

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 7, 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. 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; 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. 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 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.

CALL TO ORDER

The President called the meeting to order.

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

APPROVAL OF MINUTES

The Board considered approval of the minutes of the July 6, 2023 regular meeting. Upon motion by Director Rowell, seconded by Director Graham, after full discussion and the question being put to the Board, the Board tabled the minutes of the July 6, 2023 meeting.

PUBLIC COMMENT

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, addressed the Board regarding the recent changes in the fees of office passed by the Texas Legislature, the practice of rescheduling meetings for holidays, and approval of the financing agreement with the Texas Water Development Board (TWDB).

Next, Mr. Nick Fava, of Bammel Utility District, addressed the Board and welcomed Mr. Johnson as the new attorney for the Authority.

Mr. Marc Newmann, of Harris County MUD 322, then offered advice on the conduct of the meetings.

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

Mr. Michael Koska, of Friendswood Development Company, read a letter to the Board on behalf of Harris County MUD Nos. 514 and 578 regarding GRP participation.

COUNSEL FOR THE AUTHORITY

Mr. Chang stated that an agreement has been reached with Johnson Petrov, LLP, as authorized at the previous Board meeting.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Rowell said that the Board is responsible for serving the community and making decisions that are in the best interests of its rate payers. These projects are financed with rate payer money, so the Board has an obligation to investigate them carefully. Director Rowell also encouraged anyone with ideas to reach out to her or other Board members.

Director Ramsey noted that there are some significant items on the agenda and asked the Board to be brief in their comments so that they can get through the agenda in a timely manner.

LONE STAR GROUNDWATER CONSERVATION DISTRICT PRESENTATION

The President acknowledged Mr. Jim Spigener of Lone Star Groundwater Conservation District ("LSGCD") and Mr. Michael Keester, hydrogeologist of R. W. Harden & Associates, Inc.

Mr. Spigener explained that Montgomery County does not have a subsidence district, but a groundwater conservation district. It is important for the county to determine how much groundwater can be extracted without causing any damage. The high growth rate in Montgomery County makes it expensive to build the necessary infrastructure. Mr. Spigener explained that the LSGCD is trying to use science and data to answer the question of the sustainable yield of the aquifer.

Next, Mr. Keester introduced himself and said that he has been studying the aquifer, formations, and how groundwater moves through those formations for the past 20 years. He then reviewed the PowerPoint presentation, which is attached as an exhibit to these minutes. Following his presentation, Mr. Keester responded to questions from the Board.

Mr. Spigener pointed out that in his opinion everyone in the 16 counties of groundwater management area, including Fort Bend County and Harris County, would benefit from the data related to availability of groundwater.

Mr. Spigener further explained that benefits to the Authority would be determined if groundwater is available, the Authority will not need to spend money to build additional infrastructure.

FINANCE DIRECTOR'S REPORT, INCLUDING MONTHLY FINANCIAL REPORT AND PAYMENT OF BILLS

The President then recognized Ms. Plunkett, who reviewed the Authority's Financial Report with the Board, including the monthly investment report, the checks being presented for payment, a copy of which is attached hereto.

Upon motion by Director Barker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Financial Report, and the checks being presented for payment.

ANNUAL REVIEW OF INVESTMENTS

Ms. Plunkett stated that the Authority is required to perform an annual review of its Investment Policy and adopt a list of qualified brokers authorized to engage in the investment transactions with the Authority. She said that she and the Authority's investment advisor, Chris DeBow, have reviewed the Investment Policy and are confident that it is compliant with the law.

Ms. Plunkett then introduced Mr. Chris DeBow with Public Trust Advisors ("Public Trust"), who gave the PowerPoint presentation and responded to questions regarding the Authority investments. A copy of the PowerPoint presentation is attached as an exhibit to the minutes.

Next, the Board considered the approval of the Order Reviewing the Investment Policy. Upon motion by Director Barker, seconded by Director Ramsey, after full discussion and with all Directors present voting aye, the Board approved the Order Reviewing the Investment Policy.

The Board agreed to recess for 15 minutes at 8:40 p.m. The meeting resumed at 8:55 p.m.

BOND DEBT DISCUSSION

Director Barker started the bond debt discussion by stating that the Board is being asked to approve the issuance of \$170 million in bonds to cover overruns or additions to the 2018 procurement. Director Barker stated that the Board would need more details as to the reasons for the cost overruns. Mr. Chang clarified that the funding was not for covering overruns and stated that what the funding is for will be addressed later in the meeting.

Next, Mr. Howell responded to questions from Director Ramsey regarding incremental revenue and debt coverage. Mr. Howell further confirmed that as he previously stated, the Authority will not need to increase its rate this year if it approves the \$171 million financing with TWDB.

Further discussions ensued regarding using SWIFT funding projects for the Authority to comply with the rules of the Harris Galveston Subsidence District.

Mr. Chang then explained the process for approving projects for TWDB funding.

Mr. Baugher next reviewed the PowerPoint slides showing the projects that would be funded by the proposed TWDB 2023 SWIFT closing. Extensive discussion ensued.

Next, Director Fessler moved to approve the TWDB Financing Agreement. Director Ramsey proposed the TWDB Agreement be tabled until more information is provided to the Board.

Mr. Chang and Mr. Howell then responded to questions from the Board.

Following extensive discussion, and upon motion by Director Rowell, with all Directors present voting aye, and with Director Fessler voting nay, the Board agreed to table this matter for about two (2) weeks.

OPERATOR'S REPORT, INCLUDING MAJOR ISSUES AFFECTING OPERATIONS DURING PRIOR MONTH AND ANTICIPATED ISSUES IN COMING MONTHS

Mr. McDevitt reviewed the Operator's Report, a copy of which is attached as an exhibit to the minutes. Mr. McDevitt also responded to water quality questions in response to hot temperatures affecting the water.

GENERAL MANAGER'S REPORT

Mr. Chang reviewed the report as presented on the PowerPoint presentation, a copy of which is attached to these minutes. Mr. Chang reviewed an updated map of all utility districts currently on surface water.

ATTORNEY'S REPORT

Order Amending Procedural Rules Regarding Directors Fees of Office. Mr. Johnson reviewed the draft Order Amending Procedural Rules Regarding Directors Fees of Office.

Director Rowell stated she attended several utility district meetings where Boards adopted the increased fees retroactively – starting June 16, 2023. She then stated that she has reached the maximum fees of office of \$7,200 in July, 2023 and is currently not getting paid any fees of office.

Director Rowell then made a motion to increase the per-diem amount from \$150 to \$195 with the annual limit of 68 meetings, effective retroactively from June 16, 2023. Director Fessler stated that he is not in favor of being paid retroactively against the advice of the attorney. Director Rowell then amended her motion and stated that instead of effective June 16, 2023, the new per-diem increase would be effective August 7, 2023.

Director Fessler proposed an amendment to Director Rowell's motion to increase the per-diem amount from \$150 to \$200 with the annual limit of \$10,000 effective August 7, 2023, and after full discussion and with three Directors voting aye and Directors Ramsey and Rowell voting nay, the Board approved the Order Amending Procedural Rules Regarding Directors Fees of Office with the per-diem amount of \$200 with the annual limit of \$10,000 and effective August 7, 2023.

Authorize General Manager to Engage Hydrogeologist. Extensive discussion ensued regarding this matter, then Director Ramsey made a motion, seconded by Director Barker, to authorize the General Manager to engage a hydrogeologist at a cost not to exceed \$50,000. The motion passed, with the understanding that the Hydrogeologist Contract must be approved by the Board before the engagement can proceed.

GENERAL MANAGER'S REPORT (continued)

Mr. Chang reported that the project known as the Project 28-G is substantially complete. Mr. Chang recommended the Board accept the project and authorize final payment to the Contractor. Upon motion by the President, upon full discussion and with all Directors present voting aye, the Board accepted the project and authorized final payment to the Contractor.

COMMUNICATIONS

There was no action.

BOARD COMMITTEES

- A. Auditor Selection. There was no update to report.
- 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. The President recommended appointing Director Barker along with any other Board member to chair this committee. Without objection this recommendation was implemented.

RATE ORDER REVISIONS

Mr. Chang said that Friendswood Development Company had contacted the Authority several times about joining the Authority's GRP. Under the current Rate Order, the Authority would charge the outside entity the contract rate, which consists of the utility district water rate plus a capital recovery surcharge or the capital recovery fee as an add-on rate. This rate has been approved by the previous Board, and several entities have entered into a GRP agreement with the Authority under the contract rate. Mr. Chang recommended that the Authority continue charging the contract rate for entities that want to join the Authority's GRP.

There was discussion, and then Director Rowell made a motion to table this matter until the next regular meeting. The motion passed with four (4) Directors voting aye and one (1) Director abstaining.

PROCEDURAL RULES REVISIONS RELATING TO CONDUCT OF MEETINGS AND AGENDAS.

The President reviewed the proposed changes to the Procedural Rules stating that Section 2.08 would be amended to require a second to the motion. Discussion ensued and upon motion by Director Ramsey, seconded by Director Barker, after full discussion and with all Directors present voting aye, the Board tabled this matter.

NEXT MEETING DATE

The Board agreed to schedule its next regular meeting for September 11, 2023.

BOARD DISCUSSION ON POSSIBLE FUTURE AGENDA ITEMS AND COST SAVING ACTIONS

The Board unanimously agreed to table this matter.

PUBLIC COMMENT

Mr. Papp then addressed the Board and stated that the Authority should not spend money to assist Montgomery County.

Mr. Jerry Homan, from Harris County Fresh Water Supply District No. 61, stated that the Authority has enough water for more than 50 years and is 95% complete with its projects, thus it should not waste its resources on wells.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 10:33 p.m.

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


Secretary, Board of Directors

