

MINUTES OF MEETING OF THE  
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

January 8, 2024

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, 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. Krystal Boggs, Staff Analyst 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.

Director Rowell recited the quote attributed to Martin Luther King Jr., "Our lives begin to end the day we become silent about things that matter." She then 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, commented on the Authority's meeting structure, rate reductions and budget.

Mr. Larry Goldberg, of Harris County Municipal Utility District No. 261, reported on his experience with the subsidence in the Spring Branch area.

Mr. Nick Fava, of Bammel Utility District, shared his views about the public comment at the end of the meeting.

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, opined about an engagement process of an auditor and a hydrogeologist.

Mr. Joe Augustine, a property owner within the Authority, expressed concerns about the planned waterline installation on his property, project 37G. He emphasized the need for the Authority to keep residents informed about such projects that affect their neighborhood, ensuring transparency and opportunity for feedback.

#### MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Fessler stated that the Board previously agreed that any Board member may add an item to the agenda, even if the agenda item is unpopular.

Director Barker, in response to comments from Mr. Augustine, stated that the Authority began exploring the project in 2017 and the project was approved in 2020. The landowners should have been informed about the project four years ago.

Director Ramsey sought clarification on property disclosure rules during property purchases. Mr. Johnson explained that while utility districts must provide a "Notice to Purchaser" detailing bond authorization, issuance and tax rates levied by the district, the Authority is not subject to such requirements. Mr. Johnson further elaborated on regulations related to the landowner's bill of rights.

Director Rowell informed the public that she and several staff members attended the ribbon cutting ceremony for the Northeast Water Purification Plant on December 11, 2023.

#### MINUTES OF DECEMBER 4, 2023 BOARD MEETING

Upon motion by Director Fessler, after full discussion and with Directors Rowell, Fessler, Graham and Barker voting in favor, and Director Ramsey voting against, the Board approved the minutes of the December 4, 2023, as amended.

#### RESOLUTION ADOPTING AMENDED AND RESTATED PROCEDURAL RULES OF THE AUTHORITY, INCLUDING EXPANDING TIME FOR PUBLIC COMMENT ("RESOLUTION")

Mr. Johnson explained that the Resolution was revised to extend the public comment period from two to three minutes, and to add a three weeks' notice requirement for any rule changes. The memo regarding the proposed changes was previously sent to the Board.

Director Fessler then moved to amend Section 1.6 of Appendix A of the Resolution to state that "at each public meeting, the Board shall accept public comment from members of the public who wish to present comments for no more than three (3) minutes per person for a maximum of thirty (30) minutes per meeting, unless the entire Board agrees otherwise. Once the presiding officer indicates the time period of three (3) minutes has ended, the member of the public shall refrain from speaking any further."

Director Graham proposed an amendment to Director Fessler's motion to add that at the conclusion of each meeting, a separate public comment period shall be provided with each speaker limited to one (1) minute for a maximum of ten (10) minutes per meeting. The amendment was accepted

by Director Fessler. Following discussion, the Board voted unanimously in favor of accepting Director Fessler's amendment.

Next, after full discussion and with Directors Rowell, Fessler, Graham and Barker voting in favor, and Director Ramsey voting against, the Board amended Section 1.6 of Appendix A of the Resolution to state that " at the beginning of each public meeting, the Board shall accept public comment from members of the public who wish to present comments for no more than three (3) minutes per person for a maximum of thirty (30) minutes per meeting, unless the entire Board agrees otherwise. Additionally, at the conclusion of each meeting, a separate public comment period shall be provided with each speaker limited to one (1) minute for a maximum of ten (10) minutes per meeting. Once the presiding officer indicates the time period has ended, the member of the public shall refrain from speaking any further."

Discussion next ensued regarding the proposed amendment to Article X, Section 10.01 of the Resolution pertaining to the notice requirements for the proposed amendment.

Upon motion by Director Fessler, and with all Directors present voting in favor, the Board amended Article X, Section 10.01 of the Resolution to state that " the Procedural Rules, as amended and restated herein, may be amended by a majority of the directors present at any regular meeting or at any special meeting, if a description of the change to the Procedural Rules is on the agenda for the meeting and has been posted in accordance with the law and these Procedural Rules, provided the notice in writing describing the proposed amendment is given to all Board members at a regular meeting of the Board of Directors or delivered via electronic mail within 24 hours of such meeting, which is at least 21 days in advance of any such consideration. Notwithstanding the foregoing, an amendment to bring these Procedural Rules in compliance with a superior statute, rule, procedure, or other authority may be considered without previous notice to all Board members."

#### GENERAL MANAGER'S REPORT

- A. Status of Search for Internal Control Audit and Authorize General Manager to Engage an Internal Control Auditor. Mr. Chang discussed internal audit proposals and associated costs with various options. He asked for the Board's direction in selecting the preferred option.

Mr. Chang noted that only one proposal remains after one respondent withdrew his proposal.

Discussion ensued after which upon motion by Director Rowell, and with Directors Rowell, Fessler, and Graham voting in favor, and Directors Barker and Ramsey voting against, the Board tabled this matter until a future Board meeting.

- B. Status of Water Supply and Conservation Level. Mr. Chang reviewed the progress of surface water conversion for the current permit year. He reported that almost 34% surface water conversion was achieved in December 2023.

Mr. Chang noted that Doug Haude, Authority Construction Manager, has resigned, effective Friday, January 12, 2024 for a new opportunity, and Mr. Showri Nandagiri, is retiring, effective January 15, 2024.

Mr. Haude stated he appreciated the opportunities and growth he has had with the Authority and said this move is bittersweet.

Mr. Chang hired an accountant to succeed Cyndi Plunkett and her start date was Jan 1, 2024.

Following personnel updates, Mr. Chang briefed the Board on the HWT Houston Water Team's ("HWT") lawsuit against the City. As the project's primary stakeholder, at 35%, the Authority stands to be significantly impacted by the litigation's outcome.

#### 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, and the checks being presented for payment, a copy of which is attached hereto as Exhibit "A".

Director Barker then moved to approve the Financial Report, and the checks being presented for payment, and with all Directors present voting in favor, the Board approved the Financial Report, and the checks presented for payment.

#### OPERATIONS STATUS REPORT

Mr. McDevitt reviewed the Operations Report, a copy of which is attached hereto as Exhibit "B".

#### CONSTRUCTION/ENGINEERING UPDATES

- A. Update on NEWPP, including schedule, remaining issues, and acceptance testing. Mr. Chang reported that January 22, 2024 is the earliest date that the City of Houston and HWT expect to start delivering water to the distribution systems of the City of Houston and the North and Central Water Authorities.
- B. Authorize the Award of Contract for Project 31C. Next, Mr. Chang presented the fact sheet related to the Contract for Construction of Proposed 24", 16", and 12" Waterline along Windfern Rd., Beck Masten Rd. and in the CenterPoint Corridor from Project 31A to Project 31D and Water Receiving Facilities ("Project 31C"). Mr. Chang recommended that the project be awarded to Main Lane Industries, Ltd, based on its low bid of \$19,497,814.50.

The President next recognized Mr. Holman who then addressed the Board regarding Project 31C as the project affects Harris County FWSD 61. Mr. Holman urged the Board to approve Project 31C.

Extensive discussion ensued. Next, Director Ramsey moved to table Project 31C until the next meeting, and with Directors Ramsey and Barker voting in favor, and Directors Rowell, Fessler and Graham voting against, the motion failed.

Director Fessler then moved to call the question, and with Directors Fessler and Graham voting in favor, and Directors Rowell, Barker and Ramsey voting against, the motion failed.

Discussion ensued, after which Director Fessler moved to award the Contract for Project 31C to Main Lane Industries, Ltd, in the amount of \$19,497,814.50, as recommended by the General Manager. The Board voted on the motion, and with Directors Rowell, Fessler, and

Graham voting in favor, and with Directors Barker and Ramsey voting against, the motion passed.

Authorize the Award of Contract for Project 1A-5. Director Ramsey moved to award Project 1A-5 to the low bidder, V&S Construction, in the amount of \$1,439,595. The Board voted on the motion, and with all Directors present voting in favor, the motion passed.

In accordance with the Cost Sharing Agreement with Champions Municipal Utility District, the costs will be equally shared between the Authority and Champions Municipal Utility District.

The Board agreed to recess for 15 minutes at 8:02 p.m. The meeting resumed at 8:16 p.m.

GOVERNMENT AND LEGISLATIVE AFFAIRS UPDATE. Mr. Evans reported that an Alternative Water Use Incentive Program Agreement with Northgate Crossing Municipal Utility District Nos. 1 and 2 will most likely be on the Authority's next agenda.

There were no legislative updates.

ENGAGEMENT OF HYDROGEOLOGIST.

The Board unanimously agreed to table this matter until the next meeting.

ENGAGEMENT OF FINANCIAL ANALYST.

The Board unanimously agreed to table this matter until the next meeting.

REDUCTION OF RATES FOR PUMPAGE FEES AND/OR SURFACE WATER DELIVERY.

Director Barker, citing approximately \$300 million in water rate collections, proposed a \$1.00 rate decrease.

Mr. Howell stated that he had no time to prepare a financial analysis as to the effect a rate decrease would have on the Authority's financials. He reminded the Board that the recently approved budget projects a deficit of approximately \$44 million. A \$0.01 rate reduction represents anywhere from \$240,000 to \$245,000 in revenue, thus a decrease of \$1.00 would amount to approximately \$24 million in revenue decrease. Mr. Howell 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.

Next, Director Barker moved to decrease the water rate by \$1.00. Following extensive discussion, Director Ramsey proposed an amendment to Director Barker's motion to decrease the water rate by \$0.50, effective the next billing cycle.

The President then recognized Ms. Cindy Ems of Prestonwood Forest Utility District who opined on the proposed rate decrease.

The Board then voted on Director Ramsey's proposed amendment to implement a rate reduction of \$0.50, and with Directors Rowell, Fessler, and Graham voting against, and with Director Ramsey and Barker voting in favor, the amendment failed.

Next, Director Rowell moved to table this matter until the next meeting, and with Director Rowell voting in favor, and Directors Fessler, Graham, Barker, and Ramsey voting against, the motion failed.

The Board then voted on Director Barker's motion to implement a fee reduction of \$1.00, and with Directors Rowell, Fessler, and Graham voting against, and with Directors Ramsey and Barker voting in favor, the motion to implement a rate reduction of \$1.00 failed.

Director Ramsey then moved to authorize Mr. Howell to model the impact of a potential \$0.50, \$1.00, and \$2.00 decrease in the water rate. The Board voted on the motion, and with Directors Rowell, Barker, and Ramsey voting in favor, and Directors Fessler and Graham voting against, the motion passed.

#### BOARD DISCUSSION OF POSSIBLE FUTURE AGENDA ITEMS AND COST SAVING ACTIONS.

Director Barker asked for an agenda item at the next meeting to consider (1) a policy requiring the Authority to give notice to property owners in the path of construction and (2) a policy requiring all Authority vendors to submit new qualification proposals every four years, and distributed a written copy of the two requests to all Directors present.

#### NEXT REGULAR MEETING WILL BE MONDAY, FEBRUARY 5, 2024.

There was no action.

#### ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 9:03 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED on the 5<sup>th</sup> day of February, 2024.

  
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Secretary, Board of Directors

