Board of Directors

July Finance & Budget Committee Meeting

Schedule	Tuesday, July 21, 2026 9:00 AM — 10:00 AM CDT
Venue	Houston-Galveston Area Council 3555 Timmons Ln. Houston, TX 77027
Organizer	Rick Guerrero

Agenda

1. CALL TO ORDER

2. ROLL CALL

3. DECLARE CONFLICTS OF INTEREST

4. PUBLIC COMMENT

5. CHAIR'S REMARKS

6. EXECUTIVE DIRECTOR'S REPORT
   Report on current and upcoming H-GAC activities. (Staff Contact: Ron Papsdorf)

ACTION

7. QUARTERLY INVESTMENT REPORT - SECOND QUARTER 2026
   Request approval of the Quarterly Investment Report for Second Quarter FY2026 ending June 30, 2026. (Staff Contact: Arathi Nayak)

8. MAY 2026 MONTHLY FINANCIAL REPORT
   Request approval of the monthly financial report ending May 31, 2026. (Staff Contact: Shaun Downie)

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9. 2026 MID-YEAR BUDGET REVISION
   Discussion and possible action on 2026 Mid-year budget revision. (Staff contact: Ron Papsdorf)

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10. ADJOURNMENT

QUARTERLY INVESTMENT REPORT – SECOND QUARTER 2026

Background
H-GAC invests public funds in accordance with its adopted Investment Policy. Quarterly investment reports are presented to the Board to provide transparency regarding H-GAC's investment portfolio, including compliance with the Investment Policy, portfolio performance, and investment activity during the reporting period.

Current Situation
The Quarterly Investment Report for the Second Quarter of FY2026 summarizes H-GAC's investment portfolio and investment activity for the quarter ending June 30, 2026.

Funding Source
Not Applicable

Budgeted
Not Applicable

Action Requested
Request approval of the Quarterly Investment Report for Second Quarter FY2026 ending June 30, 2026. (Staff Contact: Arathi Nayak)

Houston Galveston Area Council
Investment Report
For Quarter Ending June 30th, 2026

		Opening Balance FY 26	Deposits	Withdrawal		Interest Earned FY 26		Current Balance / Market Value	Percent of Portfolio
TexPool Prime Account Yield 3.80% Book Value $6,500,000	$	9,717,660	-	($2,000,000)	$	183,153	$	7,900,813	79.79%
Texas Range Daily Select Yield 3.78% Book Value $2,000,000		-	2,000,000	-		1,243		2,001,243	20.21%
Balance as of June 30, 2026	**$**	**9,717,660**	**$ 2,000,000**	**$ (2,000,000)**	**$**	**184,396**	**$**	**9,902,056**	**100.00%**

The above securities are in compliance with Texas Government Code Chapter 2256, Public Funds Investment Act (PFIA), and with the investment objectives of the H-GAC investment policy.

Charles Wemple (Jul 6, 2026 18:32:54 CDT)
Charles Wemple
Executive Director

Shaun Downie
Shaun Downie
Investment Officer

Arathi Nayak
Arathi Nayak
Investment Officer

Houston Galveston Area Council - Component Unit
Investment Report
For Quarter Ending June 30th, 2026

	Opening Balance FY 26	Interest Earned FY 26	Current Balance / Market Value	Percent of Portfolio
Local Development Corporation				
Certificate of Deposit (Maturity 7/1/2026) Yield 2.86% Chase Bank	**$ 349,572**	**$ 9,022**	**$ 358,594**	**5.54%**
Corporation for Regional Excellence				
Certificate of Deposit (Maturity 7/3/2026) Yield 2.86% Chase Bank	**536,479**	**13,847**	**550,326**	**8.50%**
Gulf Coast 911 Regional District				
Certificate of Deposit (Maturity 7/8/2026) Yield 2.86% Chase Bank	**5,423,821**	**139,989**	**5,563,810**	**85.96%**
Balance as of June 30, 2026	**$ 6,309,872**	**$ 162,858**	**$ 6,472,730**	**100.00%**

The above securities are in compliance with Texas Government Code Chapter 2256, Public Funds Investment Act (PFIA), and with the investment objectives of the H-GAC investment policy.

Charles Wemple (Jul 6, 2026 18:32:54 CDT)

Charles Wemple
Executive Director

Shaun Downie
Investment Officer

Arathi Nayak
Investment Officer

MONTHLY FINANCIAL REPORT – May 2026

Background
H-GAC prepares the monthly financial report to provide the Board with an overview of the organization's financial position and operating results. This report helps the Board monitor financial performance and budget compliance.

Current Situation
Presenting the results of the May 2026 financials.

Funding Source
Not Applicable

Budgeted
Not Applicable

Action Requested
Request approval of the monthly financial report ending May 31, 2026. (Staff Contact: Shaun Downie)

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Financial Report

For Month Ending May 31, 2026

Prepared on July 6th, 2026

Esteemed H-GAC Board of Directors and Executive Director Wemple, please find attached the financial report for May 2026. The information contained within is intended for managerial reporting purposes. All figures are unaudited and subject to change.Should you have any questions, please feel free to reach out to one of the accounting managers. Respectfully submitted, Arathi Nayak - Accounting Manager and Shaun Downie - Senior Accounting Manager.

SUMMARY OF KEY CHANGES

REVENUES

> The Cooperative Purchasing revenue cycle continues to be atypical. Revenue decreased in May compared to the previous month, from approximately $570K to $517K.

> Interest income is at 33% of the annual budget. Earnings reflect the current lower interest rate environment compared to prior years, as well as fluctuations in available cash balances throughout the year.

> Federal grant revenues are ahead of projected levels, primarily due to activity in the Federal Transit Administration grants and the Quick Clearance Programs.

EXPENDITURES

> Pass-through expenditures are at 34% of the annual budget. The Aging program is performing well and is on track with budget, while C&E and Transportation expenditures remain below projected levels.

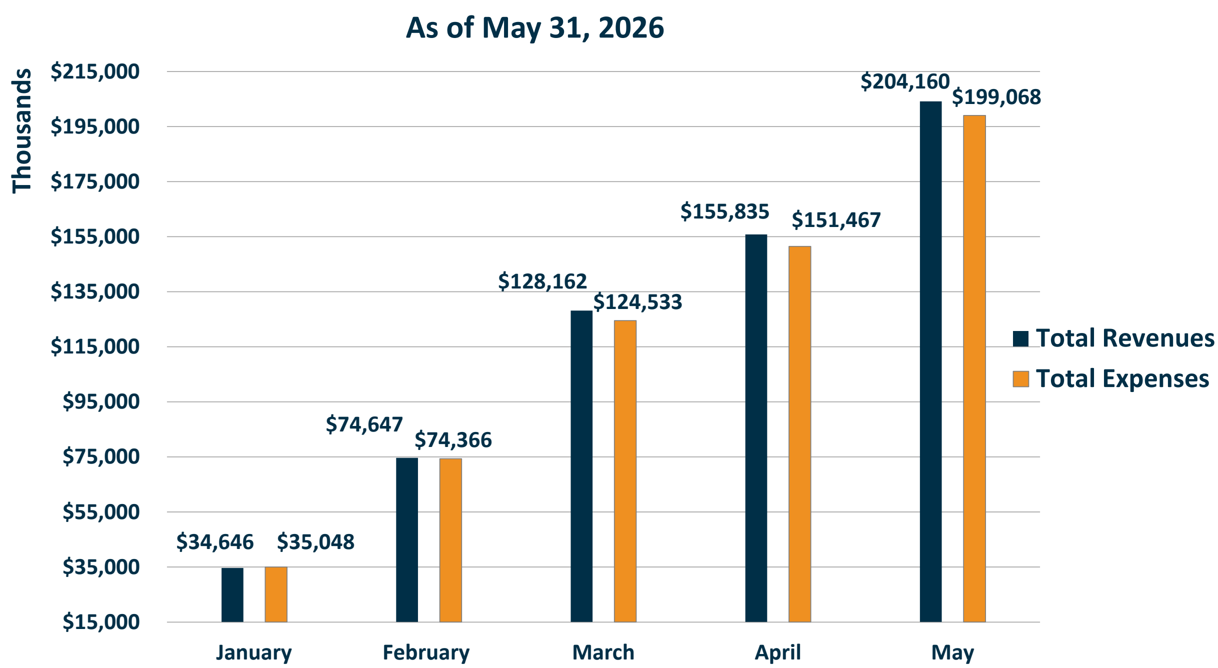
> Consultant expenses are below projected levels. Some programs are catching up, while others remain below budget. Mid-year budget adjustments have been made to align with spending trends.

> Travel expenses increased slightly this month; however, spending remains below projected levels due to the timing of travel activities and reimbursement processing.

****** Please note: the financial activity outlined above and in the report falls within the past trends observed in H-GAC's operations and is not out of the ordinary. ******

The activity (revenues and expenses) included in this report reflect actual amount recorded to date; some billings have not yet been processed or fully recorded. Reported figures are presented on a cumulative Year-to-Date basis and may be adjusted in subsequent periods to reflect finalized amounts.

Monthly Trends Chart



HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Monthly Trends Report

For Month Ending May 31, 2026

	January 2026	February 2026	March 2026	April 2026	May 2026
Revenues					
General & Enterprise Fund Revenues					
Membership Dues	$ 38,083	$ 249,630	$61,023	$8,501	$ 6,895
HGAC Energy Corporation	3,735	9,939	8,215	2,980	7,289
Cooperative Purchasing Fees	199,384	406,185	907,615	570,363	517,124
Gulf Coast Regional 911 Fees	319,365	37,540	4,460,648	931,207	772,175
Interest Income	33,613	105,697	79,347	78,313	96,736
Other Revenues	68,866	392,365	101,900	94,430	121,230
General Funds - Local	69,655	129,840	184,352	442,690	786,748
Total General & Enterprise Fund Revenues	**$ 732,701**	**$ 1,331,196**	**$ 5,803,100**	**$ 2,128,484**	**$ 2,308,198**
Special Revenue Fund					
Federal Grants	$ 512,118	$ 500,931	$1,171,718	$1,022,904	$ 610,208
State Grants	33,401,154	38,168,463	46,540,458	24,521,780	45,406,474
Total Special Revenue Fund Revenues	**$ 33,913,272**	**$ 38,669,393**	**$ 47,712,176**	**$ 25,544,684**	**$ 46,016,681**
Total Revenues	**$ 34,645,973**	**$ 40,000,590**	**$ 53,515,276**	**$ 27,673,168**	**$ 48,324,879**
Expenditures					
Personnel	$ 4,233,634	$ 4,360,096	$5,227,066	$4,335,643	$ 4,169,306
Pass-through Funds - Grant	28,908,852	33,193,949	43,162,096	19,468,024	40,556,534
Consultant and Contract Services	283,688	998,384	690,651	1,345,520	1,786,555
Lease of Office Space	181,274	195,662	200,471	152,829	183,247
Equipment	39,967	47,911	341,429	934,520	65,742
Travel	15,066	16,492	48,147	37,328	79,348
Other Expenses	1,385,364	505,970	496,713	660,450	760,032
Total Expenditures	**$ 35,047,845**	**$ 39,318,465**	**$ 50,166,573**	**$ 26,934,314**	**$ 47,600,764**
Excess of Revenues Over(Under) Expenditures	**$ (401,872)**	**$ 682,125**	**$ 3,348,703**	**$ 738,854**	**$ 724,115**

HOUSTON GALVESTON AREA COUNCIL (H-GAC)

FY26 Budget to Actual Report - All Funds

For Month Ending May 31, 2026

41.67 % of Year Elapsed

	FY26 Annual Budget	FY26 Year-to Date Budget	FY26 Year-to-Date Actuals	FY26 % of Actuals to Annual Budget	FY26 % of Actuals to YTD Budget
Revenues					
General & Enterprise Fund Revenues					
Membership Dues	$ 466,414	$ 307,084	$ 364,132	78%	119%
HGAC Energy Purchasing Corporation	135,000	56,993	32,158	24%	56%
Cooperative Purchasing Fees	7,413,865	2,306,488	2,600,671	35%	113%
Gulf Coast Regional 911 Fees	5,175,896	2,166,984	6,520,935	126%	301%
Interest Income	1,200,000	457,357	393,706	33%	86%
Other Revenues	2,033,509	1,026,489	778,791	38%	76%
General Funds - Local	5,517,184	2,244,531	1,613,285	29%	72%
Total General & Enterprise Fund Revenues	**$ 21,941,868**	**$ 8,565,926**	**$ 12,303,679**	**56%**	**144%**
Special Revenue Fund					
Federal Grant	$ 8,116,344	$ 2,579,851	$ 3,817,878	47%	148%
State Grants	570,138,869	215,641,930	188,038,328	33%	87%
Total Special Revenue Fund Revenues	**$ 578,255,213**	**$ 218,221,781**	**$ 191,856,206**	**33%**	**88%**
Total Revenues	**$ 600,197,081**	**$ 226,787,707**	**$ 204,159,886**	**34%**	**90%**
Expenditures					
Personnel	$ 60,035,230	$ 23,844,515	$ 22,325,746	37%	94%
Pass-through Funds - Grant	491,423,054	186,219,284	165,289,454	34%	89%
Consultant and Contract Services	25,221,377	9,387,234	5,104,798	20%	54%
Lease of Office Space	3,599,393	1,450,077	913,483	25%	63%
Equipment	6,501,726	1,515,449	1,429,569	22%	94%
Travel	1,129,779	309,009	196,381	17%	64%
Other Expenses	12,286,522	4,055,432	3,808,529	31%	94%
Total Expenditures	**$ 600,197,081**	**$ 226,781,000**	**$ 199,067,961**	**33%**	**88%**
Excess of Revenues Over(Under) Expenditures	**$ -**	**$ 6,707**	**$ 5,091,925**		
Beginning Fund Balance (all funds) - Jan. 1 (1)	**$ 52,762,360**	**$ 46,532,496**	**$ 52,762,360**		
Ending Fund Balance (all funds) - May. 31 (2)	**$ 52,762,360**	**$ 46,539,203**	**$ 57,854,285**		

(1) All beginning fund balances are as of January 1 of each year. The January 1, 2026 beginning fund balance is based on the 2026 ACFR presented at the May 2026 Board meeting.

(2) All ending fund balances are as of May 31 each year.

The Year-to-Date budget has been calculated using a three-year average spending & earning pattern. Historical monthly expenditure trends were analyzed to determine the proportion of annual spending incurred in each period, and these percentages were applied to the current year's approved budget to derive the YTD budget.

2026 MID-YEAR BUDGET REVISION

Background
H-GAC's budget is a dynamic document. The bulk of H-GAC's revenues derive from intergovernmental contacts with local, state and federal entities. These contracts have various durations and may span more than one H-GAC budget year.

Current Situation
The proposed 2026 revised budget incorporates all known changes in revenues and expenditures, as well as financial results of operations through May. The mid-year budget revisions is presented to the Board of Directors each summer and serve as a true-up of the budget approved in December 2025. Our budget is dynamic with new sources of funding arriving each spring, and some programs experiencing budget reductions. I will provide a detailed review of the revisions during the Finance & Budget Committee Meeting and at the general Board of Directors Meeting.

A summary of key updates can be found on the next page. More details on the budget can be found in the link below.

Funding Source
N/A

Budgeted
Not Applicable

Action Requested
Request approval of the 2026 Mid-Year Budget Revision. (Staff Contact: Ron Papsdorf)

OpenBook

FY26 Mid-Year Budget Revision Summary

Local Funds

2026 Revised	2026	Increase	% Change
$6,682,793	**6,531,139**	**$151,654**	**2.32%**

- Outreach & Governmental Affairs - Reduced from $1.7M to $1M - programs provided more hours to allocate to their employees. This does not affect our cash flow or reserve.
- Data Analytics & Research – Increased from $362K to $1.3M - received funding from 2025 carryover to cover contracts, consultant services, other direct costs & allocated employees to this cost center.

Indirect Departments

2026 Revised	2026	Increase	% Change
$15,516,040	**15,385,390**	**$130,650**	**0.85%**

- Slight increase due to annual merits & adding the Deputy Executive Director in November 2026 & added Special Projects Controller.

Community & Environmental

2026 Revised	2026	Increase	% Change
$23,563,572	**22,857,103**	**$706,470**	**3.09%**

- 9-1-1 Services - Increased due to the addition of 2 new uninterruptible power supplies (UPS) maintenance sites - Chambers County & City of Manvel.

Aging

2026 Revised	2026	Increase	% Change
$18,478,164	**13,752,461**	**$4,725,704**	**34.36%**

- Carryforward funds received from the 2025 redistribution in the amount of $3.1M, which will be used towards existing services and staff.

- The addition of the Benefits Enrollment Center (BEC) grant funds - This benefits counseling program will include new staff member (already approved and in process) and a modest amount of funding. $300K.
- A portion of the Aging & Disability Resource Center (ADRC) funding for housing navigation was reduced by $36K.

Enterprise Solutions

2026 Revised	2026	Increase	% Change
$10,085,239	9,887,056	$198,183	2.00%

- Based on the current year's performance and revenue trends, the revenue increased by $300K.
- Awarded Regional digital opportunity strategies and local broadband planning, which will support continued growth and other services and staff.

Workforce

2026 Revised	2026	Increase	% Change
$508,838,656	486,420,219	$22,418,438	4.61%

- Adding 37 Proposed FTEs to move Child Care Quality to H-GAC staff - currently contracted.
- Increase in funding for TWC & Houston endowment funding.

Transportation

2026 Revised	2026	Decrease	% Change
$49,018,474	58,688,255	-$9,669,781	-16.48%

- Adding 7 Proposed FTEs to align programs to focus on high-priority and high-impact efforts.
- Reduced contract services & pass-thru and plan to utilize this funding in 2027.