

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

November 6, 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:

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

All members of the Board were present except Director Barker, 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. Cassandra Medina, Administrative Assistant 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 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

Director Rowell, Board President, called the meeting to order.

Ms. Marsi Thomas of Harris County Water Control and Improvement District 132 delivered an inspirational message and led the meeting attendees in the Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, urged the Board members and the public to participate in the November 7, 2023, election and provided information about Propositions 4 and 6. Mr. Homan additionally offered support and encouragement to the new Authority leadership.

Mr. Gary Matocha of Louetta Road Utility District inquired about the changes in the Drought Contingency Plan. Mr. Matocha also stated that he submitted comments on the proposed changes in the Drought Contingency Plan and would appreciate feedback from the Authority.

Mr. Chang stated that Mr. Matocha's comments were very valuable and incorporated into the revised Plan. He then elaborated on the necessity of Houston's continued Stage 2 status due to water leaks straining their demand. The Authority's Plan allows the General Manager to make variance decisions, which resulted with the Authority exiting Stage 2 of the Plan.

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, shared his thoughts regarding Agenda Items Nos. 5 a through f; and Agenda Item No. 10.

Mr. Gary Gibson, a resident of the Authority with extensive experience as a mechanical engineer in the Houston Ship Channel area, provided insights into the causes and effects of subsidence in the channel. He also advocated for the recruitment of a hydrogeologist.

Mrs. Deborah Gower, a resident of the Authority, requested that the building door be unlocked before 6:00 p.m. on meeting days. Mr. Chang confirmed that the building management was instructed to leave the door unlocked until 7:00 p.m., but this instruction was not followed. The staff will address this issue with the building management tomorrow.

Mr. Ronald Bulls, a resident of the Authority, shared his thoughts about the creation of the Authority and the Harris Galveston Subsidence District. He noted that his water bill had exceeded \$200.00, with most of the cost being attributed to the Authority's fee. The President stated that the Authority has implemented two rate reductions in 2023.

#### MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Rowell provided an update on the meetings and training courses she attended during the previous month.

#### APPROVE MINUTES OF OCTOBER 2, 2023, BOARD MEETING.

Upon motion by Director Graham, after full discussion and with all Directors present voting aye, the Board approved the minutes of the October 2, 2023, Board meeting, as amended.

#### GENERAL MANAGER'S REPORT

- A. Status of Request for Proposals ("RFQ") for Hydrogeologist and Auditor. Mr. Chang reported that an RFQ for a hydrogeologist was published as authorized by the Board. The deadline to submit proposals was October 11, 2023, and fifteen parties downloaded the RFQ. However, no proposals were submitted by the deadline. As a result, the RFQ for a hydrogeologist is now closed. The RFQ cannot be extended; however, the Board can vote to publish another RFQ. An RFQ for a financial auditor was published October 20, 2023, and the deadline to submit proposals is November 16, 2023. Published both in the Houston Business Journal and CIVCAST. The RFQ for the internal auditor was published October 27<sup>th</sup> and the due date is November 22<sup>nd</sup>, also published in both the Houston Business Journal as well as CIVCAST.

- B. Status of Water Supply and Conservation Level. Mr. Chang reviewed the progress of surface water conversion for the current permit. He reported that 24.2% of the planned conversion was achieved in September 2023. The conversion rate for October 2023 is yet to be finalized. In October 2023, the Authority delivered 29.5 million gallons of water per day, falling short of the 31 million gallons contracted by the City of Houston. Mr. Chang then reviewed the historical conversion data for the past five years. The Authority has consistently exceeded the 30% conversion requirement, achieving an average annual conversion rate of 30.9%. However, due to the drought, the Authority has fallen below the conversion requirement in the past two years. In 2022, the conversion rate was 28.4%. The 2023 conversion rate is still being calculated, but it appears that it will also fall below the 30% requirement.
- C. Resolution Amending 2019 Drought Contingency Plan ("DCP") and Adopting 2024 DCP ("Resolution"). Mr. Chang informed the Board that the revised DCP was made available on the Authority's website and that feedback received was carefully reviewed. He elaborated on the amendments made to the 2024 DCP, emphasizing that the Authority's DCP will no longer be tied to the City of Houston's triggers.

Upon motion by Director Rowell, after full discussion and with all Directors present voting aye, the Board adopted the Resolution Amending 2019 DCP and Adopting 2024 DCP.

- D. Consider Adoption of a Fifteenth Supplemental Resolution Authorizing the Issuance of North Harris County Regional Water Authority Senior Lien Revenue Bonds, Series 2023, pursuant to the Financing Agreement with the Texas Water Development Board, previously approved by the Authority's Board on August 24, 2023 (the "Series 2023 Bond Resolution").

Mr. Chang asked the Board to approve the Series 2023 Bond Resolution. The Bonds will be issued in the amount of \$171,330 million.

Next, Director Fessler moved to approve the Series 2023 Bond Resolution. Director Ramsey asked the matter be tabled until the next meeting due to Director Barker's absence. Mr. Howell stated that the closing is scheduled for December 1, 2023. The Texas Water Development Board ("TWDB") SWIFT program requires that the Authority abides by its strict schedule and the documents need to be submitted to the TWDB tomorrow. Discussion ensued.

Director Ramsey then moved to table the Series 2023 Bond Resolution until the next meeting, and with Director Ramsey voting aye, and Directors Rowell, Graham and Fessler voting nay, the motion failed.

Next, with Directors Rowell, Graham, and Fessler voting aye, and Director Ramsey voting nay, the Board approved the Series 2023 Bond Resolution.

- E. Authorize Additional Funding for Legal Services by Special Counsel regarding Dispute between the City of Houston and Houston Waterworks Team. Mr. Chang informed the Board that the City of Houston has contracted with Houston Waterworks Team to design and construct the Northeast Plant Expansion Project. The contractor has filed a lawsuit against the City on many disputed contract items. The dispute amount has escalated from the \$20 to

\$30 million range to the \$80 to \$90 million range and could be more. Mr. Chang emphasized that the Authority's investment in the Northeast Plant Expansion Project is \$697 million without financing costs. To safeguard the Authority's financial interests, the City of Houston should not be permitted to make settlement decisions on the Authority's behalf. The Authority has postponed engaging outside counsel due to the associated costs. However, the Houston Waterworks Team has subpoenaed the Authority as a non-party for a large amount of information, and scheduled deposition with the staff, necessitating legal representation. Mr. Chang indicated that the final cost is still unknown but requested Board approval for \$250,000 in the interim. Mr. Chang responded to specific questions from the Board, noting that certain matters could not be discussed publicly. Mr. Johnson then advised the Board to hold an executive session to discuss this matter further.

Director Graham then moved to approve additional funding for legal services by special counsel regarding the dispute in an amount not exceeding \$250,000.

Director Ramsey proposed an amendment to Director Graham's motion to approve additional funding for legal services by special counsel regarding the dispute in an amount not exceeding \$100,000. Director Graham accepted Director Ramsey's amendment, and with all Directors present voting aye, the Board approved the additional funding for legal services by special counsel regarding the dispute in an amount not exceeding \$100,000.

- F. Approve the Services Agreement with Atlas Design Services ("Atlas") for the Automated Metering Infrastructure project. Mr. Chang discussed a proposal to install a transmitter on every well meter by Atlas Design Services. The cost of the project is not to exceed \$3,672,579.75, including the five percent contingency.

If approved, Atlas will install a transmitter on every well meter. If the meter is not compatible with the transmitter, Atlas will replace the meter. Once the project is complete, all 453 meters will have transmitters and the Authority will be able to instantaneously read the pumpage.

The new system will improve operational efficiency and reduce costs by eliminating the need for manual meter readings and manual compilation of reports. It will also shorten the period for the pumpage data to be available, which will allow the Authority to make adjustments if it notices that a certain district is pumping more groundwater. The Authority will not have to wait up to 45 days to receive reports from well owners, and therefore, receive revenue sooner. Additionally, the project will add pressure and flow monitoring points in the distribution system so that any leaks would be detected much earlier. Mr. Chang then responded to questions from the Board regarding the technology. Director Ramsey expressed concern about the cost of the project and suggested that the Authority pay a \$700 monthly fee to Texas Network for collecting the pumpage information, after the transition time defined in the Purchase Agreement between Texas Network and Authority expires.

Following extensive discussion, Director Fessler moved to approve the Services Agreement with Atlas for Automated Metering Infrastructure project.

Director Rowell then moved to table this matter until a future meeting.

The Board then voted on tabling the matter and with Directors Rowell, Ramsey, and Graham voting aye, and the Director Fessler voting nay, the Board tabled the Services Agreement with Atlas.

#### 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, and the checks being presented for payment.

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.

#### OPERATIONS STATUS REPORT

Mr. McDevitt reviewed the presentation detailing the monthly amount of water received from the City of Houston, the amount of water used, and the Authority's pumpage information.

#### GOVERNMENT AFFAIRS

- A. Legislative Update. Mr. Evans stated that there were no legislative updates affecting the Authority at this time.
- B. Harris-Galveston Subsidence District Update. Mr. Evans updated the Board regarding the matters discussed at the last Subsidence meeting.

#### CONSTRUCTION/ENGINEERING UPDATES

- A. Update on NEWPP, including schedule, remaining issues, and acceptance testing. Mr. Chang reported that the acceptance will likely be delayed to the end of December, 2023.
- B. Acceptance of Projects 25B, 25E, and 28D (collectively the "Projects") and authorize final payments. Mr. Haude reviewed the Projects and recommended the Board approve the Projects and authorize final payments.

Upon motion by Director Fessler, the Board unanimously accepted the Projects and authorized final payments, as recommended by Mr. Haude.

#### COMMUNICATIONS

Mr. Chang reported on the website updates stating that the Authority's policy is to respond to any complaints or questions within 24 to 48 hours.

#### BUDGET AND CAPITAL IMPROVEMENT PLAN WORKSHOP MEETING ON MONDAY, NOVEMBER 13, 2023.

There was no action.

NEXT REGULAR MEETING MONDAY, DECEMBER 4, 2023, AND THE FOLLOWING  
REGULAR MEETING WILL BE JANUARY 8, 2024.

There was no action.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 7:59 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED on the 4<sup>th</sup> day of DEC., 2023.

  
Secretary, Board of Directors

