

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 23, 2024

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 23rd day of January, 2024, at The Club at Falcon Point, 24503 Falcon Point Drive, Katy, Texas, and the roll was called of the members of the Board:

Peter Houghton	President
Robert Patton	Vice President
Dana Hollingsworth	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Michael Rusk	Assistant Secretary

and all of the above were present in person except for Directors Hollingsworth and Darden, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Ian Pietz, Julia Frankovich, Whitney Milberger, and Miriam Valdez of BGE, Inc. ("BGE"); Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheets.

COMMENTS FROM THE PUBLIC

Members of the public were provided with the opportunity to make public comments. There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on December 21, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Fay seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS

Ms. Milberger reviewed a Communication, Conservation, and Reuse Report (the "CCR Report"), a copy of which is attached. Ms. Milberger reported on the Authority's planned participation in constituent and other events.

Ms. Milberger reported that the Authority recently received the 2023 Association of Water Board Directors Project Award for Water Conservation. She stated that an awards page has been added to the Authority's website.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize the purchase of updated 2024 outreach materials for the Authority's public events in an amount not to exceed \$50,000.00.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize the renewal of the Canva graphic design software in the amount of \$150.00.

Ms. Milberger recommended that the Board approve the Mighty Citizen Essentials Care Package for support services for the Authority's website for the term February 1, 2024 to January 31, 2025, in the amount of \$7,990.00.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize the renewal of the Authority's 2024 membership in the Alliance for Water Efficiency in the amount of \$787.50.

Ms. Milberger reported that 106 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during December 2023.

Ms. Milberger reviewed updates made to the Reuse System and Credit Summary Charts, copies of which are attached to the CCR Report.

Ms. Milberger discussed implementation of the Authority's 2024 Water Provider Conservation Program. She reported that interest forms for the program are due for submission by March 1, 2024.

Following review and discussion, Director Abrahamson moved to approve the CCR Report, including:

- (1) the purchase of 2024 public outreach materials in an amount not to exceed \$50,000.00;
- (2) the renewal of the Canva software in the amount of \$150.00;
- (3) the Mighty Citizen Essentials Care Package in the amount of \$7,990.00; and
- (4) the renewal of the Authority's 2024 membership in the Alliance for Water Efficiency in the amount of \$787.50

Director Patton seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

FINANCIAL AND BOOKKEEPING MATTERS AND CONDUCT HEARING

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, fund and wire transfers, a supplemental cash flow report, account balances, current period and year-to-date actual versus budget comparisons, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report, including the checks presented for payment. Director Fay seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS

The Board considered accepting the annual disclosure statements of the Authority's bookkeeper and Investment Officer. Ms. Miller explained that in accordance with the Authority's Investment Policy, the Authority's bookkeeper and Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the Authority. She stated that the disclosure statements are filed annually with the Texas Ethics Commission. Following review and discussion, Director Abrahamson moved to accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records. Director Rusk seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Miller reported on the Authority's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. Mr. Clayton noted a typographical error on the cover page of the operator's report and stated that the report includes information for the month of December 2023.

Mr. Clayton reported on repairs needed for sensor lines and gate valves due to the recent freeze event. He confirmed that the facilities were wrapped, and a heat strip had been applied to them prior to the event.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee ("CPD Committee) recommended that the Board approve a quote from Air Specialist, Inc. for replacing the motor for the split unit air conditioning and heating unit at the Bellaire Pump Station ("BPS") in the amount of \$10,269.00.

Mr. Clayton reported that 7 of the 11 fans for the BPS' six frequency drives are inoperable. He reported that the Authority's CPD Committee recommended that the Board approve a quote from NTS for replacing all 11 fans due to their age and life expectancy in the amount of \$23,812.98.

Mr. Clayton responded to Board inquiry regarding operations expenses and stated that a clarification of the expenses will be provided.

Following review and discussion, Director Abrahamson moved to approve the operator's report, including the quotes from Air Specialist, Inc. and NTS, as presented. Director Patton seconded the motion, which passed unanimously. Copies of the quotes are attached to the operator's report.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

Mr. Froehlich presented the engineer's report, a copy of which is attached.

Mr. Froehlich reported on BGE's preparation and submission of the Authority's 2023 Annual Pumpage Reports required for submission to the Fort Bend Subsidence District (the "FBSD") and the Harris-Galveston Subsidence District by the end of January 2024.

Mr. Froehlich reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered, groundwater pumped, and reclaimed water utilized by the Authority.

Mr. Froehlich reported that BGE is reviewing a request for reimbursement from Fort Bend County M.U.D. No. 246 for erroneous water usage reporting for December 2022 through September 2023.

Mr. Froehlich reported that BGE is coordinating with ABHR and the West Harris County Regional Water Authority ("WHCRWA") to appropriately document GRP coverage for Kingsbridge M.U.D.'s planned annexation of a tract of land located outside of the Authority's boundaries and within WHCRWA's boundaries.

Mr. Froehlich reported that ABHR sent a draft Acknowledgment of Assignment and Joinder to the Village of Pleak and Fort Bend County M.U.D. No. 157 ("FB 157") related to an agreement between the two entities for the Village of Pleak's temporary use of FB 157's groundwater capacity pursuant to its GRP Participation Agreement with

the Authority.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters and stated that preparation of metes and bounds descriptions is focused on the Authority's Main Segment 16B. A chart summarizing the status of property acquisition matters is attached to the engineer's report.

Mr. Froehlich reported that the Authority's automated meter reader installation project is 87% complete. A chart summarizing the status of the project is attached to the engineer's report.

Mr. Froehlich reported that construction of the Authority's Main Segment 11A is approximately 20% complete.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 8B Casing Extension Project at FM 723. He stated that the contractor, T Construction, LLC, plans to mobilize next week.

Mr. Froehlich reported on the status of construction of the Authority's 2027 surface water supply system (the "2027 System") surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2. He additionally reported on FWSD 2's construction of its two water plants.

Mr. Froehlich reported on the status of construction of the Authority's surface water line connection and meter station for Fort Bend County Municipal Utility District No. 255 ("FB 255") administered by FB 255 in connection with FB 255's water plant project.

Mr. Froehlich presented a proposal from BGE for quarterly and annual cathodic protection system evaluation services for 2024 in an amount not to exceed \$45,000.00.

Mr. Froehlich reported on the status of the design of surface water lines for the 2027 System by the following design consultants: (1) IDS Engineering Group for Main Segment 13B; (2) Quiddity Engineering, LLC for Phases 1 and 2 of Main Segment 13Ci and the surface water line connection for Fort Bend County Municipal Utility District No. 229; (3) Binkley & Barfield, Inc. for Main Segments 13Cii and 13D; (4) BGE for Main Segment 18A; and (5) Carollo Engineers, Inc. for Main Segment 19.

Mr. Froehlich reported that completion of work on the 2027 System Environmental Determination Form and Cultural Resources Study is deferred pending access to property located at the southwest corner of FM 1093 and FM 359.

Mr. Froehlich reported that additional transient analysis of the surface water

transmission system is anticipated to be completed by the end of January 2024.

Mr. Froehlich reported that BGE is preparing exhibits for a proposed letter agreement related to Fort Bend County Municipal Utility District No. 58's request for the future restoration of hike and bike trails inadvertently constructed by the district on the Authority's easement in Main Segment 17B.

Mr. Froehlich reported that BGE completed an electricity audit in compliance with energy efficiency reporting requirements for the Authority and the draft report will be reviewed with the CPD Committee.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on the status of the design of the BPS Phase II Improvements Project. He stated that BGE is incorporating WHCRWA's comments to a revised technical memorandum, 30% design plans, and a cost estimate for the project into the 60% design plans.

Mr. Froehlich reported that BGE's electrical subconsultant is completing its investigation and findings report for an assessment of booster pump motor failures at the BPS for BGE's review.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project with WHCRWA, including Segments A1 and A2, combined Segments B1 and B2, Segments B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the three meter stations. Copies of a chart and summaries of the status of design/construction are included in the attached engineer's report. Mr. Froehlich reported on BGE's review of the low bid for construction of the Repump Station in the amount of \$104,424,996.48. He stated that the engineer's estimate for the project was \$84,000,000.00. Mr. Froehlich responded to Board inquiries regarding the schedule and the low bid for the construction of the Repump Station.

Mr. Froehlich reported on City of Houston's ("COH") Notice of Treated Water Supply Limitations dated December 26, 2023, requiring the Authority to reduce its intake of surface water from the contracted amount of 19.5 million gallons per day ("MGD") to 12 MGD or less during COH's interconnection water line project that was scheduled to begin on January 9, 2024, and to continue until March 31, 2024. He stated the notice was rescinded on January 9, 2024, and the project is postponed until next year. He reported that BGE is meeting with representatives of COH on January 31, 2024, to discuss the project and the impact of the reduced intake on the Authority.

Mr. Pietz updated the Board on COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team

and reviewed drone video footage of the project site. He reported on the status of construction and testing, as applicable, for the Influent Pump Station, North Plant, Central Plant, South Plant, and the Balance of Plant. Status summaries are included in the attached engineer's report. Mr. Pietz reported on outstanding items for Phase 1 of the project and stated that it is nearing substantial completion. Mr. Pietz reported that testing of Phase 2A facilities has begun and is anticipated to be completed before summer 2024. Mr. Pietz responded to Board inquiries regarding the status of construction and operation matters.

Mr. Froehlich reported that BGE is preparing the Authority's annual Water Use Survey for submittal to the Texas Water Development Board (the "TWDB") prior to the March 1, 2024, deadline.

Mr. Froehlich reported that the TWDB's approval of the Engineering Feasibility Report for the 2027 System required for funding is deferred pending completion of the required Environmental Determination Form and the Cultural Resources Study for the 2027 System.

In response to a Board inquiry, Ms. Frankovich stated that the United States Environmental Protection Agency has not yet issued final standards to limit certain per- and polyfluoroalkyl substances in drinking water.

Following review and discussion, Director Abrahamson moved to approve the engineer's report as presented, including a proposal from BGE for quarterly and annual cathodic protection system evaluation services for 2024 in an amount not to exceed \$45,000.00. Director Rusk seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller reported that oral arguments were heard by the Texas Supreme Court in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter. She reported on briefs filed in the matter.

FINANCING PLAN MATTERS

Ms. Miller reported that the Arbitrage Rebate Report for the Authority's Series 2018B and Series 2018C Bonds states that no arbitrage rebate payments are due to the United States Treasury Department.

Ms. Miller reported that the TWDB is processing the Authority's request for approval for the Authority's proposed use of remaining funds from the joint reclaimed water system project with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 towards payment of the debt service payments for the project.

REALTY INTEREST ACQUISITION

Ms. Miller discussed two Water Line Easements proposed to be granted by the Authority to WHCRWA for Segments 3-2-034A and 3-2-034B. She reported that ABHR is counsel for WHCRWA and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of the proposed Water Line Easements. Following review and discussion, Director Hollingsworth moved to authorize execution of a legal conflict waiver for ABHR's preparation of the Water Line Easements. Director Abrahamson seconded the motion, which passed unanimously.

Ms. Miller reviewed two Water Line Easements proposed to be granted by the Authority to WHCRWA for Segments 3-2-034A and 3-2-034B. Following review and discussion, Director Abrahamson moved to authorize execution of the Water Line Easements, as presented. Director Fay seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to meet on Tuesday, February 27, 2024.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:53 p.m., pursuant to Section 551.071, Texas Government Code, for consultation with attorney. The Board determined that the attendance in this executive session of Mr. Froehlich and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:13 p.m., the Board reconvened in open session. No action was taken by the Board.

CONVENE EXECUTIVE SESSION

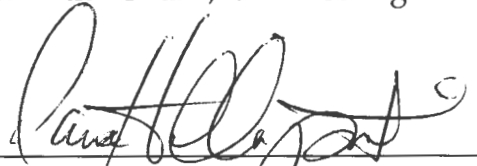
The Board convened in executive session at 7:14 p.m., pursuant to Section 551.072, Texas Government Code, to discuss the purchase, exchange, lease, or value of real property. The Board determined that the attendance in this executive session of Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:16 p.m., the Board reconvened in open session. Following review and

discussion, Director Abrahamson moved to authorize Director Houghton to authorize increased compensation values for the easement tracts as discussed. Director Fay seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.



Secretary, Board of Directors

(SEAL)



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