

MINUTES  
NORTH FORT BEND WATER AUTHORITY

August 23, 2023

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 23<sup>rd</sup> day of August, 2023, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 1st Floor, Lubbock Conference Room, Houston, 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 Hollingsworth, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Julia Frankovich, Ian Pietz, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer of Post Oak Municipal Advisors LLC ("POMA"); Christina Miller, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); John Strange of J&S Engineers; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Tim Erving of Ninyo & Moore; and Carl Peters of Kingsbridge Municipal Utility District.

In order to provide additional public access, the Authority established Zoom teleconference and videoconference options for the Authority's consultants and members of the public to listen to the meeting and to address the Board. On the teleconference or videoconference for all or a portion of the meeting were Mike Halde and John Mudd of HR Green, Inc.; Callie Bletsch of MBCO Engineering, LLC; Matthew Matula of Quiddity Engineering, LLC; Michael Abshire of Big Oaks Municipal Utility District; Steven Haas of Cinco Municipal Utility District No. 8; Jose Luis Fuentes Mendoza of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; David Johnson; and additional members of the public.

## COMMENTS FROM THE PUBLIC

Members of the public attending the meeting in-person or by teleconference or videoconference 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 July 26, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Fay seconded the motion, which passed unanimously, except for Director Rusk who was not present.

## PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS

Ms. Milberger reviewed a Memorandum Regarding Water Conservation and Reuse Matters (the "Memorandum"), a copy of which is attached. Ms. Milberger reported on the Authority's participation in constituent and other events.

Ms. Milberger reported that displays of the submitted artwork for the Authority's Spring 2023 Art Contest have been distributed via social media and placed on the Authority's website at [www.nfbwa.com/artcontest](http://www.nfbwa.com/artcontest).

Ms. Milberger reported that a page containing links dedicated to studies related to subsidence has been added to the Authority's website.

Ms. Milberger reminded the meeting attendees to join the distribution lists for the Authority's "Connect the Drops" and "Water Provider" newsletters using the registration form included on the Authority's website.

Ms. Milberger reported that 193 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during July 2023.

Ms. Milberger reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum.

Ms. Milberger discussed implementation of the Authority's 2023 Water Provider Conservation Program.

Following review and discussion, Director Fay moved to approve the Water Conservation and Reuse report. Director Abrahamson seconded the motion, which passed unanimously.

## CONTRACTS

The Board concurred to defer this item.

## FINANCIAL AND BOOKKEEPING MATTERS, AND CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

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 as presented. Director Darden 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.

Mr. Clayton reported on Inframark's management of the decreased water supply being received from the City of Houston ("COH"). Ms. Miller reviewed the Authority's obligations and options in response to COH's implementation of its Drought Contingency Plan and provisions of the Authority's Drought Contingency Plan. Mr. Clayton recommended triggering Stage 1 Drought Conditions to encourage Authority constituents to voluntarily conserve water due to extreme drought conditions throughout Fort Bend County. The Board reviewed a draft Notice of Stage 1 Drought Conditions requesting that all water users in the Authority voluntarily reduce their water usage.

Following review and discussion, Director Abrahamson moved to (1) approve the operator's report; (2) implement the Authority's Drought Contingency Plan by requesting all water users within the Authority to voluntarily reduce water usage; and (3) authorize distribution of a notice stating that the Authority has triggered Stage 1 of its Drought Contingency Plan and requesting all water users to voluntarily reduce their water usage. Director Darden 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 BGE has submitted the Authority's permit renewal application to the Fort Bend Subsidence District.

Mr. Froehlich reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority and well permitting matters. He reported that BGE issued a conditional approval letter in response to a new well request from Fort Bend County Municipal Utility District No. 188.

#### 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 Segment 13Ci. 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 79% complete. A chart summarizing the status of the project is attached to the engineer's report. Mr. Froehlich recommended approval of Pay Estimate No. 11 submitted by Accurate Meter & Backflow, LLC in the amount of \$154,260.00. Mr. Froehlich discussed coordination with ABHR on obtaining the remaining necessary Right of Entry Agreements for the project.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 11A. He reported that Notice to Proceed is anticipated to be issued to Main Lane Industries, Ltd. when the pipe is delivered for the project at the end of September 2023.

Mr. Froehlich reminded the Board that a contract for the construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 was awarded to T Construction, LLC in the amount of \$385,115.00, subject to the execution of a supplemental Standard Utility Agreement with the Texas Department of Transportation ("TXDOT") for reimbursement of the Authority's engineering and construction costs for the extension project. He reported that Supplemental Agreement No. 1 with TXDOT was received and a Notice to Proceed will be issued soon.

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 by Reddico Construction Company, Inc. Mr. Froehlich recommended approval of an Agreement for Professional Materials Engineering Laboratory Services with Ninyo & Moore in an amount not to exceed \$12,800.00. He additionally reported on the status of FWSD 2's construction of its water plant no. 1 and related connection surface water line.

Mr. Froehlich reported on the status of the design of 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 updated the Board on efforts to obtain access to property located at the southwest corner of FM 1093 and FM 359 needed for the design of Main Segments 13Cii and 13D. He reported that the variance requests submitted for Segments 18A and 19 were approved by COH.

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 Ninyo & Moore continues to work on Phase 2 of the geologic fault study for the 2027 System. He said that BGE will review all findings and any recommendations for additional investigation with the Board upon completion of the Phase 2 study.

Mr. Froehlich reported on the status of a request by the developer of a commercial site for an offset to Main Segment 4B to provide clearance for a proposed drainage swale. He stated that, as previously reported, a proposed agreement drafted by ABHR which provides for the developer's payment of the Authority's expenses for the offset has been forwarded to the developer.

Mr. Froehlich reported that notification letters have been sent to the property owners with easement encroachments throughout the Authority's existing transmission system to remind them of the conditions of the easements.

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

#### REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported that an invoice in the amount of \$20.20 was received from Texas Microgrid, LLC for grid outages experienced at the Bellaire Pump Station in July 2023.

Mr. Froehlich reported on the status of the design of the Bellaire Pump Station Improvements project. He stated that BGE's 30% design and technical memorandum for the project will be provided to the West Harris County Regional Water Authority ("WHCRWA") for 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 Segment A, 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 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, and the Balance of Plant. Status summaries are included in the attached engineer's report. Mr. Pietz stated that Phase 1 of the project will provide 80 million gallons per day ("MGD") of capacity and is currently anticipated to be completed behind schedule in October 2023. He stated that the original contract completion date for Phase 1 was February 20, 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is anticipated to be completed in the summer of 2025.

Mr. Froehlich reported that the Texas Water Development Board's (the "TWDB") 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.

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

- (1) Pay Estimate No. 11 submitted by Accurate Meter & Backflow, LLC for the Authority's automated meter reader installation project in the amount of \$154,260.00; and
- (2) Execution of an Agreement for Professional Materials Engineering Laboratory Services with Ninyo & Moore for the Authority's 2027 System surface water line connection for FWSD 2's water plant no. 2 in an amount not to exceed \$12,800.00.

Director Darden seconded the motion, which passed unanimously.

#### PARTICIPATION AS AMICUS PARTY

There was no update on the amicus brief filed with the Texas Supreme Court in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

#### FINANCING PLAN MATTERS

Ms. Miller reported on procedures related to the Authority's issuance of \$21,130,000 Water System Revenue Bonds, Series 2023A ("Series 2023A Bonds") through the TWDB's State Water Implementation Revenue Fund for Texas. She stated

that the anticipated sale of the Series 2023A Bonds is scheduled at a special meeting to be held at noon on October 11, 2023, at BGE's office.

\$36,270,000 WATER SYSTEM REVENUE BONDS, SERIES 2023 ("SERIES 2023 BONDS")

Mr. Palmer reviewed the Authority's financing plan and explained the Authority's revenue requirements related to issuing bonds. He recommended no changes to the Authority's current GRP Fee and Surface Water Fee for the Authority's 2024 fiscal year.

Mr. Palmer reviewed a draft Preliminary Official Statement for the Authority's issuance of Series 2023 Bonds through the open market. He discussed a bond issuance schedule that included the proposed pricing of the bonds on September 26, 2023, and a closing date of October 26, 2023.

Mr. Palmer recommended the selection of an underwriting team for the Authority's Series 2023 Bonds to include: Raymond James, Cabrera Capital Markets, LLC, and Crews & Associates.

Ms. Miller stated that pursuant to its Master Indenture requirements, the Authority is required to have a pledged revenue analysis performed in connection with the proposed issuance of the Authority's Series 2023 Bonds. She indicated that the Authority has historically utilized McGrath & Co., PLLC to perform the required analysis.

Ms. Miller reviewed a Resolution Authorizing the Issuance of the North Fort Bend Water Authority Water System Revenue Bonds, Series 2023; Authorizing the Authorized Representative to Take Certain Actions on Behalf of the Authority; Authorizing the Form, Execution and Delivery of a Twenty-First Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject (the "Resolution"). Ms. Miller discussed the necessary actions to be taken by the Authority's attorney and the financial advisor and documents to be executed by the Board in connection with the issuance of the Series 2023 Bonds.

Ms. Miller reviewed a Certificate Regarding Provision of Financial Advice (the "Certificate").

Ms. Miller stated that POMA recommended engaging rating companies to perform credit rating analysis for the Authority's Series 2023 Bonds.

The Board considered appointing Regions Bank, N.A. as Paying Agent/Registrar for the Authority's Series 2023 Bonds.

The Board considered approving payment to the Texas Attorney General related to bond issue transcript review for the Series 2023 Bonds.

After review and discussion, Director Patton moved to (1) designate the underwriting team per Mr. Palmer's recommendation; (2) authorize McGrath & Co., PLLC to perform a pledged revenues analysis; (3) approve the Preliminary Official Statement for the Series 2023 Bonds; (4) adopt the Resolution; (5) authorize the Board to perform any actions needed to effect the sale of the Series 2023 Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents; (6) authorize all necessary action to be taken by the Authority's attorney and financial advisor in connection with the issuance of the Series 2023 Bonds; (7) authorize execution of the Certificate and direct that it be filed appropriately and retained in the Authority's official records; (8) engage rating companies to perform credit rating analysis for the Authority's Series 2023 Bonds; (9) appoint Regions Bank as Paying Agent/Registrar for the Series 2023 Bonds; and (10) authorize payment to the Texas Attorney General relating to bond issue transcript review. Director Abrahamson seconded the motion, which passed unanimously.

#### NOTICE OF 2024 PRELIMINARY FEES

Ms. Miller reminded the Board that the Authority normally distributes a preliminary notice of the anticipated GRP Fee and Surface Water Fee for the next calendar year prior to the end of September to assist retail water providers located within the Authority in developing their budgets for the next fiscal year. She noted that Mr. Palmer recommended no changes to the Authority's current GRP Fee and Surface Water Fee for the Authority's 2024 fiscal year. Following review and discussion, Director Fay moved to authorize distributing a notice stating that the Authority anticipates there will be no change to the current fees to all retail water providers served by the Authority. Director Abrahamson seconded the motion, which passed unanimously.

#### REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

#### MEETING PLANNING AND SCHEDULING MATTERS

The Board discussed proposed meeting locations and rescheduling the Authority's monthly meeting dates. Following discussion, Director Abrahamson moved to (i) authorize execution of an Event Agreement with The Club at Falcon Point, subject to finalization; and (ii) reschedule the Authority's future regular meetings to 6:00 p.m. on the fourth Tuesday of each month at The Club at Falcon Point. Director Fay seconded the motion, which passed unanimously.



CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:49 p.m., pursuant to Section 551.071, Texas Government Code, to seek the advice of its attorney regarding pending or contemplated litigation or to seek and receive legal advice by the Authority's 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 6:57 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 6:58 p.m., pursuant to Section 551.072, Texas Government Code, regarding 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 7:01 p.m., the Board reconvened in open session.

CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY (MAIN SEGMENT 13) TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS FOR THE 2027 SURFACE WATER CONVERSION AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

The Board considered the use of eminent domain to condemn property in Main Segment 13 pursuant to the Amended and Restated Resolution Authorizing Acquisition of Real Property for Main Segment 13 (the "Resolution") adopted on March 3, 2021. Director Patton moved that the Board of Directors of the Authority, in a record vote, authorize the use of the power of eminent domain to acquire certain properties and other property interests at the general locations and along the general route, as shown on Exhibit A to the Resolution, for the construction, installation, operation, and maintenance of facilities, including related appurtenances, necessary and convenient for the transportation and delivery of water, and delegating to the Authority's President the authority to supervise such acquisitions and, as necessary, to initiate condemnation proceedings to acquire such properties and property interests, and that this first record

vote applies to all units of property to be condemned. Director Abrahamson seconded the motion, which was approved by unanimous vote.

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

  
Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum Regarding Water Conservation and Reuse .....	2
Bookkeeper's report.....	3
Operator's report.....	3
Engineer's report.....	3