

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

August 5, 2024

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular 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:

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| 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, and Zachary Petrov, Attorneys, 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. The invocation was delivered by Mr. Russell Rush, representing Harris County Municipal Utility District No. 341.

The meeting was then continued with Director Rowell leading 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, commented on the lack of a quorum at the Authority's July 1, 2024 Board meeting. He also shared his thoughts on the agenda items scheduled for discussion, specifically the proposed amendment to the pricing policy and letter to the Harris-Galveston Subsidence District.

Next, Mr. Jack Abercia, a representative of Harris County Municipal Utility District No. 82, discussed electricity billing issues during power outages.

Mr. Ron Champman of Harris County Municipal Utility District No. 222 asked the Board members about their reasons for running for the Authority's Board of Directors and what they hoped to achieve through their service on the Board.

Ms. Marcie Thomas of Harris County Water Control and Improvement District No. 132 opined regarding the Board members absences at scheduled meetings.

MESSAGE FROM PRESIDENT AND BOARD MEMBERS

Director Barker provided an explanation for his absence from the previous Board meeting.

On behalf of the Authority, Director Fessler offered condolences to Mr. Nick Fava following the recent loss of his wife.

Director Rowell expressed gratitude to all attendees. She then requested that Directors notify the President, General Manager, or Attorney in advance if they anticipate being unable to attend a Board meeting.

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

1. Attending the Association of Water Board Directors Summer Conference;
2. Participating in Board meetings of the Cypress Creek Drainage Improvement District; and
3. Attending the Harris County Precinct 3 Townhall Meeting held on July 31, 2024

MINUTES OF JUNE 3, 2024 AND JULY 11, 2024, BOARD MEETINGS

Director Fessler moved to approve the minutes of the June 3, 2024 and July 11, 2024, Board meetings, and with all Directors present voting in favor, the minutes were approved.

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, including the checks being presented for payment and with all Directors present voting in favor, the motion passed.

GENERAL MANAGER'S REPORT

- A. Status of Water Supply and Conversion. Mr. Walker provided an update on the progress of converting surface water within the current permit year. He reported that the conversion rate in June 2024 was over 30 percent. He noted that the amount of surface water delivered has decreased due to a wet summer.

- B. Authorize General Manager to Award Contract for Construction of Project 31B ("Project 31B"). Mr. Singh presented a recommendation letter to the Board regarding Project 31B, which involves the construction of 30-inch and 12-inch waterlines along Windfern Road and Fallbrook Drive, extending from Project 31A to water receiving facilities. He recommended awarding the contract to MC2 Civil, LLC for \$27,696,852.25. A copy of the Recommendation Letter is attached hereto as Exhibit "B".

Discussion ensued after which Director Graham moved to award the Project 31B Contract to MC2 Civil, LLC, in the amount of \$27,696,852.25, and with Directors Rowell, Fessler, and Graham voting in favor, and with Directors Barker and Ramsey voting against, the Board awarded the Project 31B Contract to MC2 Civil, LLC, in the amount of \$27,696,852.25, as recommended.

- C. Authorize General Manager to Award Contract for Construction of Project 35A ("Project 35A"). Mr. Singh presented a recommendation letter to the Board regarding Project 35A, which involves the construction of 30-inch and 12-inch waterlines from Reid Road No. 2 Water Plant to West Road North Harris County Regional Water. He recommended awarding the contract to Principal Services, LTD for \$16,194,662.20. A copy of the Recommendation Letter is attached hereto as Exhibit "B-1".

Discussion ensued after which Director Fessler moved to award the Project 35A Contract to Principal Services, LTD, in the amount of \$16,194,662.20, and with Directors Rowell, Fessler, and Graham voting in favor, and with Directors Barker and Ramsey voting against, the Board awarded the Project 35A Contract to Principal Services, LTD for \$16,194,662.20, as recommended.

- D. Authorize General Manager to Award Contract for Construction of Project 35C ("Project 35C"). Mr. Singh presented a recommendation letter to the Board regarding Project 35C, which involves the construction of 24-inch and 12-inch waterlines from Jones Road to Cypress Creek Parkway. He recommended awarding the contract to E.P. Brady, LTD for \$23,073,880.50. A copy of the Recommendation Letter is attached hereto as Exhibit "B-2".

Discussion ensued after which Director Fessler moved to award the Project 35C Contract to E.P. Brady, LTD for \$23,073,880.50, and with Directors Rowell, Fessler, and Graham voting in favor, and with Directors Barker and Ramsey voting against, the Board awarded the Project 35C Contract to E.P. Brady, LTD for \$23,073,880.50, as recommended.

- E. Approve and authorize execution of Financing Agreement(s) with Texas Water Development Board ("TWDB") in connection with 2024 State Water Implementation Revenue Fund for Texas ("SWIFT"). Mr. Chang explained that the TWDB Financing Agreement is part of the \$730 million SWIFT Fund approved by the Board in August, 2023. Approving the Agreement is the final step to secure the funding. Responding to questions from the Board, Mr. Chang stated that \$171 million is allocated to pay for construction projects, including the three (3) contracts approved earlier in the meeting.

Extensive discussion ensued after which Director Graham moved to approve the TWDB Financing Agreement in connection with the 2024 SWIFT.

Director Ramsey then moved to table the decision on the TWDB Financing Agreement until a special meeting, and with Directors Barker and Ramsey voting in favor, and Directors Rowell, Fessler, and Graham voting against, the motion to table the TWDB Financing Agreement until a special meeting failed.

The Board then voted on Director Graham's motion to approve the TWDB Financing Agreement, and with Directors Rowell, Fessler, and Graham voting in favor, and Directors Barker and Ramsey voting against, the Board approved and authorized execution of the TWDB Financing Agreement in connection with 2024 SWIFT, a copy of which is attached hereto as Exhibit "C".

- F. Recommendation from General Manager on Professional Service Procurement Waiver. Mr. Chang reminded the Board that it had adopted a policy to require the Authority to go through a Request for Proposals ("RFQ") process for certain professional service procurement; however, the General Manager could request a one-time waiver. Mr. Chang recommended waiving the RFQ process for continuing to engage Orrick, Herrington & Sutcliffe LLP ("Orrick") as the Authority's Bond Counsel. Orrick has been serving as the Authority's bond counsel for twenty (20) years.

Discussion ensued after which Director Fessler moved to approve this recommendation, and with Directors Rowell, Fessler, and Graham voting in favor, and Directors Barker and Ramsey voting against, the Board approved the General Manager's recommendation to waive the RFQ process for Orrick's continued engagement as Bond Counsel.

Mr. Chang then recommended waiving the RFQ process for continuing to engage Steve Bresnen as the Authority's governmental affairs specialist. Mr. Bresnen has been the Authority's governmental affairs specialist for 20 years as well.

Next, Director Fessler moved to waive the RFQ process for the continued engagement of Steve Bresnen, and with Directors Rowell, Fessler, and Graham voting in favor, and Directors Barker and Ramsey voting against, the Board approved the General Manager's recommendation to waive the RFQ process for the continued engagement of Steve Bresnen as the Authority's governmental affairs specialist.

- G. Alternative Water Use Incentive Agreement with Charterwood Municipal Utility District ("Alternative Water Use Agreement with Charterwood MUD"). Director Ramsey moved to approve the Alternative Water Use Agreement with Charterwood MUD, and with all Directors present voting in favor, the Alternative Water Use Agreement with Charterwood MUD was approved. A copy of the Alternative Water Use Agreement with Charterwood MUD is attached hereto as Exhibit "D".

OPERATIONS STATUS REPORT

Mr. McDevitt presented the Operations Report, a copy attached hereto as Exhibit "D". He reported that on July 8, 2024, the City of Houston (the "City") reported a communication loss affecting the new NEWPP's operations and requested a temporary reduction in water intake by the Authority. The Authority complied for several hours until the City resumed normal production. On a subsequent Saturday, the City requested a complete cessation of water intake for 2-3 days. The Authority

negotiated an alternative solution, implementing a significant intake reduction instead of a complete stoppage. The surface water supply to 19 cooperative districts was temporarily curtailed to compensate for the reduced supply

Mr. McDevitt further reported that recent operations have been running at approximately 19 MGD (million gallons per day). The City recently requested another intake reduction (while their plant operators conducted a necessary maintenance procedure), to which the Authority responded by reducing intake by several MGD. This resulted in a temporary reduction in ground storage tank levels, but the situation lasted only about four (4) hours and there were no service interruptions to customers.

Mr. Chang clarified that the Authority paid the majority for the new plant construction, and the Authority's Contract with the City includes a provision that requires cutbacks to be done proportional to stakeholders' participation share of the capacity. Mr. Chang stated that he addressed this issue with the City, receiving an apology and assurance against future requests that do not comply with the contract terms. The Authority's operator has been instructed to refuse future cutback requests that do not comport with the contract. It was noted that the Authority owns 63.8 percent of the Phase I capacity.

Mr. McDevitt also reported that the Authority experienced a power loss in July, due to Hurricane Beryl. The exact impact of this event is undetermined due to lower demand during the hurricane.

REPORT FROM DIRECTOR OF PLANNING AND GOVERNMENTAL AFFAIRS

Mr. Evans reported that the Harris-Galveston Subsidence District ("Subsidence District") intends to conduct their regulatory plan review workshop in September 2024.

ELECTION AGENDA

- A. Update on November 5, 2024 Directors Election Matters. Mr. Petrov stated that the terms for Directors representing the Authority's Voting District Nos. 4 and 5 are set to conclude in November 2024. He noted that individuals interested in running for these positions must submit their applications for ballot placement no later than 5:00 PM. on August 19, 2024.
- B. Order Calling November 5, 2024 Directors Election for the Authority's Voting District Nos. 4 and 5 (the "Order"). Director Ramsey moved to approve the Order, and with all Directors voting in favor, the Order was approved.
- C. Joint Election Agreement with Harris County and Authorize Execution by General Manager ("Joint Election Agreement"). Director Fessler moved to approve the Joint Election Agreement and authorize the General Manager to sign the Joint Election Agreement on behalf of the Authority, and with all Directors voting in favor, the motion passed.

CONSTRUCTION/ENGINEERING UPDATE

- A. Update on NEWPP Expansion project. Mr. Walker provided an update regarding the NEWPP. He reported that the new plant is still operating using temporary facilities, which have not yet been deemed substantially complete. There are ongoing production issues being addressed.

The existing plant, which has been down since May 2024 due to electrical issues, is expected to return to service by the end of the week. This will add another 60 MGD of production potential. With the expansion of the new plant, the system's total capacity will exceed current needs.

Mr. Walker noted that the new plant produces a higher water quality than the existing plant, which should lead to an overall improvement in the taste and smell of the water.

AMENDMENT TO PROCEDURAL RULES

The Board discussed amending Section 2.05 of the Procedural Rules regarding the deadline for Directors to add items to the meeting agenda. The current seven-day deadline falls on a Monday, leaving little time for communication about new agenda items. Director Barker proposed amending the deadline to six (6) days before the meeting, or Tuesday. This change would allow more time for Directors to discuss potential agenda items before the meeting.

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

Next, Director Barker moved to amend Section 2.05 of the Procedural Rules, changing the deadline for directors to add agenda items from seven (7) days to six (6) days before the meeting (Tuesday), and with all Directors voting in favor, the motion passed.

The President called a recess at 7:49 PM. The Board reconvened at 8:00 PM.

AMEND AUTHORITY PRICING POLICY TO REDUCE WATER RATES AND PUMPAGE FEES

The Board engaged in an extensive discussion regarding potential rate adjustments and the status of the Authority's improvement fund. Director Barker proposed a rate reduction of \$1.00 per 1,000 gallons of water. Mr. Howell answered questions from the Board regarding the financial impact of such a redaction.

After extensive discussion, Director Fessler moved to table the rate adjustment discussion to the October 7, 2024 meeting.

An amendment was proposed by Director Ramsey to consider the matter at the September 9, 2024 meeting instead, and with Directors Barker and Ramsey voting in favor, and Directors Rowell, Fessler, and Graham voting against, the amendment to the motion to discuss the matter at the September 9, 2024 meeting failed.

The Board then voted on Director Fessler's motion, and with Directors Rowell, Fessler, Graham, and Barker voting in favor, and Director Ramsey voting against, the Board voted to table the rate adjustment discussion and bring it back to the Board at the October 7, 2024 meeting.

GROUND REDUCTION PLAN ("GRP") COMMITTEE UPDATE

Mr. Chang provided an update on the GRP Committee's meetings and recommendations.

Further discussion ensued, after which the Board by general consensus agreed to postpone this matter.

ORGANIZATION OF THE BOARD AND ELECTION OF OFFICERS

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.

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

Mr. Johnson stated that he had previously distributed a draft HGSD Letter requesting a delay of the 2035 conversion by 10 years. No action was taken.

BOARD DISCUSSION OF POTENTIAL FUTURE AGENDA ITEMS

There were no items presented.

NEXT REGULAR MEETING WILL BE MONDAY, SEPTEMBER 9, 2024

There was no action.

PUBLIC COMMENT

Mr. Jerry Homan, representing Harris County Fresh Water Supply District No. 61, expressed his views on the Authority's water rates, pumpage fees, and business practices.

Mr. Ron Champman of Harris County Municipal Utility District No. 222 opined about the Board members absences at scheduled meetings.

ADJOURNMENT.

With no additional matters to discuss, the meeting was adjourned at 9:17 p.m.

PASSED, APPROVED AND ADOPTED on the 16th day of Sept., 2024.


Secretary, Board of Directors

