

**MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

April 6, 2026

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:

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

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; Ms. Cynthia Plunkett, Finance Director for the Authority; Ms. Amber Batson, P.E. of Carollo Engineers, Inc., Engineers for the Authority; Mr. Raj Singh, P.E. the Authority’s Engineering Manager; Ms. Kassandra Medina, Administrative Assistant for the Authority; Mr. Andrew P. Johnson, III, Attorney, and Mrs. Teresa Menacho, Paralegal, of Johnson Petrov LLP, General Counsel for the Authority; and other members of the public and consultants to the Authority. 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.

PRAYER

Director Barker led the Board in prayer.

CALL TO ORDER

Director Ramsey, Board President, called the meeting to order, and led the attendees in the Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Jerry Homan presented comments to the Board.

Mr. Chris Carter of Riverstone Property Management (“RPM”) addressed the Board regarding relocation of Authority offices.

Finally, Ms. Catherine Dunn of Cypress Creek Utility District addressed the Board regarding the proposed changes to the Authority's Rate Order.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Rowell addressed the Board. A copy of her written statement is attached hereto as **Exhibit A**.

Director Ramsey addressed the public in attendance regarding the proposed changes to the Authority's Rate Order.

MINUTES FROM MARCH 2, 2026, REGULAR BOARD MEETING AND SPECIAL HEARING MEETING

Director Graham moved to approve the minutes of the March 2, 2026, Board meeting and the March 2, 2026, Special Hearing, and with all Directors present voting in favor, the motion passed.

FINANCE DIRECTOR'S REPORT, INCLUDING MONTHLY FINANCIAL REPORT AND PAYMENT OF BILLS

Mrs. Plunkett reviewed the Authority's Financial Report, including the checks being presented for payment. Director Fessler moved to approve the Financial Report, including the checks being presented for payment, and with all Directors voting in favor, the motion passed.

GENERAL MANAGER'S REPORT

A. Status of Water Supply and Conversion. Ms. Batson presented an update on surface water conversion progress during the current permit year, including charts illustrating conversion trends over time. Ms. Batson also reported that the permit reconciliation has been submitted to the Harris-Galveston Subsidence District, indicating a conversion of approximately 33.9% for the last permit year, which is above the 30% requirement, and which means the Authority has earned 1.4 billion gallons worth of over conversion credits for the last permit cycle.

B. AECOM Technical Services, Inc. Contract. Mr. Chang recommended that the Authority enter into the standard Agreement for Professional Engineering Services with AECOM Technical Services, Inc. ("AECOM"), replacing an outdated agreement. Director Fessler moved to approve the Agreement for Professional Engineering Services with AECOM, and with all Directors present voting in favor, the motion passed.

C. NEWPP Expansion Project. Mr. Singh reported that by next month, or by June, a Certificate of Substantial Completion for Phase 2B may be issued. He reported there were pending punch list items which needed to be completed and were currently being addressed.

D. NHCRWA Office Relocation. Mr. Chang reported that he was negotiating with the owner of the proposed office building located on SH249, but that an agreement has not been reached yet.

E. Heidaker Land Services, Inc. Contract. Mr. Chang presented the Agreement for Professional Services with Heidaker Land Services, Inc. (“Heidaker Agreement”) for real estate acquisition services. Mr. Chang emphasized the need to bring additional support on board to accelerate the process. Director Rowell moved to approve the Heidaker Agreement, and with all Directors present voting in favor, the motion passed.

F. Succession Planning. Mr. Chang indicated there was nothing to report at this time.

PROPOSED RATE ORDER CHANGE

Following discussion, Director Ramsey requested Ms. Batson to provide an analysis of groundwater usage amongst Converted Entities connected to surface water for a one-month period to better understand the potential magnitude of Conservation Groundwater usage.

Director Rowell addressed the Board. A copy of her written statement is attached hereto as **Exhibit B**.

INFILL CONNECTION DISCUSSION

Director Ramsey indicated that this was reviewed by staff and the program manager and that there are not currently any opportunities that can easily be connected to surface water without extending the distribution system to reach the water plants. He requested staff to continue to monitor this and bring items to the Board in the future if they should arise as ideal candidates for infill projects.

WATER SUPPLY PLANNING FOR POTENTIAL DATA CENTER DEVELOPMENT

Director Rowell addressed the Board regarding data centers. A copy of her written statement is attached hereto as **Exhibit C**.

Mr. Evans was asked to keep the Board informed of any new or changing legislation related to Data Centers in Texas and its potential implications. He shared that there is a hearing at the Texas Capitol this Thursday.

GROUNDWATER REDUCTION PLAN DISCUSSION

It was agreed by general consensus of the Board that the Authority would not be updating its Groundwater Reduction Plan at this time. No action taken.

BOARD POLICY CHANGES DISCUSSION

A. Calendar and Agenda Distribution. Director Ramsey stated that he wanted the Board to be given more time to review the agenda. Discussion ensued regarding options.

B. Board Review of Major Items. Director Ramsey reported he had discussed with Mr. Chang the idea of having major items be discussed at two Board meetings before action with the first meeting being discussion only and the second meeting for action in order to allow for full consideration. It was agreed not to make any revisions to the Procedural Rules but for the General Manager to implement this for major items, where possible.

FUTURE AGENDA ITEMS

Director Rowell thanked Harris County Fresh Water Supply District No. 61 for the surface water she was drinking, since her district is now receiving surface water.

Director Fessler stated that he wants to discuss the findings of the rate study and cost of water the Authority is selling.

NEXT REGULAR MEETING

The Board will tentatively hold its next regular Board meeting on May 4, 2026.

ADJOURNMENT

With no additional matters to discuss, the meeting was adjourned at 7:42 p.m.

PASSED, APPROVED AND ADOPTED on the 1st day of June, 2026.



Secretary, Board of Directors



Exhibit A

Melissa - Director comments 4-6-26:

I attended the GMA-14 meeting and learned that the Fort Bend Subsidence District recently updated its regulatory plan and extended conversion timelines by approximately 3 years.

My understanding is that Fort Bend was not behind schedule, yet the district determined that additional time would allow for improved infrastructure planning, coordination, and cost management.

Given that NHCRWA has experienced delays beyond our control - including significant increases in easement acquisition timelines, which have reportedly grown from approximately 3 to 6 months to closer to 27 months - along with permitting delays, infrastructure constraints, cost escalation, and supply limitations - I think it may be reasonable to re-explore whether similar flexibility could be considered in our case.

This is not about avoiding conversion requirements, but rather ensuring that infrastructure is built responsibly, efficiently, and at the lowest reasonable cost to ratepayers.

Related to that, water supply and infrastructure development has already been identified as a legislative priority at the Senate District level, including calls to expedite permits, approvals, and construction of water infrastructure. Given that, it may be helpful to better understand where delays are occurring in the easement acquisition and permitting process, and whether there are opportunities to improve coordination or efficiency among the various agencies involved, while still protecting landowner rights.

This may also be an area where discussions with the subsidence district, legislators, and our legislative consultant could help identify opportunities to move projects forward more efficiently while maintaining appropriate protections.

Exhibit B

Agenda Item - Discussion on Proposed Rate Policy Changes (Additional Tier) - M. Rowell

First, I want to acknowledge the intent behind this proposal. My understanding is that this came about because one or two districts were using primarily groundwater after conversion rather than taking their allotted share of surface water. I understand the concern and agree that we should encourage appropriate use of surface water once entities have converted.

I did hear new information tonight, including a different rationale for the proposed rate policy change - specifically, the need for funding and the suggestion that this rate would be temporary, while our current rates are more permanent. I will admit that it's a bit frustrating to hear different reasons for the policy change, as it makes it difficult to fully evaluate the intent and potential impact. I also heard the comment that our current rates are more permanent, which I found a bit confusing (considering we've lowered rates three times in the last three years).

However, I am concerned that this approach may end up penalizing all districts for the actions of 1 or 2. These wells are very important as a secondary water source, and we should be incentivizing MUDs to keep their wells in good operational condition, not discouraging their use to the point where wells are neglected or taken offline. These wells provide operational flexibility, redundancy, and emergency reliability, which are all important to long-term system resilience.

Additionally, the contracts with NHCRWA do not guarantee surface water. Because of that, groundwater remains an important part of supply planning. If districts are penalized for using groundwater, it may discourage maintaining wells that are necessary for backup supply, maintenance, and operational flexibility.

Another concern is predictability for districts and ratepayers. How would a district know when they are going to pay the "conservation" groundwater rate? If the rules are not clear or predictable, that creates uncertainty and makes planning more difficult.

We also received more than 25 letters from attorneys representing water districts, and from MUD districts, raising concerns about this proposal. That level of feedback suggests this is something we should slow down and carefully evaluate before moving forward by spending more time discussing ideas, working through concerns, and getting staff input before going public with proposed policy changes such as this.

I think more discussion and collaboration upfront would help avoid confusion, reduce frustration, and lead to better policy decisions.

With that being said, I will be voting no on this proposed policy change.

Exhibit C

NHCRWA April 6, 2026 Board meeting and Melissa's comments on 9 a. b. & c. on water supply planning for large water users such as Data Centers

I want to start by acknowledging that we are very much at the front end of this issue, as our General Manager discussed with me over email.

He shared that this is a fast-developing subject that is receiving significant attention across the water industry, including from legislators, the Texas Water Development Board, the Texas Water Association, regional planning groups, and regional water suppliers.

However, he also noted that useful information is still limited, and that until we receive actual service requests or proposals, it is difficult to evaluate specific impacts.

I agree with that approach, and I appreciate staff already monitoring this topic. However, I believe it is still important for the Board to begin discussing potential implications now so that we are prepared if and when development occurs.

Because once a large user emerges, decisions may need to be made quickly, and it is better to have already thought through the planning considerations rather than reacting under time pressure.

Additionally, I would suggest that we ask our Govt and Legislative Affairs director, Mark Evans, to keep the Board informed of any legislative or regulatory developments related to data centers and large water users, and to assist us in identifying whether any legislative tools may be appropriate to help regional water authorities plan for and manage potential high-volume water users, whether it is ground water or surface water.

Texas is clearly experiencing a data center boom. Industry research indicates that Texas could become the world's largest data center market by 2030. ERCOT has reported that a significant portion of large-load interconnection requests are related to data centers. At the same time, recent research has warned that projected data-center demand is not currently built into the Texas State Water Plan and that these unknown demands could place additional stress on local water supplies.

So for NHCRWA, the question is not whether growth is good or bad. The question is whether possible high-volume users could change our water demand projections, infrastructure sizing, conversion timing, or rate structure before this Board and the public have had a fair discussion about who should pay.

If a data center or other high-volume user would require larger or earlier infrastructure, then that incremental cost should be identified clearly and borne by the user creating it, not shifted onto existing residential ratepayers.

On GRP compliance, rate structure, and conversion timing, this is where the risk to ratepayers becomes very real. NHCRWA is already under pressure to complete costly regional conversion infrastructure while meeting subsidence district requirements.

If potential high-volume users cause us to accelerate infrastructure, enlarge assets, or alter project timing, then that can affect debt, rates, and the pace of conversion. And if cost responsibility is not handled correctly, ordinary customers can end up subsidizing industrial-scale demand.

If additional demand affects conversion timing, groundwater reliance, or infrastructure sequencing, then it could also affect compliance risk and the cost of getting to compliance. So this is not just an economic development question. It is also a governance, timing, and ratepayer-protection question.

Another consideration is water availability and how these facilities are supplied. If a large data center were to locate within or near our service area, there may not be surface water available immediately. In that case, a facility could initially rely on groundwater, which could increase groundwater pumping and place additional pressure on conversion timelines and compliance planning.

Water demand also varies depending on cooling technology. Some data centers use traditional cooling towers, which can require significant water use. Others use air-cooled systems, hybrid cooling systems, or closed-loop systems that recycle water and reduce demand. Some facilities also use reclaimed water, brackish groundwater, or other alternative sources.

Understanding these variables will be important as we evaluate potential impacts. This leads to the broader concern:

Large data center announced

- Needs water quickly
- Surface water not available yet
- Starts on groundwater
- Groundwater pumping increases
- Subsidence district compliance pressure increases
- Conversion pressure increases
- Infrastructure accelerated
- Costs increase

→ Ratepayers pay sooner and more

That is the primary concern.

There is also the practical challenge that water authorities may not receive early notice of these developments. Developers often secure land and power first, and water providers may learn about projects later in the process. That is another reason why it is important to begin discussing planning considerations now.

Some questions that may be helpful for staff consideration include

Are any data centers or similarly large industrial users known, rumored, proposed, or being marketed within or near the Authority's service area, and what average-day and peak-day demands have been discussed, if any?

Have any demand scenarios related to high-volume users affected assumptions about pipeline sizing, storage, pump stations, project phasing, or capital timing?

If a large new user would cause earlier or larger infrastructure investment, what mechanism would ensure the incremental cost is assigned to that user instead of being spread across existing ratepayers through regional rates or future debt?

Would the Authority support requiring large-volume users, where feasible, to prioritize surface water, reclaimed water, or other alternative supplies rather than placing additional pressure on potable supplies and infrastructure financed by existing customers?

If data centers or large water users are coming to our area, then this Board needs specific water demand projections, infrastructure impact analysis, and full cost-recovery mechanisms before ordinary ratepayers are asked to bear ANY of the cost.

I am not saying no to growth. I am saying no to unclear projections, unclear cost allocation, and unclear ratepayer exposure.

Note: JLL stands for Jones Lang LaSalle. They are a global commercial real estate and investment management company (major industry authority) that produces widely cited research on: Data centers, Infrastructure, Commercial real estate trends, and Market forecasting.