

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER
AUTHORITY

February 5, 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. Raj Singh, P.E., Engineering Manager for the Authority; Ms. Cynthia Plunkett, Finance Director for the Authority; Ms. Kassandra 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.

Mr. Jerry Homan, from Harris County Fresh Water Supply District No. 61, commenced the meeting with a prayer and guided the attendees in reciting the Pledges of Allegiance to the flags of the United States and Texas.

PUBLIC COMMENT

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, commented on the proposed rate reduction for pumpage fees and/or surface water delivery, which will be discussed later in the meeting.

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, opined about the proposed rate reduction and the Authority's meeting structure.

Mr. Derrick Wilmer of Harris County Municipal Utility District No. 248 discussed the Construction Contract for the Proposed Waterline along Windfern Rd., Beck Masten Rd., and in the CenterPoint Corridor, and the Water Receiving Facilities ("Project 31C"). He then shared insights on some Board members' decision to oppose Project 31C. Mr. Wilmer also expressed his views on the proposed rate decrease and the conduct of Authority meetings.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Rowell clarified remarks made by a Board member during the last meeting concerning elevated arsenic levels in the Tomball area's water. She mentioned that after consulting with Tomball city leaders and examining the 2022 Water Quality Report, she found that Tomball's arsenic concentration is at 2.9 parts per billion (ppb), well below the maximum allowed level of 10 ppb. She also noted that the Authority would need at least five years advanced notice from Tomball for Authority to design and build the infrastructures to convert to surface water.

Furthermore, Director Rowell raised a point about cost-saving measures for the Authority's ratepayers. She asked the General Manager to explore which municipal utility districts are preventing the Authority from utilizing their easements, thereby necessitating the Authority to acquire an alternative easement route at a cost.

Next, Director Rowell brought up the topic of a Notice to Purchaser discussed in the Board meeting on January 8, 2024. She reported that the Authority is not required to issue a Notice of Purchaser since it does not levy taxes, a situation she finds lacks transparency. She encouraged the Board and the public to participate in the meetings of the Harris-Galveston Subsidence District, the regulatory body regulating groundwater withdrawal by the Authority.

MINUTES OF JANUARY 8, 2024 BOARD MEETING

Upon motion by Director Barker, after full discussion and with all Directors voting in favor, the Board approved the minutes of the January 8, 2024 Board meeting.

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 Fessler 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.

GENERAL MANAGER'S REPORT

- A. Status of Water Supply and Conservation Level. Mr. Chang provided an update on the progress of converting surface water within the current permit year. He reported that the conversion rate in December 2023, was 33.8 percent. The daily pumpage rate in January 2024 was 21.7 million gallons.

Next, Mr. Rafael Ortega from Aurora Technical Services presented a route study on Project 37. Following his presentation, he addressed inquiries from the Board concerning the rationales behind the determination of the routes and the necessary easements.

Mr. Chang then informed the Board that, following their request, a Request for Qualification for a new Program Manager was issued in November 2023. The selection process began with the receipt of responses in December 2023. A selection panel was chosen to evaluate the five proposals received. After careful consideration, Carollo Engineers, Inc. was chosen as the new Program Manager.

Mr. Chang, along with the Board, extended their gratitude to AECOM Technical Services for their two decades of dedication as the Authority's Program Manager.

Responding to Director Barkers's question, Mr. Chang stated that Carollo Engineers, Inc is not responsible for delays with the Northeast Water Purification Plant ("NEWPP").

Mr. Chang stated that the HWT Houston Water Team's ("HWT") lawsuit against the City should be discussed in an executive session, if needed.

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 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 in March 2024. The original delivery date was February 2023.
- B. Discussion on the delay of taking water by WHCRWA and NFBWA and its impact on NHCRWA. Director Rowell stated that the West Harris County Regional Water Authority ("WHCRWA") and North Fort Bend Water Authority ("NFBWA") will not be able to draw water as originally planned from the NEWPP. This will result in the Authority bearing higher costs associated with the NEWPP.

Mr. Chang explained that the construction of a joint transmission line by WHCRWA and NFBWA has been delayed, leading to the inability to access water from the NEWPP as per the initial schedule. The fixed operating costs for NEWPP will remain unchanged. As per the Contract with the City of Houston, each party pays only for the water it takes. The party able to take water will pay for it at a higher cost. The five stakeholders have held discussions and are currently working towards finding a solution to the situation.

- C. Authorize the Award of Contract for Project 28E. Mr. Singh discussed the bids received for Project 28E. He said it is recommended that Project 28E be awarded to Main Lane Industries, Ltd. for \$10,994,515. A copy of the recommendation letter is attached hereto as Exhibit "C".

Upon motion by Director Fessler, and with Directors Rowell, Fessler, Graham, and Barker voting in favor, and Director Ramsey voting against, the Board awarded the Contract for Project 28E to Main Lane Industries, Ltd. for \$10,994,515, as recommended by the Authority staff.

The Board agreed to recess for 15 minutes at 7:36 p.m. The meeting resumed at 7:48 p.m.

PROCEDURAL RULES DISCUSSION.

- A. Resolution Adopting Amended and Restated Procedural Rules of the Authority, including, ensuring adequate Public Notice of project locations, routes prior to condemnation. Mr. Chang affirmed that the Authority is fulfilling its legal obligations in the condemnation process. He also mentioned that the notification protocol for property owners has been presented to the Board. The situation of the property owner discussed at the January 8, 2024, meeting is unique as the property is secluded and the property owner does not pay the Authority's fees.

Additionally, Mr. Chang reviewed the form letters and checklists used to inform property owners about potential Authority lines crossing their property. No action was needed from the Board.

- B. Periodic Review of Authority Consultants. Mr. Chang proposed that when a professional service provider has been providing the same service continuously for four years, the General Manager issue a RFQ for the same service and conduct a qualification-based selection according to the Texas Professional Services Procurement Act. The General Manager may exercise a one-time waiver of this requirement after a satisfactory performance review of the provider. Extensive discussion ensued after which the Board agreed that the General Manager may exercise a one-time waiver of the four-year requirement after a satisfactory performance review of the provider with the Board approval. Mr. Chang will update the Authority's policy to reflect the above-agreed requirements. No action was taken.

- C. Agenda Item discussions. Director Rowell said the rules were updated to allow any Director to add agenda items. She raised concerns about managing an excessive number of items on the agenda. In response, Director Graham suggested that Directors requesting agenda items should provide rationale and relevant information. No action was taken.

GOVERNMENT AFFAIRS UPDATE. Mr. Evans stated that there was nothing significant to report to the Board.

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

Madam President recognized Mr. Howell who reviewed the analysis for the rate decrease proposal. Following his presentation, Mr. Howell recommended no rate changes. Extensive discussion ensued.

Next, Director Ramsey moved to decrease the water rate by \$0.50 and with Directors Rowell, Fessler, and Graham voting against, and with Director Ramsey and Barker voting in favor, the motion failed.

The Board recessed at 9:47 p.m. and resumed the meeting at 10:00 p.m.

Director Ramsey moved to postpone all remaining agenda items, excluding agenda item no. 13 concerning hydrogeologist engagement. Director Fessler subsequently suggested a friendly amendment to incorporate agenda item no. 15, pertaining to public comment, into the exceptions, which Director Ramsey agreed. Subsequently, with Directors Ramsey, Barker, Fessler, and Graham in favor, and Director Rowell opposed, the Board deferred agenda items no. 12 and nos. 14-15.

HYDROGEOLOGIST

Mr. Johnson reported that he had discussions with several Board members on ways to reduce the Authority's expenses. He noted that the Authority operates efficiently, and the primary method for cost savings would involve deferring expenses by pushing back the deadlines for the HGSD surface water conversion. This delay could benefit ratepayers by potentially eliminating the need for the Authority to secure additional loans. Despite efforts to engage a hydrogeologist to support the Authority's position to HGSD, no proposals were submitted.

Consequently, Mr. Johnson requested the Board's permission to draft a letter to HGSD, advocating for a postponement of the surface water conversion mandates. He emphasized the probable need for expert consultation, such as a hydrogeologist, to effectively present the case to HGSD.

Next, Director Fessler moved to authorize Mr. Johnson to (i) prepare a letter to HGSD requesting an extension of the 2035 surface conversion deadline; and (ii) potentially engage a hydrogeology consultant. This consultant would provide scientific insights regarding the Authority's groundwater resources to assess the necessity of converting the remaining 20% of the area to surface water. The Board had previously agreed to a \$50,000 fee for such consultancy.

After a thorough discussion, Director Barker called the question. The motion was approved with Directors Fessler, Graham, Barker, and Ramsey in favor, and Director Rowell opposed.

Subsequently, with Directors Fessler, Graham, Barker, and Ramsey in favor, and Director Rowell opposed, the Board voted to (i) authorize JP, in collaboration with the General Manager, to draft a letter to HGSD requesting an extension of the 2035 surface water conversion deadline; and (ii) if required, seek the expertise of a hydrogeology consultant.

ENGAGEMENT OF FINANCIAL EXPERT.

This matter was tabled.

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

This matter was tabled.

NEXT REGULAR MEETING WILL BE MONDAY, MARCH 4, 2024.

There was no action.

PUBLIC COMMENT.

Mr. Bill Papp, of Harris County Water Control and Improvement District No. 132, commented on the matters discussed at the meeting.

Mr. Jerry Homan, of Harris County Fresh Water Supply District No. 61, commented on the Board's decision on the proposed rate reduction for pumpage fees and/or surface water delivery, and other matters discussed in the meeting.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 10:37 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED on the 1st day of April 2024.

Ron Ruben
Secretary, Board of Directors

