

MINUTES OF SPECIAL MEETING FOR A WORKSHOP
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

November 18, 2025

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in special 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., BC.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; Ms. Amber Batson P.E., of Carollo Engineers, Inc., Program Manager for the Authority; Mr. Jerie Jones of Inframark, LLC, Operator for the Authority; Mr. John Howell of The GMS Group, L.L.C., Financial Advisor to the Authority; Mr. Andrew P. Johnson, III, Attorney, and Ms. Monica Alvarado, Paralegal, of Johnson Petrov LLP, General Counsel for the Authority; and Lori Klein Quinn, Mayor, and David Esquivel, P.E., City Manager, of the City of Tomball, Texas. 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 and Mr. Ron Chapman led the meeting attendees in the recitation of Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Jerry Homan addressed the Board.

Mr. Kevin Osborn addressed the Board.

MESSAGES FROM THE PRESIDENT AND BOARD MEMBERS

A copy of Director Rowell's statement is attached hereto as Exhibit "A".

PRESENTATION BY AND DISCUSSION WITH CITY OF TOMBALL REPRESENTATIVES

Ms. Quinn and Mr. Esquivel discussed with the Board the history of the City of Tomball, Texas, its surface rights, and its need for relief for further development.

Ms. Quinn then informed the Board of the upcoming Annual Tomball Holiday Parade.

APPROVAL OF AMENDMENT TO RATE ORDER SECTIONS 5.03 AND 5.031

Upon motion by Director Fessler, seconded by Director Ramsey, after full discussion and with all Directors present voting in favor, the Board postponed approval of the amended Rate Order until the January meeting.

Mr. Chang informed the Board that the amendment to the Rate Order is for purposes of simply clarifying an existing provision. Director Ramsey requested that General Counsel revise the amended language to further clarify.

BUDGET WORKSHOP

Ms. Batson presented the proposed Operations & Maintenance budget for the Fiscal Year 2026 to the Board. She then addressed questions from the Board.

Ms. Batson next presented an overview of the Capital Improvement Plan for the years 2026-2030 to the Board. She discussed the plan's background and development, various projects, and the recommended budget and funding authorizations for 2026.

Ms. Plunkett then presented the General Operating budget for 2026 and responded to questions from the Board.

FUTURE AGENDA ITEMS

Director Graham requested a presentation at a future meeting to discuss China's threat to the security of our water system and the risks on cyber security. The Board agreed that any sensitive information should be discussed in an executive session.

NEXT REGULAR MEETING WILL BE MONDAY, DECEMBER 1, 2025.

ADJOURNMENT

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

PASSED, APPROVED AND ADOPTED on the 1st day of December, 2025.

Lon Graham

Secretary, Board of Directors



Exhibit "A" – Director Rowell Comments from the November 18, 2025 Workshop

Exhibit "A"

★ **DIRECTOR COMMENTS – Melissa Rowell – 11-18-25**

Last week the NHCRWA presented HGSD with clear, documented reasons for our setbacks, resulting in being 5 years behind schedule — COVID shutdowns, supply-chain collapse, multi-year easement delays, and the City of Houston’s NE Plant expansion issues. These weren’t excuses. These were regional realities.

Yet HGSD did not acknowledge any of it in their discussions at the end of the meeting and after the meeting.

They immediately fell back on “buy education credits” as if that fixes a five-year construction deficit.

That tells me they’re not operating in the real world.

They’re operating in a regulatory bubble that no longer matches actual conditions.

They are simply interested in checking a regulatory box, whether or not that box makes sense anymore.

Let’s be honest: This conversion schedule is not about conservation anymore. It’s about funding future growth.

The surface-water mandates, conversion deadlines, and penalties were never designed for affordability.

They were designed to push massive regional growth onto the backs of current ratepayers.

We are watching homeowners struggle with high taxes, costly insurance, inflation, and utilities, and HGSD’s answer is:

Buy more credits. Pay more fees. Absorb more debt.

Ratepayers cannot carry unlimited infrastructure costs because other jurisdictions want to accelerate growth or maintain a rigid schedule that no longer reflects post-COVID reality.

And let’s remember something fundamental: HGSD is an unfunded mandate.

They issue the regulations.

They enforce the deadlines.

They impose the penalties.

But they do **not** provide the money, resources, or manpower to meet the mandates they impose.

They push the cost and the debt downstream onto water authorities, MUDs, and ultimately onto the homeowners who can least afford it.

Even AWBD — the statewide organization representing these very special-district water utilities — explicitly criticizes ‘restrictive, unfunded state mandates.’ That is exactly what HGSD is imposing on us.

Unfunded mandates are the fastest way to bankrupt ratepayers while making regulators look clean.

HGSD gets to say, “It’s your responsibility,” while writing a rulebook with no financial support behind it.

That is not responsible governance.

That is cost-shifting — and it hurts homeowners.

And here’s what makes HGSD’s rigidity even harder to justify: the State itself — the Texas Water Development Board — has already demonstrated far greater flexibility.

On July 24, 2025, TWDB approved the City of Houston’s request for \$966 million in financing for the East Water Purification Plant expansion, with the total project costing 4.2 billion. As part of that approval, TWDB granted the City of Houston a *water-loss mitigation waiver* — even though the City was above the threshold for ‘real loss.’ Staff explicitly called it a ‘water-loss waiver,’ and board members acknowledged it on the record.

According to TWDB policy (31 Tex. Admin. Code § 358.6(f)), utilities can request and receive waivers from the requirement to dedicate funding to water-loss mitigation if they are showing progress and a plan. TWDB’s own dashboard shows these waivers have been granted in multiple cases. It is an established form of regulatory relief.

And here’s the part that deserves emphasis: for months, the Texas Water Development Board operated with only two full-time, paid appointees — a board missing one-third of its legally required membership. Yet this under-staffed, two-member panel continued rubber-stamping billions of dollars in financing, waivers, and approvals with virtually no resistance. Even in that diminished state, the State still found a way to provide flexibility and relief.

So if the State can grant a waiver to the City — a system with massive, documented water-loss issues — then HGSD has no basis to deny reasonable relief to an Authority like ours that does *not* have a water-loss problem. HGSD is holding us to a stricter, harsher standard than the State holds the City of Houston.

And here’s the part that should bother every taxpayer: HGSD’s 19-member board is appointed — not elected.

Nineteen people who nobody elected are issuing mandates, deadlines, and penalties that directly affect the bills of hundreds of thousands of households.

How is that acceptable?

How is it that an appointed board has more authority over our ratepayers' bills than the board those very ratepayers actually elected?

That is upside-down governance.

Ratepayers have zero voice in HGSD's decisions, yet they are expected to foot the bill for every consequence of those decisions.

There is something fundamentally wrong when an unelected board can dictate debt and costs to elected officials who actually represent the public.

Meanwhile, this same HGSD board never questions approving new wells.

Every month they rubber-stamp wells with no debate, no analysis, no long-term thinking. They follow the GM's recommendations blindly, even when the wells undermine the very conservation policy they claim to be protecting.

If conservation were the priority, they'd scrutinize new wells with the same intensity they scrutinize conversion extensions.

But they don't — and that contradiction speaks volumes.

And we also need to be honest about the subsidence argument, because that is the foundation HGSD uses for everything.

We are being asked — and ratepayers are being asked — to shoulder nearly \$10 billion in cumulative infrastructure costs to mitigate what, in many areas, amounts to a few inches of subsidence over decades. HGSD presents subsidence as an imminent crisis, but the actual measured data in many parts of our region does not match the scale of the financial burden they are imposing.

If subsidence is truly the driving concern, then why does the HGSD board rubber-stamp new well permits every single month without scrutiny? How can subsidence be both the justification for strict mandates on us and yet not be a concern when new wells are being approved by HGSD itself? That inconsistency undermines their own narrative.

And the growth we're dealing with isn't just rooftops — it's heavy industrial users.

Texas is exploding with new industrial facilities: data centers, hydrogen plants, biotech, and advanced manufacturing. These facilities can use millions of gallons per day, far more than residential neighborhoods.

Yet HGSD acts as if residential conversion is the only thing that matters.
They ignore industrial demand — even as that demand skyrockets.

They're pretending the system is the same as it was 20 years ago. It isn't.

And ratepayers should not be subsidizing massive water infrastructure so private industrial users can absorb it cheaply.

At the end of the day, the people paying the bills cannot keep absorbing financial burdens created by mandates and moving goalposts.

Unreasonable deadlines don't build pipelines — they only build penalties and debt.

We cannot reverse COVID.

We cannot undo supply-chain collapse.

We cannot rewrite agency delays.

But we can demand that HGSD behave like a partner instead of an enforcer.

Buying credits is not a construction strategy.

It is a financial punishment disguised as compliance.

Our responsibility — my responsibility — is to protect the people who pay the bills.

That means:

- Challenging unfunded mandates
- Rejecting unrealistic deadlines
- Exposing the contradiction of rubber-stamped wells
- Acknowledging industrial growth's real water demands
- Refusing to let an appointed board impose debt on elected boards and their ratepayers
- Ensuring ratepayers aren't forced to shoulder costs they did not create

We are here to protect the people who elected us — not to cater to the HGSD.

★ CIP + Moving Goalpost Ending

And as we transition into tonight's presentation of the five-year Capital Improvement Plan, I want to be very clear: I am looking for a CIP that actually makes sense — financially, operationally, and legally. A CIP that reflects reality, not an outdated set of assumptions. A CIP that the ratepayers can afford, not one that buries them under long-term debt driven by mandates that were never funded.

I also want to address the 2014 Groundwater Reduction Plan — the plan the HGSD approved and the plan we have been working under for more than a decade. Whether that plan anticipated today's growth isn't the issue. The problem is that the target has never stopped moving. Every time groundwater demand increases — from new subdivisions, commercial corridors, or large industrial users — the conversion percentage shifts. We are being held accountable for groundwater usage we do not authorize, do not regulate, and do not control.

So as we review the five-year CIP tonight, my focus is simple: Does it reflect the job we were actually created to do? Is it consistent with the 2014 plan we were told to follow? And most importantly, is it affordable for the people who pay the bills?
