

MINUTES
NORTH FORT BEND WATER AUTHORITY

February 27, 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 27th day of February, 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, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Lindsey Kovar, 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 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. Mr. Van Dyck of Big Oaks Municipal Utility District requested that the Board consider providing telephone and/or videoconference options for members of the public to listen to the meeting and address the Board.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on January 23, 2024. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Director Patton who was not present.

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. Mr. Watson distributed an Investment Report for October 1 to December 31, 2023, prepared by Hilltop Securities. Copies of the bookkeeper's report and investment report are attached. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report, including the checks presented for payment. Director Abrahamson seconded the motion, which passed unanimously, except for Director Patton who was not present.

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's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve Mighty Citizen's Scope of Work for the 2024 Marketing Strategy and Implementation Project in an amount not to exceed \$225,000.00.

Ms. Milberger reported that 122 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during January 2024.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize payment of Vepo, LLC's 2024 annual management fee for the W.I.S.E. Guys Program in the amount of \$12,000.00.

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 ("WPC"). 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) Mighty Citizen's Scope of Work for the 2024 Marketing Strategy and Implementation Project in an amount not to exceed \$225,000.00; and
- (2) payment of Vepo, LLC's 2024 annual management fee for the W.I.S.E. Guys Program in the amount of \$12,000.00.

Director Hollingsworth seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

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 that the Authority's Capital Planning and Design Committee ("CPD Committee) recommended that the Board approve a quote from Edustrial Solutions for 22 mowings of the Bellaire Pump Station (the "BPS") site for \$19,580.00 per year and quarterly mowing of the Authority's easements for \$71,208.48 per quarter in the total annual amount of \$90,788.48. In response to Board inquiry, he reviewed the quotes for mowing services received from Seaback Maintenance, Inc. and Yellowstone Landscape in the total annual amounts of \$96,460.00 and \$95,000.00, respectively.

Following review and discussion, Director Abrahamson moved to approve the operator's report, including the quote from Edustrial Solutions for mowing services in the total annual amount of \$90,788.48, as presented. 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 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. He additionally discussed conditional approval letters issued by BGE for two new wells.

Mr. Froehlich reported that the Authority's Finance and Policy Committee recommended approving a request for reimbursement from Fort Bend County Municipal Utility District No. 246 ("FB 246") for FB 246's erroneous water usage reporting for December 2022 through September 2023 in the amount of \$175,495.32.

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. Ms. Miller explained that the City of Houston ("COH") has requested an approval letter for the planned annexation which should be provided by WHCRWA due to the fact that the

proposed annexation tract is located within WHCRWA's boundaries.

Mr. Froehlich recommended issuing a notice letter to the Lamar Consolidated Independent School District ("LCISD") for exclusion of a tract of land from the Authority's GRP. Ms. Miller explained that the tract of land was included in the Authority's GRP Participation Agreement with The George Foundation and LCISD signed a Joinder Agreement after purchasing the tract. She stated that it has been determined that coverage of the tract of land by the Authority's GRP is duplicative, because the tract is also included in and covered by the City of Rosenberg's GRP.

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 stated that a discrepancy included on the chart will be corrected.

Mr. Froehlich presented BGE's Change Order No. 7 for right-of-way services for acquisition of approximately 79 remaining segments needed for the Authority's 2027 surface water supply system (the "2027 System"), including title, abstracting, and appraisal services, in an amount not to exceed \$175,000.00.

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 30% complete. He recommended approval of Pay Estimate Nos. 3 and 4 submitted by Main Lane Industries, Ltd. in the amounts of \$757,283.15 and \$386,078.19, respectively.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 8B Casing Extension Project at FM 723.

Mr. Froehlich reported on the status of construction of the Authority's 2027 System surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2. He recommended approval of Pay Estimate No. 3 submitted by Reddico Construction Co., Inc. ("Reddico") in the amount of \$62,370.00. Mr. Froehlich reported that he has requested an updated schedule for 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 reported on the schedule for warranty inspections.

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 on hold pending access to property located at the southwest corner of FM 1093 and FM 359.

Mr. Froehlich reported that BGE reviewed the report for additional transient analysis of the surface water transmission system and there were no recommendations provided for Main Segment 13C.

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 report was reviewed by the CPD Committee.

Mr. Froehlich presented BGE's proposal for developing a long-term asset maintenance plan for the Authority's facilities, including the BPS, transmission lines, and meter stations, for a lump sum fee of \$35,000.00.

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 submitted 60% design plans and an updated cost estimate to WHCRWA on February 12, 2024. He stated that the design plans are anticipated to be submitted soon for agency review.

Mr. Froehlich reported that BGE's electrical subconsultant has completed its investigation and findings report for an assessment of booster pump motor failures at the BPS. He reviewed recommendations included in the report and stated that quotes for implementing the recommendations are being solicited.

Mr. Froehlich reported that WHCRWA has begun design of a 24-inch

transmission line discharging from the BPS to serve WHCRWA's Mission Bend area municipal utility districts. He stated that BGE is reviewing a preliminary layout for the line within the BPS site.

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. In response to Board inquiry, Ms. Miller stated that ABHR will review the provisions in the Amended and Restated Joint Facilities Agreement related to approvals for the Kinder Morgan subsegments and update the Board.

Mr. Froehlich reported that following the Joint Facilities Committee's recommendation, WHCRWA awarded the contract for construction of the Repump Station to the low bidder, PLW Waterworks, in the amount of \$104,424,996.48. He recommended approval of WHCRWA's Cash Call No. 2 for second source water line construction costs for the Repump Station in the amount of \$73,643,823.30.

Mr. Froehlich reported on BGE's meeting with representatives of COH to discuss COH's planned repair project for an interconnection water line and the impact of the reduced water supply intake on the Authority.

Ms. Kovar updated the Board on COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. She 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. Ms. Kovar reported on outstanding items for Phase 1 of the project and stated that it is nearing substantial completion. She reported that testing of Phase 2A facilities is anticipated to be completed before summer 2024. She stated that the entire plant is scheduled for completion in mid-2025.

Mr. Froehlich reported that BGE attended a meeting of the Region H Water Planning Group on February 7, 2024.

Mr. Froehlich reported that BGE submitted the Authority's annual Water Use Survey to the Texas Water Development Board (the "TWDB").

Mr. Froehlich reported that BGE submitted the Authority's 2024 Annual Confirmation of Multi-Year Commitment Request to the TWDB to defer issuance of the Authority's last series of TWDB bonds in the amount of \$36,735,000 from 2024 to 2025.

Mr. Froehlich reported that the 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.

Ms. Milberger reported that the Authority has won the Bob Derrington Reclamation Award from the Texas Section of the American Water Works Association for the Grand Lakes Reclaimed Water System project. She stated that the award is scheduled to be presented at the Texas Water 2024 Conference awards luncheon on April 11, 2024.

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

- (1) FB 246's request for reimbursement for FB 246's erroneous water usage reporting for December 2022 through September 2023 in the amount of \$175,495.32.
- (2) issuing a notice letter to LCISD for exclusion of a tract of land from the Authority's GRP;
- (3) BGE's Change Order No. 7 for right-of-way services for the Authority's 2027 System in an amount not to exceed \$175,000.00;
- (4) Pay Estimate Nos. 3 and 4 submitted by Main Lane Industries, Ltd. for construction of the Authority's Main Segment 11A in the amounts of \$757,283.15 and \$386,078.19, respectively;
- (5) Pay Estimate No. 3 submitted by Reddico for construction of the Authority's 2027 System surface water line connection for FWSD 2's water plant no. 2 in the amount of \$62,370.00;
- (6) BGE's report for an electricity audit performed in compliance with energy efficiency reporting requirements for the Authority;
- (7) BGE's proposal for developing a long-term asset maintenance plan for the Authority's facilities for a lump sum fee of \$35,000.00; and
- (8) WHCRWA's Cash Call No. 2 for second source water line construction costs for the Repump Station in the amount of \$73,643,823.30.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

There was no update regarding the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

FINANCING PLAN MATTERS

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 reviewed one Water Line Easement to be granted for Parcel 13C.14 by Westheimer Lakes Property Owners Association, as listed on the attached Realty Interests Chart. Following review and discussion, Director Fay moved to authorize execution of the Water Line Easement, as presented. Director Hollingsworth seconded the motion, which passed unanimously.

DIRECTOR APPOINTMENT PROCESS

Ms. Miller updated the Board on the Director appointment process. She stated that the period for nominating candidates for Precincts 1, 3, 5, and 7, has expired and that Precincts 1, 3, and 5 are uncontested. She reported that the uncontested nominees are Craig Lewis for Precinct 1, Don Abrahamson for Precinct 3, and Bob Patton for Precinct 5. She additionally reported that the Precinct 7 position is contested and received two nominations, including Director Hollingsworth and Mr. Aaron Groff. Ms. Miller stated that the deadline for utility districts and municipalities to submit their water usage is March 1, 2024. She stated that ballots to vote in the Precinct 7 appointment process are required to be distributed by March 15, 2024, and the deadline for the districts and municipalities located in Precinct 7 to submit completed ballots for the appointment is April 30, 2024. Following discussion, Director Hollingsworth moved to cancel the appointment process in the uncontested precincts and to authorize distribution of the appointment materials for Precinct 7. Director Rusk seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold its next regular meeting on Tuesday, March 26, 2024. Ms. Miller discussed the anticipated schedule for special meetings to recognize the successful participants in the 2023 WPC Program and review the Authority's annual audit.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:49 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 7:05 p.m., the Board reconvened in open session. No action was taken by the Board.

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


Secretary, Board of Directors

(SEAL)



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