

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

September 16, 2024

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in public session, 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. Cassandra Medina, Administrative Assistant for the Authority; Mr. Paul Walker, P.E., of Carollo Engineers, Inc., Program Manager for the Authority; Mr. Carlton McDevitt of Inframark, LLC, Operator for the Authority; Mr. Rafael Ortega, P.E., of Aurora Technical Services; and Mr. Andrew P. Johnson, III, Attorney, and Mirna Croon, Paralegal, 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. Mike Kelley, a director with the Harris County Fresh Water Supply District #61, delivered the invocation followed by leading the meeting attendees in the Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Jerry Homan, a representative of Harris County Fresh Water Supply District No. 61, shared his thoughts on the agenda items scheduled for discussion.

Next, Mr. Nick Fava, representing Bammel Utility District, offered opinions on the District's business matters.

Mr. Al Rendl, a resident of the Authority, discussed the historical goals of the Authority's creation and shared opinions on Board decisions.

Mr. Ron Chapman of Harris County Municipal Utility District No. 222 inquired about Board members' accomplishments during their term of office.

Mr. Bobby Hartman, a resident of the Authority, inquired about the traffic control and safety measures during the construction of Project 31C.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Barker provided his view for the role of the Authority in the process of water delivery.

Director Rowell expressed gratitude to all attendees. She then addressed complaints of certain attendees related to the rescheduling of the September 5, 2024 Board meeting from 6:00 p.m. to 4:00 p.m.

Additionally, Director Rowell shared updates on her recent activities, which included:

1. Attending the Harris-Galveston Subsidence District Joint Regulatory Review Workshop on September 11, 2024; and
2. Attending the Texas Real Estate Course on Notice to Purchasers and Municipal Utility Districts.

Director Rowell presented information from a published article discussing Board member responsibilities.

MINUTES OF JULY 1, 2024 AND AUGUST 5, 2024, BOARD MEETINGS

Director Ramsey moved to approve the minutes of the July 1, 2024 and August 5, 2024, Board meetings, and with all Directors present voting in favor, the minutes were approved.

GENERAL MANAGER'S REPORT

A. Status of Water Supply and Conversion. Mr. Walker reported on the progress of surface water conversion for the current permit year:

- The conversion rate for August 2024 was 40.69 percent.
- Surface water delivery increased compared to the previous month.
- The increase was attributed to two factors: (i) the operational status of the Northeast Water Purification Plant; and (ii) high temperatures during August.

OPERATIONS STATUS REPORT

Mr. McDevitt presented the Operations Report, a copy attached hereto as Exhibit "A".

REPORT FROM DIRECTOR OF PLANNING AND GOVERNMENTAL AFFAIRS

Mr. Evans updated the Board regarding the Harris-Galveston Subsidence District Joint Regulatory Review Workshop on September 11, 2024.

ELECTION AGENDA

Mr. Johnson provided an update regarding the November 5, 2024 election ballot for Voting District Nos. 4 and 5. Additionally, the Board discussed the estimated election cost provided by Harris County.

CONSTRUCTION/ENGINEERING UPDATE

- A. Update on NEWPP Expansion project. Mr. Walker provided an update regarding the NEWPP. He reported that Phase I facilities are currently producing approximately 69 MGD (million gallons per day). A substantial completion letter is expected to be issued to the contractor soon. Mr. Walker further stated that Phase II of the NEWPP expansion project is anticipated to become operational later this year. This should increase capacity to 160 MGD.

AMENDMENT TO THE AUTHORITY RULES OF PROCEDURE TO INCREASE THE MAXIMUM FEES OF OFFICE

Mr. Johnson reminded the Board of their previous decision regarding fees of office. He stated that the Board had approved a limit of \$200 per day, with an annual maximum of \$10,000. Mr. Johnson also informed the Board that the legal maximum allowance is \$221 per day, with an annual cap of \$13,260.

Director Rowell first moved to suspend the rules requiring advance notice for changes to Procedural Rules, and with Directors Rowell, Graham, and Barker voting in favor, and Directors Fessler and Ramsey voting against, the motion passed.

Next, Director Rowell moved to modify the Rules, suggesting an increase in the annual maximum to \$13,000 while maintaining the daily limit of \$200, and with Directors Rowell and Graham voting in favor, and Directors Kelly, Barker and Ramsey voting against, the motion failed.

AMENDMENT TO THE AUTHORITY RULES OF PROCEDURE TO REMOVE 4.04C REGARDING ACCEPTANCE OF CAMPAIGN CONTRIBUTIONS

Mr. Johnson stated that a memo regarding the campaign contributions has been distributed to the Board. He stated that restrictions prohibiting candidates from accepting campaign contributions from vendors or potential vendors are likely unenforceable however, it might be possible to adopt rules on selection of vendors and director voting in situations with campaign contributions from vendors. Mr. Johnson cited Houston Independent School District ("HISD") as an example. Mr. Johnson indicated that, with Board approval, JP could conduct further research into the feasibility of implementing a policy similar to HISD's policy.

Extensive discussion ensued after which Director Fessler moved to table this matter, and with Directors Rowell, Fessler and Graham voting in favor, and Directors Barker and Ramsey voting against, the motion passed.

Next, Director Barker moved to authorize JP to conduct further research into the feasibility of implementing a policy similar to HISD's, which would temporarily prevent vendors who make campaign contributions from bidding on Authority projects, and with Directors Barker and Ramsey voting in favor, and Directors Rowell, Fessler, and Graham voting against, the motion failed.

APPROVE DBK, INC.'S PROPOSAL TO WORK WITH THE BOARD AND GENERAL MANAGER ON FINANCIAL ASSESSMENT AND CONSULTING

Director Rowell presented the DBK, Inc. proposal, which had been previously shared with the Board. Mr. Chang raised concerns about the proposal, noting that in the state of Texas, only a Certified Public Accountant can conduct audit and investment advice must come from a Certified Financial Planner. He also mentioned a potential conflict with the Texas Professional Service Procurement Act ("TPSPA"). In response, Director Rowell clarified that the proposal was for financial recommendations, not auditing or investment services.

Director Barker moved to authorize a request for proposal for financial assessment and consulting.

Director Barker then proposed authorizing JP to research whether financial assessment and consulting services fall under TPSPA requirements.

Following discussion, Director Ramsey moved to amend Director Barker's motion, to approve DBK, Inc. proposal pending legal review and DBK, Inc. proposal revisions, as needed to accurately reflect financial review. The motion to amend passed with Directors Rowell, Barker, and Ramsey voting in favor, and Directors Graham and Fessler voting against.

The question was then called on Director Barker's motion as amended, and with Directors Rowell, Barker, and Ramsey voting in favor and Directors Graham and Fessler voting against, the motion passed.

REPORT ON CONFLICT-OF-INTEREST POLICY COMPLIANCE AND ANY RESULTING ISSUES

The Board discussed the conflict-of-interest policy implementation. Director Rowell reported receiving an updated list of contractors from Mr. Chang and noted the need to reconcile this with the conflict-of-interest forms received.

Director Rowell stated that she had recently received new information and would provide an update at the next meeting.

The Board took a ten-minute recess from 8:04 p.m. to 8:14 p.m., after which the meeting continued.

RFQ ON INTERNAL PROCESS AND CONTROLS REVIEW/AUDIT

The Board discussed reissuing the Request for Qualifications ("RFQ") for an internal process and control review/audit. Director Ramsey suggested broadening the distribution of the RFQ beyond the Houston Business Journal and CivCast.

After discussion, Director Ramsey moved to authorize the General Manager to reissue the RFQ for an internal process and control review/audit, and with Directors Rowell, Barker and Ramsey voting in favor, Director Graham voting against, and Director Kelley abstaining, the motion passed.

AMEND AUTHORITY PRICING POLICY TO REDUCE WATER RATES AND PUMPAGE FEES

Director Ramsey first moved to suspend the rules requiring advance notice for changes to the Pricing Policy, and with Directors Rowell, Ramsey, and Barker voting in favor, and Directors Fessler and Graham voting against, the motion passed.

Next, Director Barker motioned, and Director Ramsey seconded the motion to reduce surface water rates from \$4.05 to \$3.05 per 1,000 gallons and contract water and groundwater pumpage fees from \$3.60 to \$2.60 per 1,000 gallons, and with Directors Rowell, Barker and Ramsey voting in favor, and Directors Fessler and Graham voting against, the motion passed. The Board then agreed that the new rates will go into effect October 1, 2024.

RESOLUTION TO NOT CONSIDER ANY CONTRACTS IN EXCESS OF \$100,000 FROM SEPTEMBER 16, 2024 THROUGH FEBRUARY 1, 2025

Director Barker moved to approve a Resolution to Not Consider Any New Contracts in Excess of \$100,000 from September 16, 2024 through February 1, 2025. He explained that the intent was to avoid major new expenses just before a potential new board takes office. Mr. Chang raised concerns about the impact on ongoing projects, construction efforts, and the Authority's ability to conduct business. Discussion ensued. Next, Director Barker withdrew the motion and requested Mr. Chang to provide information on upcoming contracts that could be affected by passing the Resolution.

RESOLUTION TO DECLARE MORATORIUM ON ACCEPTANCE OF CAMPAIGN CONTRIBUTIONS FROM ANYONE DOING BUSINESS WITH THE AUTHORITY OR STAFF FROM SEPTEMBER 16, 2024 THROUGH FEBRUARY 1, 2025

Mr. Johnson stated that in his opinion, the above-referenced Resolution would not be legally enforceable.

Next, Director Ramsey moved to approve the Resolution, and with Directors Ramsey voting in favor, Director Rowell, Fessler and Graham voting against, and Director Barker abstaining, the motion failed.

RESOLUTION TO VOLUNTARY NOT ACCEPT CAMPAIGN CONTRIBUTIONS FROM AN INDIVIDUAL WORKING FOR A COMPANY DOING BUSINESS WITH OR SEEKING TO DO BUSINESS WITH THE AUTHORITY

Director Ramsey moved to approve the above-referenced Resolution, and with Directors Rowell, Graham, Barker and Ramsey voting in favor, and Director Fessler voting against, the motion passed.

ORGANIZATION OF THE BOARD AND ELECTION OF OFFICERS

Director Graham moved to keep the current slate of officers unchanged, and with Directors Rowell, Fessler, and Graham voting in favor, and Directors Barker and Ramsey voting against, the motion passed.

LETTER TO HARRIS-GALVESTON SUBSIDENCE DISTRICT ("HGSD LETTER")

This matter was discussed in an executive session pursuant to Section 551.071 of the Texas Open Meetings Act to discuss matters of attorney-client privilege.

REVIEW PERSONNEL MATTER, INCLUDING EMPLOYEE PERFORMANCE REVIEW

This matter was tabled.

EXECUTIVE SESSION.

Next, at 9:15 p.m., the President called an Executive Session, pursuant to Sections 551.071 of the Texas Open Meetings Act to discuss matters of attorney-client privilege. Present for the Executive Session were the Board members, Mr. Chang, Mr. Johnson, and Ms. Croon.

REGULAR SESSION.

The Board reconvened the meeting in the Regular Session at 10:56 p.m. No action was taken in the Executive Session.

BOARD DISCUSSION OF POTENTIAL FUTURE AGENDA ITEMS

There were no items presented.

NEXT REGULAR MEETING WILL BE MONDAY, OCTOBER 7, 2024

There was no action.

PUBLIC COMMENT

Mr. Ron Chapman of Harris County Municipal Utility District No. 222, shared his opinion regarding the Board decisions.

ADJOURNMENT.

With no additional matters to discuss, the meeting was adjourned at 10:57 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED on the 7th day of October, 2024.

Ron Graham
Secretary, Board of Directors

