

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

May 6, 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. Cassandra Medina, Administrative Assistant for the Authority; Paul Walker of Carollo Engineers, Inc., Program Manager for the Authority; Mr. Carlton McDevitt of Inframark, LLC, Operator for the Authority; Mr. Rafael Ortega of Aurora Technical Services; Mr. Andrew P. Johnson, III, and Mr. Zach Petrov, attorneys, and Ms. Mirna Croon, paralegal, of Johnson Petrov LLP, general counsel for the Authority; Mr. Brian Trachtenberg and Mr. Brian Srubar, attorneys, of Greathouse Holloway McFadden Trachtenberg, PLLC, ("GHMT"), litigation counsel for the Authority; and Mitchell Fonda and Christa Wofford of Mitchell T. Fontenote CPA, Inc. ("Auditor"); 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 Fessler honored the memory of the former General Manager, Jimmie Schindewolf. Director Fessler spoke about his time working alongside Mr. Schindewolf and commended him for his valuable contributions to the Authority. Following his remarks, Director Fessler requested a moment of silence to pay respects to Mr. Schindewolf.

The meeting was then continued with Director Rowell leading the Pledges of Allegiance to the United States and Texas flags.

PUBLIC COMMENT

Mr. Nick Fava, representing Bammel Utility District, recounted a conversation with Mr. Schindewolf in which the former General Manager referred to Bammel Utility District as the Authority's crown jewel. Mr. Fava said that this sentiment held great significance for him.

Mr. Jerry Homan, representing Harris County Fresh Water Supply District No. 61, expressed his appreciation to the Board for their dedication and time invested in the Authority. He acknowledged the diligent efforts of the Authority's staff. Mr. Homan conveyed his gratitude to Ms. Plunkett and Mr. Howell, the District's Financial Advisor, for their outstanding presentation during the workshop held on April 22, 2024.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Ramsey expressed his enthusiasm regarding the high voter turnout during the May 4, 2024 election, particularly within the water district community.

MINUTES OF APRIL 1, 2024 AND APRIL 22, 2024 BOARD MEETINGS

Director Fessler moved to approve the minutes of the April 1, 2024 Board meeting. Director Ramsey asked about the changes from the previous draft minutes, specifically the future agenda items portion. Director Rowell acknowledged that she had removed the particular item from the minutes.

Next, with Directors Rowell, Fessler, Graham, and Barker voting in favor, and Director Ramsey voting against, the Board approved the minutes of the April 1, 2024 Board meeting.

Director Fessler then moved to approve the minutes of the April 22, 2024 Board meeting, and upon full discussion and with all Directors present voting aye, the Board approved the minutes of the April 22, 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 Barker then moved to approve the Financial Report, including the checks being presented for payment, and after full discussion and with all Directors present voting in favor, the Board approved the Financial Report, including the checks presented for payment.

REVIEW AND APPROVE AUDIT REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2023; AND AUTHORIZE FILING OF SAME

Mr. Fontenote and Ms. Wofford presented the draft Audit Report, attached hereto as Exhibit "B". Mr. Fontenote confirmed that the report will feature a clean opinion, indicating that no irregularities were discovered during the audit process.

Next, Director Fessler moved to approve the Audit Report and authorize filing of same. Director Ramsey suggested an amendment to the motion, proposing that the approval of the Audit Report be contingent upon the inclusion of a list of Series B credits within the Management Discussion and Analysis section of the Audit Report.

The Board then unanimously voted to approve the Audit Report, subject to the condition that it be revised to incorporate a list of Series B credits under the Management Discussion and Analysis section of the Audit Report, and authorized filing of same as required by law.

GENERAL MANAGER'S REPORT

- A. Status of Water Supply and Conversion. Mr. Chang provided an update on the progress of converting surface water within the current permit year. He reported that the conversion rate in April 2024, was 28.6 percent. The daily pumpage rate in April 2024 was 27 MGD.
- B. Authorize Additional Funding for Legal Services by Special Counsel. This matter was discussed in an executive session later in the meeting.
- C. Alternative Water Use Incentive Agreement with Northgate Crossing Municipal Utility District Nos. 1 and 2 ("Alternative Water Use Agreement"). Mr. Evans presented and reviewed the Alternative Water Use Agreement, a copy of which is attached hereto as Exhibit "C".

Director Fessler moved to approve the Alternative Water Use Agreement, and after full discussion and with all Directors present voting aye, the Board approved the Alternative Water Use Agreement.

- D. Update on Advanced Metering Project. Mr. Singh reported that the project should be completed by September 30, 2024. No change orders have been submitted.

OPERATIONS STATUS REPORT

Mr. McDevitt presented the Operations Report, a copy of which is attached hereto as Exhibit "D". Mr. McDevitt stated that the Authority has started receiving surface water from the NEWPP and the City of Houston. The Authority will now have a sufficient supply of water to meet the needs of its customers.

REPORT FROM DIRECTOR OF PLANNING AND GOVERNMENTAL AFFAIRS

Mr. Evans reported on the Harris-Galveston Subsidence District annual hearing held on April 25, 2024.

CONSTRUCTION/ENGINEERING UPDATE

- A. Update on NEWPP.

RESOLUTION ADOPTING AMENDED AND RESTATED PROCEDURAL RULES: SECTION 2.05 RELATED TO PLACING ITEMS ON MEETING AGENDA AND SECTION 2.08 RELATED TO CONDUCTING MEETINGS AND TRANSACTING BUSINESS ("RESOLUTION")

Director Rowell presented the proposed modifications to Section 2.05 of the Authority's Rules of Procedure, which pertains to the deadline for adding items to the meeting agenda. The Board engaged in a thorough discussion on the matter. Subsequently, Director Fessler moved to amend Section 2.05 to include that the draft meeting agenda will be provided to Directors ten (10) days prior to the meeting, and Directors who wish to include an item on the agenda should notify the President, General Manager, or General Counsel at least seven (7) days before the meeting, with Directors Rowell, Fessler, Graham, and Barker voting in favor of the amendment, and Director Ramsey voting against, the amendment to Section 2.05 was approved.

Director Rowell then put forth an amendment to Section 2.08 of the Authority's Rules of Procedure to provide that the meetings "may" be conducted in accordance with Robert's Rule of Order.

Director Rowell explained the rationale behind amending Section 2.08, stating that the Board is required to adhere to Robert's Rules of Order rather than simply conducting business and reaching agreements on various matters. She pointed out that conducting meetings in strict accordance with Robert's Rules of Order is resulting in prolonged meeting durations.

Director Ramsey emphasized that changing the word "SHALL" to "MAY" is not a minor alteration. Discussion ensued.

Next, Director Graham moved that the proposed amendment to Section 2.08 be tabled, and with Directors Fessler, Graham, Barker, and Ramsey voting in favor, and Director Rowell voting against, the Board agreed to table this matter.

INTERNAL PROCESS AND CONTROLS REVIEW/AUDIT

Director Rowell stated that a request for qualifications ("RFQ") had been published several months prior. However, only one proposal was received in response to the RFQ, and the Board chose not to take any action on that proposal. Director Rowell mentioned that over the last week she had attempted to contact the firm that submitted the proposal but was unsuccessful in reaching them. She suggested publishing another RFQ, with a submission deadline set before the Board meeting scheduled for June 3, 2024.

Mr. Chang stated that it is not likely that the Board will receive any proposals by the June 3, 2024 meeting. According to Mr. Chang, it takes at least a week to publish the RFQ and the companies will need time to prepare a proposal. The realistic deadline to submit a proposal is the July meeting. Mr. Chang then responded to questions from the Board regarding the RFQs.

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

Following this, Director Rowell made a separate motion. She moved to authorize the General Manager to publish the RFQ by Wednesday, May 8, 2024 at noon, in the event that the General Manager is unsuccessful in reaching the company that had submitted the proposal. Director Rowell suggested setting the deadline to respond to the RFQ as May 31, 2024.

Director Ramsey moved to authorize the General Manager to make a good faith effort to contact the firm that had submitted the proposal, informing them that their proposal was accepted. If the General Manager is unable to reach the firm. Director Ramsey proposed that the Board consider publishing another RFQ at the June 3, 2024 meeting.

The Board engaged in an extensive discussion regarding the two motions mentioned above. During the discussion, Director Rowell amended her motion to authorize the General Manager to provide his recommendation regarding the proposals at the July meeting.

The Board then proceeded to vote on Director Rowell's amended motion. Director Rowell voted in favor of her amended motion, while Directors Graham, Barker, Fessler, and Ramsey voted against it. As a result, Director Rowell's motion failed.

Next, the Board voted on Director Ramsey's motion as detailed above. Directors Ramsey and Barker voted in favor of the motion, while Directors Rowell, Graham, and Fessler voted against. Consequently, Director Ramsey's motion also failed.

[The Board took a break from 7:46 p.m. to 7:59 p.m.]

ENGAGING A FINANCE CONSULTANT

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

AUTHORIZATION TO ISSUE REQUEST FOR PROPOSAL FOR A CONSTRUCTION AUDIT TO BE CONDUCTED, WITH A DEADLINE FOR PROPOSALS OF MAY 29, 2024

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

GRP COMMITTEE UPDATE

This matter was discussed in an executive session.

LETTER TO SUBSIDENCE DISTRICT

This matter was discussed in an executive session.

EXECUTIVE SESSION

At 8:03 p.m., upon motion by Director Fessler, the President called an Executive Session pursuant to Sections 551.071 to discuss matters related to pending litigation and attorney-client privilege. Only the present Board members, Mr. Chang, Mr. Johnson, Mr. Petrov, Ms. Croon, Mr. Trachtenberg, and Mr. Srubar were present during the executive session.

REGULAR SESSION

At 10:10 p.m., upon motion by Director Barker, the Board reconvened the meeting in regular session. No action was taken in the Executive Session.

AUTHORIZE ADDITIONAL FUNDING FOR LEGAL SERVICES BY SPECIAL COUNSEL

Upon motion by Director Barker, seconded by Director Ramsey, after full discussion and with Directors Fessler, Graham, Barker, and Ramsey voting in favor, and Director Rowell voting against, the Board authorized additional funding for legal service, by special counsel, GHMT, in the amount of \$500,000.

BOARD DISCUSSION OF POTENTIAL FUTURE AGENDA ITEMS

Director Ramsey asked that the items he requested at the April 1, 2024 meeting be placed on the June 3, 2024 meeting agenda.

NEXT REGULAR MEETING WILL BE MONDAY, JUNE 3, 2024

There was no action.

PUBLIC COMMENT

Mr. Jerry Homan, representing Harris County Fresh Water Supply District No. 61, shared his opinion regarding agenda item nos. 12 and 14.

ADJOURNMENT.

With no additional matters to discuss, the meeting was adjourned at 10:22 p.m.

PASSED, APPROVED AND ADOPTED on the 3rd day of June 2024.

Ron Brubaker
Secretary, Board of Directors

