

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

June 5, 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 5th day of June, 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; and Mr. Jon D. Polley, attorney, and Ms. Alison Miller, paralegal, of Polley Garza PLLC, special 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.

Ms. Tara Beulah 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 Rowell reviewed her requested revisions to the May 22nd special meeting minutes. Upon motion by Director Rowell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the May 22, 2023 special meeting, as revised.

Director Rowell then reviewed her requested revisions to the May 1st regular meeting minutes. Director Rowell made a motion to defer approval of the May 1st regular meeting minutes to the next Board meeting. After full discussion and the question being put to the Board, the Board voted one (1) vote in favor, three (3) votes opposed and one (1) abstention, with Directors Ramsey,

Barker and Graham voting in opposition and Director Fessler abstaining. The motion to defer approval of the May 1st regular meeting minutes failed.

After full discussion and the question being put to the Board, the Board voted four (4) votes in favor and one (1) voted opposed, with Director Rowell voting in opposition, to approve the minutes of the May 1, 2023 regular meeting, as written.

PUBLIC COMMENT

Mr. Bill Papp, Director of Harris County Water Control and Improvement District ("HCWCID") No. 132, addressed the Board regarding various Authority topics. Mr. Papp said his MUD has never hired a consultant so quickly. Attorney should be interviewed publicly.

Mr. Roy Lackey, Director of Harris County Municipal Utility District ("MUD") No. 368 addressed the Board regarding various Authority topics

Mr. Joe Myers, Director of Harris County MUD No. 365 addressed the Board regarding the Authority's proposed Alternative Water Use Incentive Agreement with Harris County MUD No. 365 that is on tonight's agenda for approval. Mr. Myers said it had been a pleasure working with Jon Polley.

Mr. Jerry Homan, General Manager of Harris County Fresh Water Supply District No. 61, addressed the Board regarding hiring of new general counsel and meeting dates. Mr. Homan said we need time to vet new legal counsel and that the perception is that a decision was already made. Mr. Homan said there seems to be a "go it alone" mindset. Mr. Homan also stated that the proposed July 3 meeting date is absurd.

Mr. Norman Adamek, Director of Harris County MUD No. 249, addressed the Board regarding hiring of new general counsel and thanked the Board and the Authority's consultants for their excellent service.

MESSAGES FROM PRESIDENT AND BOARD MEMBERS

Director Rowell thanked everyone for attending and/or listening online to tonight's meeting. Director Rowell stated she would like additional Board members to be able to interview the final candidates for the Authority's general counsel position and additional time before a hiring decision is made.

Director Fessler stated he has reviewed the responses from all six (6) law firms that were submitted in response to the Authority's Request for Qualifications ("RFQ") for general counsel and he has personally talked to two (2) of the six (6) law firms. Director Fessler stated he would like additional time to consider the hiring decision so as not to rush into a decision. Director Fessler then discussed the July 3rd Board meeting date and a potential agenda item for same.

Director Barker stated that he has resigned as the Board's investment officer and suggested hiring a professional to handle the Authority's investments.

Director Ramsey stated he held a number of law firm interviews before and since the RFQ for general counsel was published, and the process to hire new general counsel has been in the works for several months. Director Ramsey then stated he does not think the general counsel

selection process has been rushed. Regarding the July 3 meeting date Mr. Ramsey said that is what the rules state.

OPERATOR'S REPORT

Mr. McDevitt presented the Operator's Report to the Board. Mr. McDevitt then reviewed various issues affecting the Authority's operations. Mr. McDevitt stated we exceeded our contract amount. Mr. McDevitt also stated that chlorine residuals are lower than normal but still over the minimum. He also stated that more repairs and expenses are coming up.

CONSTRUCTION/ENGINEERING UPDATES

Mr. Polley provided an update on litigation between the City of Houston and the Houston Waterworks Team.

Mr. Haude provided an update on the bankruptcy proceedings of BRH-Garver Construction, L.L.C.

GENERAL MANAGER UPDATES

SURFACE WATER CONVERSION PROGRAM METRICS

Mr. Chang reported the Authority used 26.9 MGD of alternative water in May and achieved 31.0% surface water conversion for April.

PERSONNEL UPDATE

Mr. Chang reported Mr. Showri Nandagiri is planning to retire from the Authority staff and Mr. Chang has been searching for his replacement.

ENGAGEMENT OF POLLEY GARZA PLLC

Mr. Chang reported he has engaged PG as special counsel to enable PG to continue to provide legal support to Mr. Chang on various legal matters. Mr. Chang stated he executed the engagement letter with PG under the authority provided to him by the Authority's Procedural Rules, but he would like the Board to approve the engagement. Upon motion by Director Fessler, seconded by Director Rowell, after full discussion and the question being put to the Board, the Board voted unanimously to approve the hiring of PG as special counsel to the Authority.

FINANCE DIRECTOR'S REPORT, INCLUDING MONTHLY 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 April 30, 2023, a copy of which is attached hereto. Discussion regarding various financial items.

Upon motion by Director Fessler, seconded by Director Barker, 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.

BOND DEBT DISCUSSION

Director Barker asked if a delay in bond funding over the next few years would cause a delay in construction projects, and if the bond funding is needed right now. Mr. Baugher stated the bond funds are necessary for the projects that are needed to build the distribution system in order to meet the Harris-Galveston Subsidence District's conversion requirements. Mr. Baugher further stated that delaying any bond funding would mean the Authority would not have the funding needed to continue with the projects.

Discussion ensued regarding bond funding and the Authority's bond debt.

LEGISLATIVE/GOVERNMENT AFFAIRS

Mr. Evans reported on the 88th Legislative Session and provided an update on various legislative activities and events.

ATTORNEY'S REPORT

Mr. Polley reviewed the terms of the Alternative Water Use Incentive Agreement (the "Agreement") with the Board. Upon motion by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Agreement with Harris County MUD No. 365 and Harris County MUD No. 364.

Director Ramsey then recessed the meeting at 7:31 p.m. and reconvened the meeting at 7:43 p.m.

BOARD COMMITTEES, INCLUDING GENERAL COUNSEL SELECTION

Director Ramsey stated six (6) responses were received to the Authority's RFQ for general counsel services. Director Ramsey then stated if there is agreement among the Board on the top two (2) to three (3) candidates, Mr. Chang can begin negotiations with those firms.

Extensive discussion ensued regarding general counsel selection and the process for same.

Director Rowell made a motion to schedule a special Board meeting in two (2) weeks to interview the top general counsel candidates. After full discussion and the question being put to the Board, the Board voted two (2) votes in favor and three (3) votes opposed, with Directors Ramsey, Barker and Graham voting in opposition. The motion to schedule a special Board meeting in two (2) weeks to interview the top general counsel candidates failed.

Director Rowell made a motion to table this agenda item to a future Board meeting. After full discussion and the question being put to the Board, the Board voted two (2) votes in favor and

three (3) votes opposed, with Directors Ramsey, Barker and Graham voting in opposition. The motion to table this agenda item to a future Board meeting failed.

Upon motion 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 authorize Mr. Chang to enter negotiations with Guinan Law and Johnson Petrov LLP, with the goal of selection of a new general counsel and with the option of adding a staff attorney on a full-time or contract basis, and to provide his recommendation to the Board.

PROCEDURAL RULES

Director Ramsey reviewed a proposed change to Section 6.02 of the Authority's Procedural Rules that would allow reimbursement for travel to legislative hearings or meetings in which the Authority has potential involvement, to be effective January 1, 2023. Director Rowell stated she would like to amend the language to limit travel to the state of Texas. Mr. Polley suggested revising the language to "...state of Texas legislative or agency meetings or hearings...".

After full discussion and the question being put to the Board, the Board voted unanimously to revise Section 6.02 of the Procedural Rules to allow reimbursement for travel within the state of Texas for legislative or agency meetings or hearings related to the Authority.

Director Ramsey then requested a change to Section 2.04 of the Procedural Rules regarding Board meetings dates. Mr. Polley reviewed proposed language regarding regular Board meeting dates and suggested requiring a regular Board meeting to be rescheduled within one (1) week of a holiday if the regular Monday Board meeting date, or the Tuesday after the regular meeting date, falls on a holiday.

Upon motion by Director Fessler, after full discussion and the question being put to the Board, the Board voted unanimously to revise Section 2.04 of the Procedural Rules to require a regular Board meeting to be rescheduled within one (1) week of a holiday if the regular Monday Board meeting date, or the Tuesday after the regular meeting date, falls on a holiday.

Director Ramsey then stated the next regular Board meeting would be held on Thursday, July 6th at 6:00 p.m.

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

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



Secretary, Board of Directors

(AUTHORITY SEAL)