

MINUTES  
NORTH FORT BEND WATER AUTHORITY

July 26, 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 26<sup>th</sup> day of July, 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 Rusk, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Donald Wilson of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Tim Erving of Ninyo & Moore; Rich Patrick of Stuart Consulting Group, Inc., and Lawrence D. Goldberg of Woolpert Inc.

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 Ian Pietz of BGE; Jonathan Marks of Concentric Construction Corporation, LLC; Matthew Matula of Quiddity Engineering, LLC; Jeremy Austin of RPS Group; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steven Haas of Cinco Municipal Utility District No. 8; Steve Talecki of Cornerstones Municipal Utility District; Jose Luis Fuentes Mendoza and Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Craig Lewis of Fort Bend County Municipal Utility District No. 50; Brian Joseph and Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Randy Carter of Fort Bend County Municipal Utility District No. 142; Glenn Gesoff of Grand Lakes Community Association, Inc.; Carl Peters of Kingsbridge Municipal Utility District; 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 June 28, 2023. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously.

## 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 events and attendance at the Association of Water Board Directors summer conference. She reported on the Authority's planned participation on a panel at the Texas American Water Works Association's ("TAWWA") and the Water Environment Association of Texas' ("WEAT") half day seminar scheduled for February 15, 2024.

Ms. Milberger reported that the Authority received the following awards from the Texas Chapter of the American Public Works Association: (1) the Public Works Project of the Year Award in the Small Cities/Rural Communities Category for the Authority's Grand Lakes reclaimed water distribution system project; (2) the Exceptional Performance in Journalism Award; and (3) the Sustainability Practice Award. She reported that the Authority additionally received The Watermark Award from TAWWA and WEAT for increasing the public's level of understanding of Texas water issues through the Authority's educational efforts related to subsidence. Director Houghton requested that a virtual trophy case be created on the Authority's website to display the Authority's awards.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve renewing its annual membership in the Texas Water Conservation Association ("TWCA") in the amount of \$445.00.

Ms. Milberger reported that the Authority's CCR Committee recommended reserving an exhibit booth at the 2024 Annual Katy Home and Garden show to be held March 23-24, 2024, in an amount not to exceed \$2,000.00.

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 none of the winners of the Authority's Spring 2023 Art Contest were available to attend the Board meeting. She reviewed the four drawing submissions for the middle school category of the contest and the following awards: First Place and \$200.00; Second Place and \$100.00; Third Place and \$50.00; and \$25.00 for the fourth submission. Ms. Milberger reviewed the one video submission for the high school category of the contest and stated that the submission was awarded First Place and \$300.00. She reported that displays of the submitted artwork for the contest have been placed on the Authority's website at [www.nfbwa.com/artcontest](http://www.nfbwa.com/artcontest).

Ms. Milberger reported that 123 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during June 2023.

Ms. Milberger reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum. She stated that the Authority's public communications will highlight that effluent reuse in the Authority has reached four billion gallons.

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

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including:

(1) renewing the Authority's annual membership in TWCA in the amount of \$445.00; and

(2) reserving an exhibit booth at the 2024 Annual Katy Home and Garden show to be held March 23-24, 2024, in an amount not to exceed \$2,000.00.

Director Fay seconded the motion, which passed unanimously.

## CONTRACTS

The Board concurred to defer this item.

## RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Ms. Miller reported that the Authority's Finance and Policy Committee and Capital Planning and Design Committee ("CPD Committee") recommended approval of a proposal from McDonald & Wessendorff Insurance for renewal of the Authority's

insurance policies due to expire on August 2, 2023. She explained the decrease in the premium from \$278,518.84 to \$260,867.11 was mainly due to a decrease in the general and excess liability policies. Following review and discussion, Director Hollingsworth moved to approve the insurance renewal proposal as presented. Director Abrahamson seconded the motion, which passed unanimously.

#### 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, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Fay moved to approve the bookkeeper's report as presented. Director Abrahamson seconded the motion, which passed unanimously.

Mr. Watson reviewed proposed third-party payroll processing services, including direct deposit of director checks, from Human Resources & Payroll, Inc. for \$50.00 per month and an initial transition processing fee of \$200.00. Following discussion, the Board concurred to decline the proposed services.

#### OPERATION OF AUTHORITY FACILITIES

Mr. Wilson 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. Wilson reported that the Authority's CPD Committee recommended that the Board approve replacing Bellaire Pump Station's nonworking air conditioning unit no. 3 in the amount of \$38,244.00, instead of repairing it in the amount of \$1,901.28, due to the age of the unit.

Mr. Wilson reported that the Authority's CPD Committee recommended that the Board authorize Inframark to perform an annual survey of the Authority's 198 gate valves and 114 butterfly valves in the approximate total amount of \$14,040.00.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented, including (1) replacing Bellaire Pump Station's air conditioning unit no. 3 in the amount of \$38,244.00; and (2) authorizing Inframark to perform an annual survey of the Authority's 198 gate valves and 114 butterfly valves in the approximate total amount of \$14,040.00. 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 BGE has submitted the Authority's permit renewal application to the Fort Bend Subsidence District ("FBSD"). Ms. Miller reported on the status of FBSD's planned update to its regulatory plan.

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.

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 13C and 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 71% complete. A chart summarizing the status of the project is attached to the engineer's report. 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 in mid-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 executed by the Authority and Notice to Proceed will be issued once the fully executed agreement is received. He stated that the project duration is 45 days.

Mr. Froehlich reported on the status of construction of the Authority's proposed 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 reported that Notice to Proceed was issued to Reddico Construction Company, Inc., effective July 17, 2023. He additionally reported that FWSD 2 issued Notice to Proceed for constructing its water plant no. 1 and related connection line, effective July 24, 2023.

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 stated that Notice to Proceed for the design of Main Segments 13Cii and 13D is pending access to property located at the southwest corner of FM 1093 and FM 359. He reported that BGE submitted variance requests for Segments 18A and 19 to City of Houston ("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 ABHR is coordinating the distribution of notification letters 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 on the status of 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. He stated that, as previously reported, ABHR is coordinating with FB 58's attorney and options will be discussed with FB 58's Board.

Mr. Froehlich presented and requested approval for BGE's proposal for improvements to the Authority's Geographic Information System ("GIS") in an amount not to exceed \$25,000.00.

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

Mr. Froehlich reported on the status of the design of the Bellaire Pump Station Improvements project.

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 West Harris County Regional Water Authority, 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, including any contractor claims, are included in the attached engineer's report. Discussion ensued regarding the delayed schedule for the Repump Station, and design matters related to the U.S. Army Corp of Engineers.

Mr. Pietz reported that COH adopted an O&M budget for the East Water Purification Plant for Fiscal Year 2024 and the Authority's corresponding Fiscal Year 2024 Water Rate is \$1.2388. He reminded the Board that the previously distributed preliminary rate was \$1.3761.

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 September 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 Hollingsworth moved to approve the engineer's report as presented, including BGE's proposal for improvements to the Authority's GIS in an amount not to exceed \$25,000.00. Director Abrahamson seconded the motion, which passed unanimously.

#### PARTICIPATION AS AMICUS PARTY

Ms. Miller reported that the amicus brief was filed with the Supreme Court in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

#### LEGISLATIVE UPDATE

Ms. Miller presented and reviewed ABHR's Capitol Report and updated the Board on legislative matters from the 88th Regular Texas Legislative Session.

## RESOLUTION ESTABLISHING DIRECTOR FEES OF OFFICE

Ms. Miller stated that House Bill No. 2815, which became effective on June 18, 2023, sets the maximum water district director fees of office at the per diem amount set by the Texas Ethics Commission for members of the legislature. She noted that, pursuant to House Bill No. 2815, the current maximum amount for director fees of office is \$221.00 for the maximum of 60 days of service, and going forward, the maximum amount of director fees automatically will be indexed for inflation.

The Board then considered adopting a Resolution Establishing Director Fees of Office to reflect that directors' fees of office shall be paid at the maximum rate allowed by law, noting that this would replace the previously adopted resolution. After review and discussion, Director Darden moved to adopt a Resolution Establishing Director Fees of Office and direct that the resolution be filed appropriately and retained in the District's official records. Director Patton seconded the motion, which passed unanimously.

## FINANCING PLAN MATTERS

Ms. Miller presented a Financing Agreement with the TWDB for the Authority's anticipated issuance of \$21,130,000 Water System Senior Lien Revenue Bonds, Series 2023A ("Series 2023A Bonds") through the TWDB's State Water Implementation Revenue Fund for Texas. She stated that the deadline for submitting the Financing Agreement to the TWDB is September 7, 2023. She reported that the Authority's financial advisor will attend the August Finance and Policy Committee meeting to review the Authority's financing plan, including the anticipated schedule for the Authority's issuance of the Series 2023A Bonds, and proposed open market bonds in the approximate amount of \$40,000,000. Following review and discussion, Director Abrahamson moved to authorize execution of the Financing Agreement for the Series 2023A Bonds. Director Hollingsworth seconded the motion, which passed unanimously.

Ms. Miller reminded the Board that the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. is scheduled to expire on August 15, 2023.

## REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line Easements for Parcels 17A.18 and 255.01, as listed on the attached Realty Interests Chart.

Ms. Miller reviewed one Right of Entry Agreement for the Authority's automated meter reader installation project as listed on the attached chart.

Following review and discussion, Director Abrahamson moved to authorize execution of (1) the two Water Line Easements; and (2) one Right of Entry Agreement,



as presented. Director Hollingsworth seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reported on proposed meeting locations and possibly rescheduling the Authority's monthly meeting dates. She stated that there will be more discussion regarding this matter during the August committee meetings.

The Board concurred to hold its next regular meeting at 6:00 p.m. on August 23, 2023.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:04 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 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 7:39 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.

(SEAL)



  
Asst. Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum Regarding Water Conservation and Reuse .....	2
Bookkeeper's report.....	4
Operator's report.....	4
Engineer's report.....	5
Realty Interests Chart .....	8
Chart listing Right of Entry Agreements.....	8