

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

February 20, 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 20th 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; 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. Pastor James Buntrock of Glorious Way Church, 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

Director Ramsey stated that there have been last minute revisions to the February 6, 2023 regular meeting minutes, which have not been reviewed by the Board. Upon motion by Director Ramsey, seconded by Director Rowell, after full discussion and the question being put to the Board, the Board voted unanimously to defer the approval of the February 6, 2023 regular meeting minutes.

PUBLIC COMMENT

Mr. Jerry Homan, General Manager of Harris County Fresh Water Supply District ("FWSD") No. 61, addressed the Board to discuss utility districts and their costs associated with the Authority, as well as the Authority's meeting schedule.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Rowell thanked everyone for attending tonight and listening via Zoom. Director Rowell stated that the Board would love to have everyone attend in person if possible. Director Rowell then stated that her statement at the last Board meeting regarding Harris County FWSD No. 61's ("FWSD 61") 10% administrative fee was incorrect, and she has since confirmed that FWSD 61 does not charge any fees in addition to the Authority's fees. Director Rowell further stated that she has apologized to Mr. Homan and let him know that her statement was incorrect. Director Rowell reported that she attended the recent Harris-Galveston Subsidence District ("HGSD") board meeting and that HGSD will be holding a meeting on April 27th to hear testimony and consider evidence and exhibits regarding effects of subsidence in the area. Director Rowell then reported that she has been attending utility district meetings and reading up on the Texas Water Code and other statutes. Director Rowell stated that she still has a lot to learn and asked for any additional publications, articles or resources that anyone may have to help her get up to speed. Director Rowell stated that the Board has recently been complimented for asking questions and not just rubber stamping everything, so that the Authority can do right by its ratepayers.

Director Fessler stated that he has some ongoing concerns with the Board meeting schedule over the last few months. Director Fessler stated that he does not mind additional Board meetings to get the new Directors up to speed on Authority matters, but it seems that the decision has been made to move the regular March and April meeting dates without consideration of the other Directors. Director Fessler next stated he thinks it is important to be consistent with the regular Board meeting date and asked who approved the rescheduling of the March and April Board meetings, because he was not consulted on the matter. Director Fessler also stated that having all agenda items be actionable does not allow the public to decide which meetings are important to attend with regards to actionable items.

Director Barker stated that he does not feel one training session on the Public Funds Investment Act adequately qualifies him to be the Authority's Investment Officer and to be in charge of the Authority's investments. Director Barker suggested hiring someone to manage the Authority's investments that is an expert in the matter.

Director Ramsey stated that he requested the March and April regular Board meetings be rescheduled due to scheduling conflicts, and that he did not consult the other Directors because of a potential violation of the Texas Open Meetings Act ("TOMA"). Director Ramsey then stated that he subsequently spoke with the Attorney General's office on Friday and they informed him that communicating with the rest of the Board regarding scheduling of meetings does not violate TOMA and that he will reach out to the other Directors in the future if a meeting needs to be rescheduled. Director Ramsey next stated that he thinks it is more important to have every Director present rather than comply with an arbitrary first Monday of the month meeting date.

Director Ramsey then also stated that he has continued to attend utility district meetings, and their agendas are typically structured so that all agenda items are actionable, which seems to be the standard. Director Ramsey also stated that he has attended utility district meetings where every invoice that was to be considered for approval was sent to the entire Board for review days prior to the Board meeting. Director Ramsey stated that he thinks it would be advantageous to have the Authority provide the invoices to the Board prior to the Board meeting. Director Ramsey then wished all the engineers in attendance a happy Engineer's Week.

CONSTRUCTION/PLANNING REVIEW

Mr. Haude gave a lengthy review of the status and schedule of Authority projects currently under construction. Mr. Haude stated that he would be happy to take any Directors out in the field to tour ongoing projects.

Mr. Baugher reviewed a spreadsheet of the Authority's projects that are currently in the planning phase, including Projects 23, 37, 38, 39 and 40. Mr. Baugher explained that design has not yet begun on these projects. Director Rowell asked if any of the planned construction costs have risen with recent changes in the economy. Mr. Baugher stated that the costs have inflation built in to the project amounts. Director Ramsey noted that it does not appear any new projects will begin for a few years once the current projects are completed this summer. Mr. Vining stated several projects are nearing the end of the design phase and construction will begin later this year and early next year. Mr. Haude stated that several projects are scheduled to advertise for bids in the next few months and will be under construction within 90 days of award of a bid.

LEGISLATIVE/GOVERNMENT AFFAIRS

Mr. Evans reported that the 88th Legislative Session is underway. Mr. Evans then provided an update on various legislative activities and events. Director Ramsey stated that since the last Board meeting, members, at the Authority's request, have asked staff attorneys to look at language that could potentially turn into a legislative bill that would give the Authority more flexibility related to groundwater reduction.

ONLINE PUMPAGE REPORTING SYSTEM ("OPRS")

Director Ramsey asked for an update on the OPRS. Mr. Polley explained that the OPRS software was created by Mr. Russ Lambert with The Texas Network ("TTN") many years ago to allow operators to input their monthly pumpage amounts and to generate invoices for the Authority's customers. Mr. Polley stated that the OPRS is owned by TTN and the Authority pays TTN each month for the use of the software. Mr. Chang stated that he called Mr. Lambert to discuss a possible arrangement for the purchase of the OPRS by the Authority but that he has not yet spoken to Mr. Lambert. Director Rowell asked if anyone knows what functions the OPRS performs in the event the Board would like to explore other options. Mr. Chang stated that the Authority is already moving forward with automated meter infrastructure that will replace the OPRS once it is completed. Mr. Chang noted that the automated meter infrastructure will not be in place for approximately 26 months. Director Barker asked if the automated meters will be able to be read as they come online or if the entire system will have to be completed before the system can be used. Mr. Chang stated that he would request that information from the

service provider of the automatic meter system. Discussion ensued regarding the various items needed for the creation of an alternative reporting and billing system for the Authority.

PERSONNEL UPDATE

Mr. Chang stated that he received one (1) resume in regards to the accounting position, but that he has not yet followed up with the applicant..

BUILDINGS OWNED AND LEASED BY THE AUTHORITY

Mr. Chang stated that the Authority does not own any buildings and the Authority currently leases office space. Mr. Chang then stated that the lease for the current office space expires at the end of March 2023 and he is currently in the process of negotiating a new lease with the landlord. Director Ramsey stated that additional details on this matter can be discussed during executive session.

REVIEW AND CONSIDER AMENDMENTS TO 2023 BUDGET

Ms. Plunkett reported that the revenue line item in the adopted budget is currently \$116,400,000, and the projected revenue for 2023 after the decrease to the surface water and pumpage fees is \$104,050,000. Director Ramsey explained that the revenue line item was not amended after the decrease to the surface water and pumpage fees, and suggested adopting the amended revenue line item.

Director Graham stated that he was reviewing the Authority's budget, and the legal services line item will need to be increased if the Board plans to continue meeting twice a month. Director Graham also stated that the Authority spent \$8,700 on Public Information Act ("PIA") responses in 2022, most of which were received around the November 2022 election. Director Graham asked if an Authority staff member can be designated to respond to PIA requests to cut down on the legal bills. Mr. Polley stated that the Board can designate someone to respond to PIA requests, but the standard practice of the Authority has been to forward PIA requests to RBAP to respond on the Authority's behalf. Mr. Polley then stated that there are many nuances to the PIA and that RBAP would be happy to guide an Authority staff member through the response process. Mr. Chang clarified that not every single PIA request goes to RBAP for handling, and that many requests are handled by Authority staff.

Director Barker then stated that related to the Authority's office lease, he would like Mr. Chang to request that the building owner fix the entrance so that water does not pool at the base of the stairs when it rains. Mr. Chang stated that the building owner has informed him that repair is in the plan and the parking lot is also supposed to be repaved. Director Barker then asked if the Authority has looked at alternative office spaces instead of staying in the current space. Mr. Chang stated that he can give additional details on the office lease during executive session if the Board desires.

Upon motion by Director Barker, seconded by Director Ramsey, after full discussion and the question being put to the Board, the Board voted unanimously to amend the budget to decrease the surface water and pumpage fee revenue line item from \$116,400,000 to \$104,050,000.

BOARD DISCUSSION OF POSSIBLE FUTURE AGENDA ITEMS

Director Ramsey stated that he has a list of agenda items he is trying to prioritize as best as he can going forward. Director Ramsey then stated that the Cypress Lakes issue, the Authority's Rate Order and a more robust conflicts of interest statement need to be considered in the future.

Director Rowell stated that she would like a future agenda item to discuss the Authority's Alternative Water Use Incentive Program. Mr. Evans stated that he can provide the Board with information regarding the program. Director Rowell then stated that she would like an item to discuss the mobile teaching labs on the next agenda and that she would also like to see a Gantt chart regarding the Authority's ongoing construction projects. Mr. Haude stated that he can provide as much detail on the Authority's construction projects as the Board would like to see. Director Rowell stated that she would like to know which projects are currently behind schedule and where they are falling within their budgeted amounts. Mr. Haude stated that all projects are within the amounts included in the construction contracts. Director Rowell then stated that she has seen recent accusations of fraud within a utility district as well as a contractor associated with the Authority accused of bribery. Director Rowell stated that she wants to make sure that everything is acceptable from the Authority's standpoint and suggested doing an internal review of the Authority.

ANNOUNCE NEXT MEETING DATE

Director Ramsey then confirmed the following meeting dates:

- Regular meeting on Monday, March 20, 2023 at 6:00 p.m.
- Regular meeting Monday, April 17, 2023 at 6:00 p.m.

Director Rowell stated that she hopes in a couple of months, the Board will be able to go back to the regularly scheduled Board meeting occurring on the first Monday of each month, instead of multiple meetings per month. Director Ramsey stated that he can not say for sure if multiple Board meetings per month will or will not be needed. Director Ramsey stated that the meetings could be rescheduled due to scheduling conflicts among the Board.

Mr. Chang then stated that if invoices will not be approved and paid until the March 20th Board meeting, it could present issues for the Authority's contractors. Mr. Polley stated that an abbreviated meeting can be held on March 6th with the sole agenda item of approving payment of the bills. The Board concurred to hold a Board meeting on March 6th solely to approve payment of the bills.

Director Ramsey then recessed the meeting to 7:29 p.m.

EXECUTIVE SESSION

Director Ramsey convened the Board in executive session at 7:29 p.m., pursuant to Section 551.071, Texas Government Code, regarding attorney-client privileged matters, Section 55.072, Texas Government Code, regarding deliberation regarding real property, and Section 551.074, Texas Government Code, regarding personnel matters. Directors Ramsey, Rowell, Barker, Graham and Fessler, Mr. Chang, Mr. Polley and Ms. Miller remained in the executive session.


RECONVENE IN OPEN SESSION

Director Ramsey then reconvened the meeting in open session at 7:58 p.m., at which time no action was taken.

Director Ramsey stated that a Board meeting will be held on Monday, March 6th in order to approve invoices.

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

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

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Secretary, Board of Directors

(AUTHORITY SEAL)

