

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 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 April, 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 Director Houghton, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Ian Pietz, 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 ("Inframark"); Christina Miller and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and persons listed on the attached attendance sheets.

COMMENTS FROM THE PUBLIC

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

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on March 26, 2024. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Hollingsworth 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 previous and planned participation in constituent and other events.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee recommended that the Board approve renewal of the Authority's annual membership in the American Water Works Association ("AWWA") in the amount of \$9,817.00.

Ms. Milberger reported that 117 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during March 2024.

Ms. Milberger reported on implementation of the Authority's Homeowners Association Irrigation Management Pilot Program.

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.

Ms. Jeanette Hall of Fort Bend County Municipal Utility District No. 133 ("FB 133") addressed the Board regarding FB 133's efforts to provide security for its residents.

Following review and discussion, Director Abrahamson moved to approve the CCR Report, including renewal of the Authority's annual membership in AWWA in the amount of \$9,817.00. Director Fay seconded the motion, which passed unanimously.

AMENDED AND RESTATED WATER CONSERVATION PLAN

Ms. Miller stated that the Texas Commission on Environmental Quality's ("TCEQ") rules require that the Authority review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2024. She reported that BGE prepared the Water Conservation Plan annual report and 5-year implementation report on the Water Conservation Plan. After review and discussion, Director Hollingsworth moved to (1) adopt an Order Adopting Amended and Restated Water Conservation Plan; (2) approve the annual report and 5-year implementation report on the Water Conservation Plan; (3) authorize submission of the reports to the appropriate government agencies; and (4) direct that the reports be filed appropriately and retained in the Authority's official records. Director Abrahamson seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

RENEWAL OF LETTER OF CREDIT

Ms. Miller reported that the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000.00 in favor of CenterPoint Energy Houston Electric, LLC ("CenterPoint") is currently due to expire on June 4, 2024. She discussed the requirements for maintaining the Letter of Credit while the Authority is performing construction activities on CenterPoint property. She stated that the Authority's Finance and Policy Committee recommended that the Board authorize renewal of the Letter of Credit to June 4, 2025, for a fee of \$10,000.00. Following review and discussion, Director Abrahamson moved to authorize renewal of the Letter of Credit to June 4, 2025, for a fee of \$10,000.00, to include execution of (1) an Application and Agreement; (2) a Promissory Note; (4) a Notice of Final Agreement; (4) an Assignment of Deposit Account; (5) a Disbursement Sheet; (6) a Disbursement Request and Authorization; (vii) an Amendment No. 14 to Letter of Credit; and (7) execution of any necessary ancillary documents. Director Hollingsworth seconded the motion, which passed unanimously.

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. In response to Board inquiries, Mr. Watson stated that tracking of the amounts expended by the Authority related to the City of Fulshear's rate challenge will be added to the monthly bookkeeper's report. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report, including the checks presented for payment. Director Hollingsworth seconded the motion, which passed unanimously.

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. In response to Board inquiries, Mr. Clayton stated that he anticipates receiving updated 811 information next month to include in the operator's report. He responded that an insurance claim was filed for the inoperable booster pump no. 6. Following review and discussion, Director Hollingsworth moved to approve the operator's report. Director Abrahamson seconded the motion, which passed unanimously.

AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Miller stated that TCEQ's rules require that the Authority review and adopt an Amended and Restated Drought Contingency Plan prior to May 1, 2024. After

review and discussion, Director Abrahamson moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the order be filed appropriately and retained in the Authority's official records. Director Hollingsworth seconded the motion, which passed unanimously.

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 that the Certificates for Over-Conversion Credits earned by the Authority for the 2021-2022 and 2022-2023 permit terms are anticipated to be received soon from the Fort Bend Subsidence District ("FBSD").

Mr. Froehlich reported that FBSD and the Harris-Galveston Subsidence District are holding their annual groundwater report hearings on April 25, 2024. He stated that he will attend FBSD's hearing.

Mr. Froehlich reported on coordination with the attorney for Fort Bend County Municipal Utility District No. 251 ("FB 251") regarding FB 251's inaccurate inclusion in the City of Richmond's GRP via contract while being located within the Authority's boundaries. Due to FB 251's location within the Authority's boundaries, the property is included in the Authority's GRP.

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 discussed GRP coverage for Kingsbridge Municipal Utility District's ("Kingsbridge M.U.D.") proposed annexation of a tract of land located outside of the Authority's boundaries and within the West Harris County Regional Water Authority's ("WHCRWA") boundaries. He stated that FBSD approved including the tract in the Authority's GRP and discussed letters to be provided to Kingsbridge M.U.D. by WHCRWA and 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 Segments 16B and 17B. 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 89% complete. A chart summarizing the status of the project is attached to the engineer's report.

Mr. Froehlich reported on the status of construction of water lines for the Authority's 2027 surface water supply system (the "2027 System"). He stated that Main Segment 11A is approximately 75% complete. He recommended approval of Pay Estimate No. 6 submitted by Main Lane Industries, Ltd. in the amount of \$1,637,341.44.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 8B Casing Extension Project at FM 723. He stated that a substantial completion inspection was held on April 2, 2024. He recommended approval of Pay Estimate No. 1 submitted by T Construction in the amount of \$300,726.00.

Mr. Froehlich reported on the status of construction of 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 stated that, as anticipated in the construction contract, construction is complete, and connection and testing will be performed after construction of FWSD 2's water plant no. 2 is completed at the end of 2024.

Mr. Froehlich reported on the status of construction of the Authority's 2027 System 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. He stated that the water line is installed, tested, and disinfected and the contractor is installing the meter station.

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 Main Segment 13C; (3) BGE for Main Segment 18A; and (4) Carollo Engineers, Inc. for Main Segment 19. He stated that a design consultant will be engaged for Main Segment 13D after right-of-entry access is obtained. Mr. Froehlich recommended approval of a Facilities Extension Agreement with CenterPoint for the relocation of an existing guy water anchor for Main Segment 19 in the amount of \$2,312.00.

Mr. Froehlich reported on the status of negotiations for professional services agreements with Binkley & Barfield, Inc., R.G. Miller Engineers, Inc., and JNS Consulting Engineers, Inc. for the design of the Authority's 2027 System Segments 17A, 17C, and 18B, respectively.

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

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 for Main Segment 17B.

Mr. Froehlich reported on the schedule for BGE's development of a long-term asset maintenance plan for the Authority's facilities, including the Bellaire Pump Station ("BPS"), transmission lines, and meter stations.

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 met with WHCRWA's engineer to discuss comments regarding the 60% design plans and the updated cost estimate on March 27, 2024. He stated that the design plans are anticipated to be submitted soon for agency review.

Mr. Froehlich stated that Mr. Clayton reported that there appeared to be additional or new cracking in the brick walls and glass blocks of the BPS. Mr. Froehlich recommended approval of a proposal from BGE's structural engineering subconsultant to perform a follow-up evaluation and report for the BPS in an amount not to exceed \$5,500.00.

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. Pietz updated the Board on the City of Houston's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported that Cash Call No. 13 is anticipated to be received within the next two weeks for the project in an amount not to exceed \$17,240,229.00. He requested authorization to submit a request to the Texas Water Development Board ("TWDB") for the release of escrowed funds to pay for Cash Call No. 13.

Mr. Pietz 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 and responded to Board inquiries. 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. He stated that potable water began flowing to the distribution system beginning on April 16, 2024. He reported that current testing of Phase 2A facilities is anticipated to be completed towards the end of summer 2024, and the entire plant is scheduled for completion in mid-2025.

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

Mr. Froehlich reported that TWDB approved the Authority's request for the proposed use of remaining funds from the joint reclaimed water system project with Grand Lakes towards payment of debt service for the project.

Mr. Froehlich reported that the next meeting of the Region H Water Planning Group is tentatively scheduled for May 1, 2024.

Following review and discussion, Director Abrahamson moved to approve the engineer's report as presented, including:

- (1) Pay Estimate No. 6 submitted by Main Lane Industries, Ltd. for construction of the Authority's Main Segment 11A in the amount of \$1,637,341.44;
- (2) Pay Estimate No. 1 submitted by T Construction for construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 in the amount of \$300,726.00;
- (3) the Facilities Extension Agreement with CenterPoint for the relocation of an existing guy water anchor for Main Segment 19 in the amount of \$2,312.00;
- (4) the proposal from BGE's structural engineering subconsultant to perform a follow-up evaluation and report for the BPS in an amount not to exceed \$5,500.00; and
- (5) submission of a request to TWDB for the release of escrowed funds to pay for Cash Call No. 13 in an amount not to exceed \$17,240,229.00.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller updated the Board on the *San Jacinto River Authority ("SJRA") v. City of Conroe and City of Magnolia* matter. She reported that the Texas Supreme Court issued a ruling in favor of SJRA, reversing the Court of Appeals and remanding the matter to the trial court. She stated that the Court took up the "essential terms" argument contained in the Authority's amicus brief, holding that the contracts in issue state their essential terms and were thus covered by the waiver of governmental immunity.

FINANCING PLAN MATTERS

Ms. Miller reported that a Single Audit was not required for the Authority's joint reclaimed water system project with Grand Lakes Municipal Utility District Nos. 1, 2, and 4.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

2024 DIRECTOR APPOINTMENT PROCESS

Ms. Miller updated the Board on the Director appointment process. She stated that, as previously reported, ballots to vote for the contested Precinct 7 position were distributed prior to March 15, 2024, and the deadline for the districts and municipalities located in Precinct 7 to submit completed ballots is April 30, 2024. She stated that a special Board meeting is scheduled for May 1, 2024, to determine the results of the votes and new Directors' terms begin on May 15, 2024.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold its next regular meeting on Tuesday, May 28, 2024.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:52 p.m., pursuant to (1) Section 551.071, Texas Government Code, for consultation with attorney; and (2) 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 7:00 p.m., the Board reconvened in open session. Director Fay moved to approve the following for the parcels as discussed: (1) a funding request for the condemnation award and fees payable to the Special Commissioners; (2) increases in the compensation values; and (3) the range of values. Director Abrahamson seconded the motion, which passed unanimously.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Attendance Sheets.....	1
Communication, Conservation, and Reuse Report.....	1
Bookkeeper's report.....	3
Operator's report.....	3
Engineer's report.....	4