

MINUTES

NORTH FORT BEND WATER AUTHORITY

November 21, 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 21st day of November, 2024, at HUB 510, 10419 W. Hidden Lake Lane, Suite B, Richmond, 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
Donald Abrahamson II	Assistant Secretary
Michael Rusk	Assistant Secretary
Craig Lewis	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, Julia Frankovich, Lindsay Kovar, Whitney Milberger, Larry Goldberg, 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, Audrey Briscoe, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and persons listed on the attached attendance sheets.

COMMENTS FROM THE PUBLIC AND OPERATION OF AUTHORITY FACILITIES

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 October 23, 2024. 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 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, including conferences. She stated that updates have been made to the Communications Dashboard attached to the CCR Report.

Ms. Milberger stated that, as previously reported, a one-page educational flyer regarding the Authority's fee included on water bills and a Kids' Corner webpage have been posted to the Authority's website.

Ms. Milberger stated that there were 103 submissions for the Authority's Fall 2024 Art Contest for elementary school students in the second and third grades of Lamar Consolidated, Katy, and Fort Bend Independent School Districts. She reported on coordination of pizza parties for the classrooms.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve: (1) Mighty Citizen's invoice in the amount of \$8,791.87, per the approved hours for 2024 Marketing and Strategy Implementation; (2) renewal of the Authority's Canva software in an amount not to exceed \$200.00; (3) renewal of the Authority's Constant Contact account in an amount not to exceed \$1,200.00; and (4) ordering 2025 Public Outreach material in an amount not to exceed \$60,000.00.

Ms. Milberger reported that 149 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during October 2024.

Ms. Milberger updated that Board on the status of the Authority's Homeowners Association Irrigation Management Pilot Program. She stated that information regarding the program is posted on the Authority's website. Ms. Milberger reported that the Authority's CCR Committee recommended that the Board approve an invoice submitted by Masuen Consulting, LLC ("Masuen") for the irrigation management report prepared for Bella Terra Homeowners Association in the amount of \$1,500.00.

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 Water Provider Conservation Program ("WPC Program"). She reported on development of the 2025 WPC Program.

Following review and discussion, Director Abrahamson moved to approve the CCR Report, including: (1) Mighty Citizen's invoice in the amount of \$8,791.87; (2) renewal of the Authority's Canva software in an amount not to exceed \$200.00; (3) renewal of the Authority's Constant Contact account in an amount not to exceed \$1,200.00; (4) ordering 2025 Public Outreach material in an amount not to exceed \$60,000.00; and (5) Masuen's invoice for the irrigation management report prepared for

Bella Terra Homeowners Association in the amount of \$1,500.00. 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.

Mr. Watson additionally reviewed a chart tracking the amounts expended by the Authority related to the City of Fulshear's ("COF") rate challenge. Ms. Miller provided an update on COF's rate challenge. She reported that the trial date for COF's suit in District Court regarding the State Office of Administrative Hearings' dismissal of COF's rate challenge case is scheduled to be held in the spring of 2025.

Mr. Watson reviewed a payment to the United States Treasury for an arbitrage yield reduction liability payment pursuant to OmniCap Group LLC's Interim Excess Earning Report for the Authority's Water System Revenue and Revenue Refunding Bonds, Series 2019A in the amount of \$294,812.41. Ms. Miller explained the procedures for performing arbitrage rebate analyses for the Authority's outstanding bond issues and discussed anticipated future liability payments. She stated that a proposal for the performance of annual interim analyses for the Authority's outstanding bond issues will be obtained for Board review.

Mr. Watson reviewed a draft budget for the fiscal year ending December 31, 2025, and responded to Board members' comments and questions. Mr. Watson stated that an updated draft budget will be ready for review at the December meeting of the Authority's Finance and Policy Committee.

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.

FINANCIAL STATEMENTS FOR FISCAL YEAR END DECEMBER 31, 2024

Ms. Miller reminded the Board of the procedures for (1) preparation of the Authority's financial statements, annual audit, and Single Audit; and (2) review of the Authority's audited financial statements. She stated that the Authority's Finance and Policy Committee recommended authorizing McGrath & Co., PLLC ("McGrath") to prepare the Authority's fiscal year end December 31, 2024, financial statements, and annual audit for \$63,000.00, and if needed, the Single Audit for \$10,000.00. Ms. Miller reported that the Authority's Finance and Policy Committee additionally recommended approving an engagement letter with McCall Gibson Swedlund Barfoot PLLC ("MGSB") for review of the Authority's audited financial statements and supporting

documentation for fiscal year end December 31, 2025, in an amount not to exceed \$13,000.00. Following review and discussion, Director Abrahamson moved to authorize: (1) McGrath to prepare the Authority's financial statements, annual audit, and, if needed, the Single Audit for fiscal year end December 31, 2025; and (2) execution of the engagement letter with MGSB for review of the Authority's audited financial statements and supporting documentation for fiscal year end December 31, 2025. Director Hollingsworth seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the Authority's Investment Policy. Ms. Miller discussed implementation of the Public Funds Investment Act and provisions of the Authority's Investment Policy. She stated that there were no recommended changes to the policy. After review and discussion, Director Darden moved to adopt a Resolution Regarding Annual Review of Investment Policy confirming that the current Investment Policy shall remain in effect. Director Abrahamson seconded the motion, which passed unanimously.

AUTHORIZED DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

Ms. Miller reported that the Authority's Finance and Policy Committee recommended that the Board approve the bookkeeper's updated list of authorized depository institutions and qualified broker dealers, which includes all banks where the Authority maintains deposits and investments. After review and discussion, Director Abrahamson moved to adopt a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker Dealers with Whom the Authority May Engage in Investment Transactions. Director Rusk 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 stated that the invoices from the City of Houston ("COH") have not yet been received for updating the Authority's water accountability.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended replacing the motor for booster pump no. 1 at the Bellaire Pump Station (the "BPS") in the amount of \$110,103.00, plus freight, labor, and mechanical seal work. He stated that after replacing the motor for booster pump no. 1,

only the motor for booster pump no. 6 will be an originally installed motor. Mr. Clayton reported that the installation of a new motor and the repair of the old motor for standby use for booster pump no. 2 at the BPS are complete.

Mr. Clayton reported that additional signs are being installed in the Authority's easements to address increased illegal dumping activity.

Following review and discussion, Director Abrahamson moved to approve the operator's report, including replacing the motor for booster pump no. 1 at the BPS in the amount of \$110,103.00, plus freight, labor, and mechanical seal work. 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 results for the Authority's first tests performed for Per- and Polyfluoroalkyl Substances ("PFAS") per the U.S. Environmental Protection Agency's ("EPA") PFAS National Primary Drinking Water Regulation were below the published EPA Maximum Contaminant Levels. He stated that the Authority will conduct monthly PFAS testing.

Mr. Froehlich reported that BGE submitted the Authority's application for Over-Conversion Credits for the October 2023 through September 2024 permit term 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, groundwater pumped, and reclaimed water utilized by the Authority.

Mr. Froehlich reported that BGE issued conditional permit approval letters for new wells to Fort Bend County Municipal Utility District Nos. 188 and 222, and Aqua Texas for the Lake of Mission Grove community. He additionally reported that BGE provided an acknowledgement letter to Harris-Fort Bend Counties M.U.D. No. 1 for its proposed annexation of 3.534 acres.

Mr. Froehlich reported that BGE will prepare a proposal for preparing the Authority's required Risk and Resilience Assessment and Emergency Response Plan due March 31 and September 30, 2025, respectively, in compliance with the EPA's America's Water Infrastructure Act.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters and stated

that revisions to the proposed easements related to the Authority's Main Segment 17B are complete. A chart summarizing the status of property acquisition matters is attached to the engineer's report.

Mr. Froehlich reported that all of the Authority's automated meter readers have been installed. 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 the construction of Main Segment 11A is nearing completion. He reviewed and recommended approval of Pay Estimate No. 12 submitted by Main Lane Industries, Ltd. ("Main Lane") in the amount of \$49,307.63 for the project.

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 previously reported, 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.

Mr. Froehlich reported on the status of 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, Phase 1; (3) BGE for Main Segment 18A; (4) Carollo Engineers, Inc. for Main Segment 19; (5) Binkley & Barfield, Inc. for Main Segment 17A; (6) R.G. Miller Engineers, Inc. for Main Segment 17C; and (7) JNS Engineers, LLC for Main Segment 18B. Mr. Froehlich stated that BGE's design of Main Segment 13D is on hold pending access to the project site.

Mr. Froehlich reported that completion of work on the 2027 System Environmental Determination Form ("EDF") and Cultural Resources Study ("CRS") is on hold pending access to property located at the southwest corner of FM 1093 and FM 359. He stated that additional services required to renew EDF approvals and update the CRS to the current standards are underway.

Mr. Froehlich reported that the development of a long-term asset maintenance plan for the Authority's facilities, including the BPS, transmission lines, and meter stations, is anticipated to be completed in December 2024 or January 2025.

Mr. Froehlich reported that the expanded transient analysis for the 2027 System will begin upon receipt and review of the 60% design plan submittals for Main

Segments 17C and 18B.

Mr. Froehlich reported on an inquiry from Harris County Precinct 4's engineer related to the future extension of Ernestes Road from Kingsland Boulevard to Interstate 10. He stated that Harris County is interested in obtaining a 30-foot-wide tract of land located at the Authority's proposed booster plant site along the Ernestes Road right-of-way for the road extension.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on the status of agency review of the design plans for the BPS Phase II Improvements Project. He reported that the Texas Commission on Environmental Quality ("TCEQ") denied a variance request related to the air gap in the ground storage tanks and approved the plans with the air gap included. He stated that plans will be forward to COH. Mr. Froehlich stated that BGE is reviewing comments on the design plans received from COH's Building Code Enforcement.

Mr. Froehlich reported that operations of the hoist trolley system at the BPS were observed under load, and it was determined that the system did not appear to contribute to any significant stresses on the walls of the BPS. He said that additional structural support for the vertical supports of the hoist is not needed. He reported that a proposal is being prepared for the recommendations to replace loose and broken blocks and add structural epoxy to the cracks.

Mr. Froehlich reported that the Stormwater Quality Permit for the BPS was renewed.

Mr. Froehlich reported that the final contract with Great Barrier Roof, LLC, for the proposed installation of a new Thermoplastic Polyolefin roof for the BPS has been circulated for signatures.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's Surface Water Supply Project ("SWSP") with the West Harris County Regional Water Authority ("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 that five bids for a contract for construction of Kinder Morgan Segment 2 were received on October 29, 2024, and the low bidder was MC2 Civil, LLC ("MC2") in the amount of \$11,948,366.00. He reported that WHCRWA's design consultant and the SWSP Joint Facilities Committee are recommending awarding the contract to MC2. Mr. Froehlich recommended that the Authority's Board

consent to awarding WHCRWA's construction contract to MC2 in accordance with the terms of the Amended and Restated Joint Facilities Agreement.

Mr. Froehlich reported on the Authority's consultants' coordination with COH on East Water Purification Plant matters. He stated that COH plans to decrease water delivery to the Authority to 12 to 14 million gallons per day for a couple of months due to the shutdown of a 66-inch water line to establish a new connection with a 72-inch water line. He stated that the proposed shutdown of the water line has been rescheduled to begin in January 2025.

Ms. Kovar updated the Board on COH's Northeast Water Purification Plant Expansion Project ("NEWPP Expansion Project") per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). She reported that the Authority's payment for a Notice of Upcoming Cash Call No. 14 issued by COH for the remaining amount of management reserve funds for the project is due on May 7, 2025.

Ms. Kovar 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 that the substantial completion date for Phase I of the project was July 10, 2024, and HWT has 120 days from September 20, 2024, to complete the remaining punchlist items. She reported that Phase I is anticipated to be completed at the end of 2024 and Phase II is anticipated to be completed in the summer of 2025.

Ms. Kovar reviewed Consensus Items 41 through 43, approved by all participating parties to COH's NEWPP Expansion Project to pay for project costs being funded through the use of Management Reserve Funds.

Ms. Miller responded to Director inquiries regarding COH capacity and system repair matters. Ms. Kovar reported that COH appointed Randall Macchi as Director of Houston Public Works.

Mr. Froehlich reported that, in response to the Texas Water Development Board's request, BGE completed and submitted a Historically Underutilized Business form in reference to the Authority's projects funded by the State Water Implementation Revenue Fund for Texas.

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

- (1) Pay Estimate No. 12 submitted by Main Lane for construction of the Authority's Main Segment 11A in the amount of \$49,307.63;
- (2) authorizing BGE to coordinate with Harris County Precinct 4's engineer regarding a potential transfer of a 30-foot-wide tract of land at the

- Authority's proposed booster plant site for Board review; and
- (3) consenting to the award of WHCRWA's construction contract for SWSP Kinder Morgan Segment 2 to MC2 in the amount of \$11,948,366.00.

Director Hollingsworth seconded the motion, which passed unanimously.

FINANCING PLAN MATTERS

Ms. Miller reported on coordination with the Authority's financial advisor regarding the Authority's financing plan. She reviewed a Resolution Expressing Intent to Reimburse the Authority's Improvement Fund for Cash Calls related to: (1) COH's NEWPP Expansion Project; and (2) SWSP. Following review and discussion, Director Abrahamson moved to adopt the Resolution Expressing Intent to Reimburse. Director Hollingsworth seconded the motion, which passed unanimously.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed (1) a Water Line Easement and Temporary Construction Easement, and a side letter agreement for Parcels 13C.05 and 13C.05TE, as listed on the attached Realty Interests Chart; and (2) a proposal from CRBE, Inc. for the performance of an appraisal of Parcel 16B.11, in the amount of \$4,500.00. Following review and discussion, Director Abrahamson moved to approve: (1) the Water Line Easement and Temporary Construction Easement, and the side letter agreement for Parcels 13C.05 and 13C.05TE; and (2) the proposal from CRBE, Inc. for the performance of an appraisal of Parcel 16B.11 in the amount of \$4,500.00, as presented. Director Hollingsworth seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reviewed changes to the Board's regular meeting schedule due to the Christmas holiday. She reminded the Board that the December 2024 regular meeting will be rescheduled to Thursday, December 19, 2024.

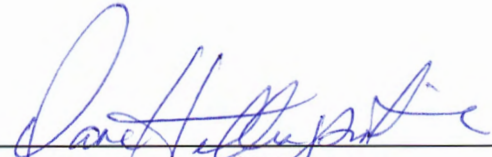
CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:09 p.m., pursuant to (1) 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; 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 attorneys, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:20 p.m., the Board reconvened in open session. Director Abrahamson moved to proceed with final offers and if rejected, condemnation proceedings for Parcels 13C.06, 13C.06TE, 16B.11, and 17A.20, as previously authorized. Director Hollingsworth 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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