

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

October 2, 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; 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. Chris DeBow with Public Trust Advisors ("Public Trust") (via videoconference); and Mr. Andrew P. Johnson, III, attorney, and Ms. Mirna Croon, paralegal, (via teleconference) 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.

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.

CALL TO ORDER

The President called the meeting to order.

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

PUBLIC COMMENT

Mr. Al Rendl, a resident of the Authority, voiced his opinion regarding the engagement of a hydrogeologist and drilling of wells.

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, shared his thoughts regarding the Authority's leadership.

Mr. Nick Fava, of Bammel Utility District, voiced his opinion regarding the conduct of Board meetings.

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

Mr. Ron Chapman, Director of Harris County MUD 222, voiced his opinion regarding the Authority's business including engagement of a hydrogeologist, drilling of wells, and the conversion process.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Graham reported that the Authority has reduced its rates twice this year, yet it still receives online complaints about rate increases. He suggested hiring a public relations consultant to address these concerns.

Director Rowell emphasized that the Authority's Auditors follow industry standards, despite claims to the contrary in previous meetings. She also stated that the meeting minutes missing from the Authority's website will be approved tonight and posted on the website. Next, she confirmed that in accordance with the Authority's policy, the public comment is limited to two (2) minutes.

Director Fessler stated that his position regarding engaging a hydrogeologist has changed. The Woodlands is pumping the water from the same aquifers, thus available groundwater today could be gone in 10 or 20 years making the data collected today irrelevant.

Director Barker expressed concern about the availability of surface water citing the case of the Mississippi River being below required levels due to the nationwide drought.

Director Ramsey read a statement regarding the upcoming leadership change, then discussed the Authority's accomplishments in the past nine months, future challenges, and unanswered science questions. (attached) He concluded by saying that it has been his honor to serve as president and handed the gavel to the Vice President.

Director Rowell thanked Director Ramsey for his service and discussed the change of leadership.

Next, Director Fessler moved that the next item to be discussed be Agenda Item No. 12 – Organization of the Board.

Mr. Johnson then discussed proposed changes to the Resolution Amending Procedural Rules to require officer election after each Director's Election and delete section 3.3.

Director Ramsey moved to amend Director Fessler's motion to move up Agenda Item No. 11 related to the Board Committees. After extensive discussion, Director Rowell ruled Director Ramsey's motion out of order.

Next, with Directors Rowell, Fessler, and Graham voting aye, and Directors Ramsey and Barker voting nay, the Board voted to discuss Agenda Item No. 12 next.

Director Ramsey moved to move up Agenda Item No. 11 before Agenda Item No. 12.

After extensive discussion, with Directors Ramsey, Barker, Fessler and Graham voting yes, and Director Rowell voting nay, the Board voted to discuss Agenda Item No. 11 next.

BOARD COMMITTEES

Director Ramsey thanked the committee members for their service and announced that he would be disbanding all four committees as his final act as president. He expressed hope that the new president would retain the Impact Fee Committee and Science, Technology, and Cost Savings Committee.

ORGANIZATION OF THE BOARD

A. RESOLUTION AMENDING PROCEDURAL RULES TO REQUIRE OFFICER ELECTIONS AFTER EACH DIRECTOR'S ELECTION AND DELETE SECTION 3.03 ("RESOLUTION")

Mr. Johnson reviewed Sections 3.02, 3.03, and 3.04 of the Resolution. Director Fessler moved to amend these sections as discussed. After discussion, Director Ramsey moved to amend the motion to state that officers will be elected annually instead of after each director election. Mr. Johnson suggested that the language be changed to state that the next election of officers will occur on January 1, 2025, but that any director may place the item to elect officers on the agenda at any time. Director Fessler accepted Director Ramsey's friendly amendment.

The Board then voted on the Resolution with the amendment, with Directors Rowell, Fessler, Barker, and Graham voting aye and Director Ramsey voting nay. The Resolution was approved.

B. ELECTION OF OFFICERS

Director Fessler moved to elect the following slate of officers:

Melissa Rowell	President
Kelly P. Fessler	Vice President
Ron Graham	Secretary
David Barker	Treasurer
Mark Ramsey	Assistant Secretary

Director Ramsey noted that a motion is not an election. After extensive discussion, Director Fessler moved to vote on each position and nominated Director Rowell for President. Director Ramsey nominated Director Barker for President. Director Rowell declared the nominations closed.

The Board then voted on Director Rowell's nomination, with Directors Rowell, Fessler, and Graham voting aye and Directors Ramsey and Barker voting nay.

The Board then voted on Director Barker's nomination, with Director Ramsey voting aye, Directors Rowell, Fessler, and Graham voting nay, and Director Barker abstaining.

Director Rowell was elected President.

Director Rowell then nominated Director Fessler as Vice President. Director Ramsey nominated Director Barker as Vice President. Director Rowell declared the nominations closed.

The Board then voted on Director Fessler's nomination, with Directors Rowell, Fessler, and Graham voting aye and Directors Ramsey and Barker voting nay.

The Board then voted on Director Barker's nomination, with Director Ramsey voting aye, Directors Rowell, Fessler, and Graham voting nay, and Director Barker abstaining.

Director Fessler was elected Vice President.

Director Rowell then nominated Director Barker as Treasurer. With no additional nominations, Director Barker was elected Treasurer.

Director Ramsey then nominated Director Graham as Secretary. With no additional nominations, Director Graham was elected Secretary.

Director Rowell nominated Director Ramsey as Assistant Secretary. Director Ramsey declined the nomination.

APPROVE MINUTES OF PRIOR MEETINGS.

Director Ramsey noted correction on the July 6, 2023 minutes related to the public comment was ill-advised and violated the board's agreement for minutes to reflect "what was done and not what was said", and asked who changed it. Director Rowell changed it and agreed to remove the change and revert to the original minutes language.

Upon motion by Director Graham, seconded by Director Barker, after full discussion and with all Directors present voting aye, the Board approved the minutes of the July 6, 2023, August 7, 2023, August 24, 2023, and September 11, 2023 Board meetings, as amended.

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 Fessler, after full discussion and with all Directors present voting aye, the Board approved the Financial Report, and the checks being presented for payment.

Next, Mr. Chang asked the Board to approve an agreement with Amegy Bank for a multi-bank investment option. He explained that the new product will spread the Authority's funds in Amegy Bank of approximately \$8 million across multiple FDIC-insured bank accounts, increasing the Authority's interest earnings.

Upon motion by Director Ramsey, after full discussion and with all Directors present voting aye, the Board authorized the General Manager to execute the Investment Agreement with Amegy Bank.

Mr. DeBow then reviewed the investment program noting no changes will be made to the risk profile of the portfolio.

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

Mr. McDevitt reported that the Authority remains under Stage 2 of the Drought Contingency Plan and is managing water usage closely. The City of Houston is expected to resume its full water supply to the Authority, but a specific date has not been set.

The Board took a recess from 7:50 p.m. to 8:00 p.m.

CONSTRUCTION/ENGINEERING UPDATES

Mr. Chang provided updates on the Northeast Water Purification Plant (the "NEWPP") expansion project.

Next, Mr. Haude reported on the status of Authority's projects currently under construction. He announced that the Texas Water Development Board has approved the final acceptance of Project 28F, which is now complete. The final construction costs were approximately \$9.78 million. Project 28F has provided connections to five districts, which are all now receiving surface water.

Upon motion by Director Rowell, after full discussion and with all Directors present voting aye, the Board voted to accept Project 28F and authorize final payment of the project.

Mr. Haude then discussed bids for Project 1A-4 and recommended that the Board award the contract to Texkota Enterprises, the second-lowest bidder. The lowest bidder was unresponsive. Project 1A-4 is a joint project with Bammel UD, and the costs will be split evenly.

Upon motion by Director Rowell, after full discussion and with Director Ramsey voting nay, the Board awarded the project to Texkota Enterprises, LLC.

GENERAL MANAGER'S REPORT

Mr. Chang reported that a request for qualifications for a hydrogeologist was published, as authorized at the previous Board meeting.

He then stated that some Board members had asked that multiple requests for proposals be published for a financial audit, an internal control audit, an investment advisor, and a financial advisor. Discussion ensued.

Next, Director Ramsey made a motion to authorize Mr. Chang to publish the above-mentioned requests, and to act on them if the cost for each after the selection and negotiation is under \$50,000. The motion passed with Directors Rowell, Ramsey, and Barker voting aye and Directors Graham and Fessler voting nay.

Mr. Chang then discussed proposed amendments to the Drought Contingency Plan ("DCP"). He explained that each Stage of the DCP is triggered if water demand exceeds supply for five consecutive days, or if the City of Houston triggers a particular Stage. He proposed removing the requirement that the Authority must declare any Stage of the DCP which is coupled to the City of Houston declaration under the City's DCP. He stated that once the NEWPP Expansion Phase I is in service, the Authority by contract will have adequate surface water for its demand. Therefore, the Authority should not be affected by the City of Houston's water supply shortage.

Upon motion by Director Fessler, after full discussion and with all Directors present voting aye, the Board authorized posting of the amended DCP on the District website for public comment.

Next, Mr. Chang updated the Board regarding the conflict-of-interest forms and the status of surface water conversion permits.

GOVERNMENT AFFAIRS UPDATES

Mr. Evans stated that there were no legislative updates affecting the Authority at this time.

COMMUNICATIONS

Director Rowell proposed receiving a monthly report from the website consultant. Mr. Chang reported on the email complaint handling process.

NEXT MEETING DATE

Discussion ensued regarding a date for the budget workshop.

The Board agreed to schedule its next regular meeting for November 6, 2023.

PUBLIC COMMENT

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, briefed the Board on the District's customer communication process for water rate changes.

Ms. Gloria Malek of Northwest Harris County MUD No. 10, addressed the Board regarding the cost differences between surface water and groundwater.

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, discussed the comparative costs of surface water and groundwater.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 9:10 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED on the 6th day of November, 2023.


Secretary, Board of Directors

