

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 24, 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. 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 of AECOM Technical Services, Inc., Program Manager for the Authority; Mr. Paul Vines 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. Andrew P. Johnson, III, attorney, and Ms. Mirna Croon, paralegal, (via videoconference) of Johnson Petrov, LLP, general counsel the Authority. Other members of the public and consultants to the Authority were also present at the meeting.

CALL TO ORDER

The President called the meeting to order.

Director Barker delivered an invocation and let the meeting attendees in the Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, addressed the Board regarding public comments and meeting minutes.

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, addressed the Board regarding the financing agreement with the Texas Water Development Board ("TWDB"); and matters discussed at the August 7, 2023 Board meeting, including meetings going over 4 hours.

Mr. Phil Eubanks introduced himself and offered his assistance to the Board with the auditor's selection process.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Rowell reported on her activities since the last Board meeting.

DROUGHT CONTINGENCY PLANS

Jun Chang reported that the Authority plans to enter into a Drought Contingency Plan ("DCP") Stage 2 following the City of Houston entering Stage 2 of its DCP, which will take effect on August 27, 2023. Director Rowell expressed that reduced watering, will have a negative impact on house foundations, landscaping, and trees. It was reported that the Authority must enter Stage 2 of its DCP when the City of Houston enters Stage 2 of its DCP. This is required by the Authority's DCP. All customers who receive water from the Authority are also required to enter Stage 2 of their DCP.

Director Ramsey confirmed that MUDs can go into stage 2 without the RWA. Director Graham asked if MUDs can issue fines.

FINANCE ISSUES

Mr. Howell first responded to questions from the Board related to the proposed TWDB State Water Implementation Revenue Fund for Texas ("SWIFT") funding for the Authority's projects in the total amount of \$171,330,000.

Next, Mr. Chang reviewed the Summary of TWDB 2023 SWIFT Funding, a copy of which is attached to these minutes, and responded to questions from the Board.

Mr. Howell then reviewed the costs of issuance, a copy of which is attached to these minutes, and responded to questions from the Board.

After extensive discussion, the meeting was recessed at 7:23 pm and resumed at 7:36 pm.

Director Barker then presented the map containing planned projects to be funded with the SWIFT funding and asked for clarification regarding the scope of the projects. A copy of Director Barker's presentation is attached to these minutes. The Engineer then responded to the Board's questions regarding the scope of the projects as well as the justification for such projects.

Next, upon conclusion of his presentation, Mr. Chang asked the Board to approve and authorize execution of the TWDB Financial Agreement.

Upon motion by Director Fessler, seconded by Director Rowell, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the TWDB Financing Agreement by the General Manager.

RATE ORDER REVISIONS, INCLUDING PUMPAGE AND SURFACE WATER RATE REDUCTIONS AND IMPACT FEES

The President recognized Mr. Howell who stated that once he receives the parameters from the Board, GMS would be able to create models based on such parameters and calculate the impact on revenue. Extensive discussion followed about the potential effect of reducing the surface water

rate. After the discussion, the Board asked Mr. Howell to model the impact of a potential \$0.25 and \$0.50 decrease in the water rates. The board discussed capitalized interest and reached a consensus that it is not in the best interest of rate payers to capitalize interest as had been done in the past. Mr. Howell will prepare appropriate models.

BOARD COMMITTEES

- A. Auditor Selection. The President stated that the Board would like to explore having an independent audit which in addition to checking the math, would examine process controls and how well those process controls are used, benchmarks, adherence to all relevant accounting audit standards, etc. Mr. Johnson stated that audit selection process falls under the Professional Services Procurement Act, which means the Board could issue a request for qualifications and receive proposals or receive proposals upon request to qualified firms.
- B. Authority mission/website. There was no update to report.
- C. Rate leveling and impact fees. There was no update to report.
- D. Science, Technology & Cost Savings. There was no update to report.
- E. Conflict of Interest Policy Implementation. Director Rowell said that conflict-of-interest forms will be sent electronically to all interested parties.

NEXT MEETING DATE

The Authority's next regular meeting is scheduled for September 11, 2023.

BOARD DISCUSSION ON POSSIBLE FUTURE AGENDA ITEMS AND COST SAVING ACTIONS

The President reported that he had called the Office of the Attorney General of Texas ("OAG") regarding meeting agendas. The OAG advised that the Board cannot directly discuss or exchange correspondence regarding meeting agenda items and those are to be treated under the OMA as if they were discussing the items themselves.

Directors should not correspond with one another regarding the business of the Authority, including agenda items, due to the OMA. This practice is in accordance with the OAG's advice, which is intended to ensure that the Board complies with the Texas Open Meetings Act.

PUBLIC COMMENT

The President then recognized Bill Papp and Jerry Homan who shared their thoughts on the Authority's business.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 9:35 p.m.

PASSED, APPROVED AND ADOPTED on 2nd day of October, 2023.

Ron Franklin
Secretary, Board of Directors

