property and not have the water line running through her backyard. Ms. Armacanqui suggested constructing the water line in the existing easement in her front yard as had been previously done on other Authority projects.

Director Ramsey then stated that a public comment card was received from Mr. Michael Corcoran, resident of the Lakes at Cypress Hill ("LCH") subdivision. Mr. Corcoran addressed the Board and stated that he is encouraged to see an item on tonight's agenda regarding a Rate Order amendment to redefine exempt wells to allow pumpage up to 10 million gallons per year ("MGY").

Director Ramsey next stated that a public comment card was received from Ms. Cindy Ginn, resident within the Authority. Ms. Ginn addressed the Board and stated that the Authority needs to cut their budget. Ms. Ginn then listed a number of budget line items that could be reduced or cut from the budget.

Mr. Nick Fava of Bammel Utility District ("UD") addressed the Board and stated that Bammel UD only adds \$300 per month to cover administrative fees to comply with the Authority's surface water and pumpage fees.

Ms. Amy Powell addressed the Board and stated that the Authority is in the process of constructing a water line through her neighborhood, that will be 20 feet from her front door and that she and her neighbors do not receive water from the Authority because they are all on private water wells. Ms. Powell then stated that she is the only one of her neighbors that has received an offer for the property needed to construct the water line and property is being taken from her four (4) surrounding neighbors without being made an offer for the property. Ms. Powell next stated that the roads in her neighborhood are privately owned. Ms. Powell asked that the Board take other possible routes for the water line into consideration.

#### MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Ramsey thanked everyone for attending tonight's meeting and stated that this is the highest turnout he has seen. Director Ramsey then stated that he attended the recent Association of Water Board Directors – Texas ("AWBD") Mid Winter conference and that he learned a lot. Director Ramsey also stated that he has had conversations with the Secretary of State and Attorney General's offices.

Director Barker stated that he reviewed House Bill 2965 which is the original enabling legislation for the Authority. Director Barker then stated that after reviewing Section 4.03(B) of House Bill 2965, he believes the Authority has violated the law by decreasing the pumpage amount for an exempt well from 10 MGY to 5 MGY.

Director Rowell thanked everyone for attending tonight's meeting for the public comments. Director Rowell stated that she takes any comments, questions and critiques seriously. Director Rowell then stated that she attended the AWBD Mid Winter conference and that the sessions were great and she learned a lot of information. Director Rowell also stated that she enjoyed networking with utility district directors and session speakers on relevant topics to the Authority's work, such as best practices, contingency plans and good lines of communication. Director Rowell next stated that she has been spending her time researching and seeking counsel so that she can be a good Director and have residents think of the Authority as a trusted source.

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

Mr. Chang reported that the Authority used 20.2 MGD of alternative water in January.

Mr. Haude presented the Construction Manager's Report to the Board. Mr. Haude reported that construction progress has been slowed this month due to weather but that the

Authority's projects are proceeding forward with no major issues to report. Director Ramsey asked if the overall schedule has been delayed. Mr. Haude stated that the Authority's projects are still on schedule.

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

Mr. McDevitt presented the Operator's Report to the Board. Mr. McDevitt reported on the operations of the Authority's system and receipt of water from the City of Houston. Mr. McDevitt stated that the Northeast Water Purification Plant will not be stressed until the summer months and that there was a change in disinfection systems from using gas chlorine to liquid bleach.

#### LEGISLATIVE/GOVERNMENT AFFAIRS

Mr. Evans reported that the 88<sup>th</sup> Legislative Session is underway but the recent freeze event has delayed House committee assignments. Mr. Evans then reported that bill filing is proceeding but that legislative counsel is backed up with bill drafting. Mr. Evans then provided an update on various legislative activities.

Director Rowell then stated that she would like to appoint Director Ramsey to work with the Authority's legislative team to ensure the Board's legislative position is being followed. Director Rowell then read the following resolution: "Resolved: that the NHCRWA board of directors directs the legislative and government affairs team to direct all available efforts to the legislative session with the focus on obtaining legislative relief for ratepayers and authorize board President Mark Ramsey to speak for the board in these legislative matters as required." Upon motion by Director Rowell, seconded by Director Ramsey, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the resolution as reflected above.

#### 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 December 31, 2022, a copy of which is attached hereto. Discussion ensued regarding various Authority accounting items, including Director Rowell asking if Mr. John Howell gets paid a flat fee or a percentage of any bonds that the Authority issues. Upon motion by Director Fessler, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted four (4) votes in favor, with Director Rowell abstaining, to approve the Financial Report, the monthly investment report, and the checks being presented for payment.

#### AMEND RATE ORDER

Director Barker stated that he met with Mr. Chang regarding the exempt well matter that was brought up during the last Board meeting and that Mr. Chang was able to shed some light on the matter. Mr. Chang reminded the Board that Mr. Corcoran made a statement on behalf of the

Lakes at Cypress Hill ("LCH") subdivision and their well pumpage allotment. Mr. Chang explained that the Authority does not allocate any pumpage amounts to wells, nor does the Authority assess any penalties. Mr. Chang presented the facts regarding the LCH matter and explained the differences between the HGSD's and Authority's definitions of exempt wells. Mr. Chang stated that if a water well permittee within the Authority pumps less than 5 MGY, they will not pay a pumpage fee. Mr. Chang recommended that the Authority's Rate Order be amended to allow entities with water wells pumping no more than 10 MGY to opt out of participation in the Authority's Groundwater Reduction Plan ("GRP") if they so choose. Director Rowell asked Mr. Birdwell if that solution works for LCH. Mr. Birdwell stated that solution is amenable to LCH and that they would choose to opt out of the Authority's GRP. Mr. Polley stated that he will revise the Authority's Rate Order to reflect the ability to opt out of the Authority's GRP. Discussion ensued regarding the differences between the HGSD's 10 MGY pumpage limit versus the Authority's 5 MGY pumpage fee threshold.

Director Barker reviewed a spreadsheet and formula for fee leveling to break the Authority's fees into separate infrastructure and operations and maintenance fees. Director Barker stated that the formula allows water bills to be leveled throughout the year instead of higher during hotter summer months. Discussion ensued regarding the proposed fee structure. Director Rowell stated that this matter should be tabled until a future meeting.

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 agenda item until a later date.

Director Ramsey thanked Director Barker and Ms. Plunkett for their work on the fee leveling concept.

#### REVISED CONFLICT OF INTEREST POLICY

Director Rowell stated that she would like to revise the Authority's conflict of interest policy to be more detailed and have all of the Authority's staff, consultants and contractors sign the revised policy. Director Ramsey stated that he and Director Rowell can work with RBAP on the revised conflict of interest policy.

#### TRANSPARENCY AND ACCOUNTABILITY REGARDING BILLING BY AUTHORITY RATEPAYERS TO THEIR RESPECTIVE RETAIL CUSTOMERS

Director Ramsey stated that he is concerned that the Authority has decreased its surface water and pumpage fees and not all utility districts have passed that decrease on to their customers. Director Ramsey then stated that he would like to survey the utility districts within the Authority to see what their current policies are regarding the pass-through of the Authority's fees to customers. Mr. Homan then provided an overview on the various ways in which utility districts might bill their customers for the Authority's fees and provided examples of different billing circumstances. Director Ramsey stated that his intent is to receive feedback from utility districts and ratepayers and asked Director Barker to create a subcommittee that includes utility district directors to examine this matter more closely.

## BOARD SPECIAL PROJECTS (E.G., AUDITS, STUDIES, LITIGATION, BUDGETS, ETC.)

Upon motion by Director Fessler, seconded by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to table this agenda item until a later date.

Director Rowell then noted that she had emailed Mr. Chang for more details on the budget for the fiscal year ending December 31, 2023, and that the budget needs to be on a future agenda for consideration.

Director Ramsey recessed the meeting at 8:35 p.m., and announced his intent to resume the meeting at 8:50 p.m.

## REVIEW PROPERTY INTERESTS AND PROPERTY ACCESS RIGHTS THAT HAVE BEEN OR ARE IN THE PROCESS OF BEING ACQUIRED AND THE PROPOSED METHOD OF ACQUISITION, INCLUDING ACQUISITIONS CURRENTLY IN CONDEMNATION PROCEEDINGS

Director Ramsey resumed the meeting at 8:50 p.m., at which time Mr. Vining provided a report on the status of property acquisitions by the Authority related to the Authority's projects that are currently under construction and/or in the design phase. Mr. Vining stated that a total of 326 parcels needed to be acquired, 309 of which have been acquired and 17 of which are still remaining. Director Rowell asked if the Authority follows the Landowner's Bill of Rights. Mr. Vining stated that the Authority does follow the Landowner's Bill of Rights. Mr. Chang stated that a public meeting was held in this meeting room with the affected property owners to answer any and all questions. Discussion ensued regarding the eminent domain and condemnation process and costs associated with same.

## PERSONNEL UPDATE, INCLUDING CONSIDERING A CONTRACT OUTSIDE FINANCE PROFESSIONAL TO ASSESS AND ASSIST WITH CURRENT FINANCE OPERATIONS

Mr. Chang stated that he had no updates regarding personnel matters.

Director Ramsey asked that Mr. Chang address the public comment regarding pensions. Mr. Chang stated that the Authority does not provide pensions and that they provide 401(a) plans, a retirement savings plan similar to 401(k), and a 457 plan, in lieu of Social Security. Director Rowell stated that in the Authority's audit there is a note about an employee that receives 25% or more into funding management's pension. Director Fessler stated that Mr. Chang receives a higher match to his 401 plan as part of his compensation package as the Authority's General Manager. Mr. Polley stated that he recommends any discussion about a specific employee's compensation package be held during an executive session. Director Ramsey stated that he disagrees with Mr. Polley and that any of this information is discoverable under the Texas Public Information Act. Director Rowell then read the statement regarding the pension that is included in the Authority's audit. Mr. Chang stated that any reference to "pension" was incorrect.

## BOARD DISCUSSION OF POSSIBLE FUTURE AGENDA ITEMS

Director Barker stated that he would like funds set aside for potential future litigation.

Director Graham suggested having someone from the United States Geological Survey ("USGS") provide a presentation on its recent subsidence study that was completed.

Director Ramsey stated that he would like to have an agenda item regarding new population estimates from USGS and/or HGSD. Director Ramsey also reminded the Board that the Authority's budget for the fiscal year ending ("FYE") December 31, 2023 needs to be on a future agenda. Director Ramsey asked that any comments or revisions to the budget be sent to Mr. Chang and Ms. Plunkett. Mr. Chang reminded the Board that they approved the budget for FYE December 31, 2022 as the budget for FYE December 31, 2023. Director Ramsey then stated that he would like to consider a full independent audit of the Authority in the future.

## OBTAIN ADDITIONAL PROPOSALS FOR WEBSITE AND OTHER INFORMATION TECHNOLOGY SERVICES

Director Rowell stated that she would like the Texas Network and other similar businesses to provide presentations to the Board on their website and technology services so the Authority can ensure they are choosing the right consultant.

## 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 agenda item until a later date.

## ANNOUNCE NEXT MEETING DATE

Director Ramsey then confirmed the following meeting dates:

- Special meeting Monday, February 20, 2023 at 6:00 p.m.
- Regular meeting on Monday, March 20, 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 6<sup>th</sup> day of March, 2023.

*Ron Swanson*

Secretary, Board of Directors

(AUTHORITY SEAL)

