

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

April 17, 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 17th day of April, 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 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. John Howell, of The GMS Group, L.L.C., co-financial advisor to the Authority; and Mr. Jon D. Polley, attorney, and Ms. Alison Miller, paralegal, of Polley Garza PLLC (formerly 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. Jerry Homan, General Manager of Harris County Fresh Water 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

Discussion ensued regarding the content of the Authority's meeting minutes.

Upon motion by Director Rowell, 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 Ramsey voting in opposition, to approve the minutes of the April 3, 2023 regular meeting, including the redlined and yellow highlighted portions included in the draft.

Mr. Polley requested Board direction on the format of meeting minutes moving forward. Director Ramsey instructed Mr. Polley to include only factual information, topics discussed and action taken, and to exclude any opinions of Board members or the public.

The Board then discussed archiving the Zoom recordings as a record of Board meetings and making them available on the Authority's website. Upon motion by Director Fessler, 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 archive the Zoom audio recordings as a record of the Authority's Board meetings and to make them available on the Authority's website.

PUBLIC COMMENT

Mr. Bill Papp, Director of Harris County Water Control and Improvement District ("HCWCID") No. 132, addressed the Board regarding Robert's Rules of Order and public comments.

Mr. Homan addressed the Board regarding the North Harris County Subsidence Update Town Hall meeting scheduled on May 4th.

Mr. Norman Adamek, Director of Harris County MUD No. 249, addressed the Board regarding the Authority's minutes.

Ms. Gloria Malek, Director of Northwest Harris County MUD No. 10, addressed the Board regarding the Authority's minutes.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Fessler addressed Mr. Papp's public comments and stated he would discuss the matter with Mr. Papp outside of the meeting.

Director Rowell thanked everyone for attending and/or listening online to tonight's meeting and reported on her activities since the last Board meeting. Director Rowell expressed her concern about the supply chain issues and the effects on possible project delays, along with the economic issues and rising costs of materials which means the cost of the conversion to surface water has increased significantly.

Director Ramsey reported on his activities since the last Board meeting.

LEGISLATIVE/GOVERNMENT AFFAIRS

Mr. Evans reported on the 88th Legislative Session and provided an update on various legislative activities and events. Mr. Evans then asked if the Board would like to provide any guidance to the Authority's lobbyist regarding support or opposition to any bills. The Board voted unanimously to direct the Authority's lobbyist to oppose HB 5334 on the creation of the Cypress Creek Drainage Improvement District and HB 5341 on the creation of the Lake Houston Dredging and Maintenance District.

CONSTRUCTION/ENGINEERING UPDATES

Mr. Baugher provided an update on the 63 utility districts converted to surface water to date, the number of utility districts scheduled to begin receiving surface water in 2023, 2024 and 2025, cost estimate calculations and the proposed SWIFT multi-year commitment schedule for 2023-2027 and graphs regarding the Authority's surface water conversion and over-conversion credit history and future. Discussion ensued regarding same.

Director Ramsey then recessed the meeting at 7:53 p.m. and reconvened the meeting at 8:03 p.m.

GENERAL MANAGER UPDATES

PERSONNEL UPDATE

Mr. Chang stated he had nothing to report relating to personnel matters.

OFFICE LEASE

Mr. Chang reported the office lease negotiations have been completed, a 3-year lease was signed and the building owner agreed to repave the parking lot and repair the entrance ramp.

GROUNDWATER REDUCTION PLAN ("GRP") MEMBERSHIP PROCESS

Mr. Baugher and Mr. Chang reported on the history of the Lakes of Cypress Hill's ("LCH") participation and inclusion in the Authority's GRP. Mr. Chang then reported that he sent a letter to LCH which Mr. Polley helped draft responding to their request to opt out of the Authority's GRP, and the opt out process has been completed. Discussion ensued regarding the Authority's GRP program and well owners' participation in same.

Mr. Haude then reported a notice was received last week that one of the Authority's contractors has filed for chapter 11 bankruptcy and a court hearing was supposed to be held today. Mr. Haude stated the contractor is constructing Project 25C, which is currently approximately 95-96% complete and he will provide more information when it is available.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD ("TWDB") FOR FINANCIAL ASSISTANCE RELATED TO THE NHCRWA DISTRIBUTION EXPANSION (THE "RESOLUTION") AND DESIGNATING AUTHORIZED REPRESENTATIVES IN CONNECTION THEREWITH AND AUTHORIZE EXECUTION OF APPLICATION AFFIDAVITS

Mr. Chang requested Board approval of the Resolution, which authorizes Authority staff and consultants to prepare and submit an application to the TWDB for financial assistance related to the Authority's distribution system expansion. Extensive discussion ensued regarding the application.

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 Ramsey voting in opposition, to approve the Resolution and to authorize execution of the Application Affidavits.

RESOLUTION FOR THE AUTHORITY TO REQUEST CHANGES FROM THE HGSD

Director Ramsey reported he and Director Rowell met with the HGSD regarding various potential rule changes, and HGSD asked them to put the Authority's requests in writing. Director Ramsey stated this agenda item would instruct Mr. Chang to work with the Board on a letter to the HGSD to begin a dialogue to provide the Authority with more flexibility regarding surface water conversion deadlines. Director Fessler asked if the final version of the letter will be brought back to the Board for a vote. Director Ramsey stated the letter will not be brought back to the Board for a vote. Upon motion by Director Rowell, 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 Fessler voting in opposition, to authorize Authority staff to work with the Board to prepare a letter to the HGSD to request measures intended to give the Authority flexibility to save ratepayers on the cost of water and include economic impact on ratepayers of the Authority wholesale customers, and to delegate to Directors Ramsey and Rowell, and Mr. Chang authority to approve the letter.

AMENDMENT TO PROCEDURAL RULES REGARDING CONFLICTS OF INTEREST POLICY

Upon motion by Director Ramsey, after full discussion and the question being put to the Board, the Board voted unanimously to table this item.

LEGAL UPDATES, INCLUDING ENGAGEMENT OF SPECIAL COUNSEL REGARDING DISPUTE BETWEEN CITY OF HOUSTON AND HOUSTON WATERWORKS TEAM ("HWT")

Mr. Polley provided an update on the dispute between the City and HWT. Mr. Polley stated he was authorized by Mr. Chang to contract with litigation counsel to respond to a subpoena received by the Authority related to the litigation. Mr. Polley then stated the response to the subpoena will involve a lot of work and will exceed the \$50,000 limit on Mr. Chang's ability to authorize expenditures. Discussion ensued regarding the litigation and subpoena response.

Upon motion made by Director Fessler, 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 grant Mr. Chang the authority to authorize an additional \$100,000 in costs associated for litigation counsel's work on the lawsuit between the City and HWT.

ANNOUNCE NEXT MEETING DATE

Director Ramsey then confirmed the next meeting will be held on Monday, May 1, 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 1st day of May, 2023.



Ron Gubler

Secretary, Board of Directors