

MINUTES
NORTH FORT BEND WATER AUTHORITY

November 28, 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 28th day of November, 2023, 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, Lindsay 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 ("Inframark"); 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. There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on October 24, 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 past and planned participation in constituent and other events.

Ms. Milberger reported that the video of the completed Path of Water animation is complete.

Ms. Milberger reported that 164 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during October 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 ("WPC Program") and planning for the 2024 WPC Program. She reported that a WPC Program webinar is scheduled to be held at 6:00 p.m. on November 29, 2023.

No action was taken by the Board.

FINANCIAL STATEMENTS FOR FISCAL YEAR END DECEMBER 31, 2023

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, 2023, financial statements, and annual audit for \$60,000.00, and 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, 2023, in an amount not to exceed \$13,000.00. Following review and discussion, Director Fay moved to authorize (1) McGrath to prepare the Authority's financial statements, annual audit, and the Single Audit for fiscal year end December 31, 2023; 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, 2023. Director Rusk seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

FINANCIAL AND BOOKKEEPING MATTERS, BUDGET FOR FISCAL YEAR END DECEMBER 31, 2024, 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 stated that Hilltop Securities' quarterly investment report for the period ending September 30, 2023, had been distributed for Board review.

Mr. Watson reviewed a draft budget for the fiscal year ending December 31, 2024 and responded to Board members' comments and questions. Discussion ensued regarding the basis for the operating budget and planning for funding for long-term maintenance of the Authority's facilities. 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 Hollingsworth moved to approve the bookkeeper's report as presented. Director Abrahamson seconded the motion, which passed unanimously.

ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the Authority's Investment Policy. Ms. Miller stated that there were no recommended changes to the policy. After review and discussion, Director Fay 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 Hollingsworth 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 reported that a quote has been solicited for the repair of the flow control valve actuator for booster pump no. 1 at the Bellaire Pump Station due to an electrical issue. He stated that the pump is not operational at this time.

Mr. Clayton reported that a quote has been solicited for the repair of a leaking roof for the motor control center building at the Bellaire Pump station.

Mr. Clayton reported that booster pump no. 4 at the Bellaire Pump Station has been installed and is operational.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended approval of a quote from Southern Flowmeter, Inc. for surface water meter testing in the amount of \$10,600.00.

Mr. Clayton recommended rescinding the Authority's implementation of Stage 1 Drought Conditions.

Following review and discussion, Director Hollingsworth moved to approve the operator's report, including approval of (1) a quote from Southern Flowmeter, Inc. for surface water meter testing in the amount of \$10,600.00; and (2) rescinding the Authority's implementation of Stage 1 Drought Conditions. Director Abrahamson seconded the motion, which passed unanimously.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

Ms. Miller reported that the terms of the Authority's current representatives to the Board of Directors of the Fort Bend Subsidence District (the "FBSD") expire on January 1, 2024. She reported that the Authority's Finance and Policy Committee recommended reappointing Melony Gay and Mark Gehringer to serve on the Board of Directors of the FBSD.

Mr. Froehlich presented the engineer's report, a copy of which is attached.

Mr. Froehlich recommended submitting an Over-Conversion Credit Application for the Authority's 2022-2023 permit term to the FBSD. He stated that it is anticipated that the Authority will receive approximately 1.4 billion gallons of over conversion credits for the permit term. He said that the FBSD will charge a fee for the difference between the Authority's initial permit fee and the actual water pumpage and alternative water over conversion during the permit term.

Mr. Froehlich reported that WestWater Research's industrial client paid the FBSD's disincentive fees for this year's permit term and is not interested in purchasing 19.7 million of the Authority's Over-Conversion Credits at this time. He stated that the client may be interested in purchasing the Authority's Series B Groundwater Credits and Over-Conversion Credits in the spring of 2024 for the next permit term.

Mr. Froehlich recommended approval of Fort Bend County Municipal Utility District No. 214's ("FB 214") proposed methodology for calculating the amount of water

imported into the Authority's boundaries by reporting the metered usage of each residence within the Authority's boundaries on a monthly spreadsheet. He stated that the methodology was approved by the FBSD.

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 a letter of conditional approval for a public supply well to serve a public school campus in Lamar Consolidated Independent School District and a portion of Fort Bend County Municipal Utility District No. 132 near the intersection of Rancho Bella Parkway South and Bellaire Boulevard.

Mr. Froehlich reminded the Board that it denied requests for amendments to the Authority's Water Supply Agreements with Grand Mission Municipal Utility District No. 1 ("GM 1") and other municipal utility districts due to supply limitations until after the completion of the Authority's joint Surface Water Supply Project ("SWSP") with the West Harris County Regional Water Authority ("WHCRWA"). He reported on GM 1's planned negotiations with other municipal utility districts to utilize unused committed capacity.

Mr. Froehlich reported on coordination with ABHR on the preparation of a proposed joinder agreement with the City of Pleak and Fort Bend County Municipal Utility District No. 157 ("FB 157") for the city's temporary use of FB 157's surface water capacity obtained through its GRP Participant Agreement with 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 Segment 13Ci, Phase 2. 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 82% complete. A chart summarizing the status of the project is attached to the engineer's report. Mr. Froehlich recommended deferring approval of Pay Estimate No. 12 until next month.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 11A. He recommended approval of Pay Estimate No. 1 submitted by Main Lane Industries, Ltd. in the amount of \$265,500.00. Mr. Froehlich reviewed and recommended approval of Change Order No. 1 to the contract with Main Lane Industries, Ltd. for construction of the Authority's Main Segment 11A to increase the contract in the amount of \$67,175.46. The Board determined that Change Order No. 1 is beneficial to the District.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 8B Casing Extension Project at FM 723. He stated a Notice to Proceed will be issued to T Construction, LLC after Fort Bend County issues the construction permit.

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. He reported that Reddico Construction Company, Inc. is waiting for the delivery of the meter station equipment. Mr. Froehlich additionally reported that FWSD 2's construction of its water plant no. 1 and related connection surface water line is scheduled for completion in the third quarter of 2024.

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. He stated that the contractor is waiting for the delivery of materials.

Mr. Froehlich reported that BGE is scheduling a one-year warranty inspection for the Authority's Grand Lakes Reclaimed Water Distribution System project.

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 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 BGE completed its review of the Phase 1 final report for the geologic fault study for the 2027 System. He stated that after review and discussion with the geotechnical and geological subconsultants, BGE is not recommending any additional fault studies due to a cost-benefit analysis that was reviewed with the CPD Committee.

Mr. Froehlich recommended approval of BGE's proposal for additional transient analysis of the surface water transmission system for a lump sum fee of \$30,690.00. He stated that the additional analysis will take into account the final design of Segment 13C, Phase 1 as well as partial and total failures at Bellaire Pump Station and/or the WHCRWA Central Pump Station.

Mr. Froehlich reported on coordination with ABHR on 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 on the Authority's easement in Main Segment 17B.

Mr. Froehlich reported on the status of BGE's performance of an electricity audit in compliance with energy efficiency reporting requirements for the Authority.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on the status of the design of the Bellaire Pump Station Phase II Improvements Project. He stated that BGE submitted a revised technical memorandum, 30% plans, and a cost estimate for the project to WHCRWA for review on November 27, 2023.

Mr. Froehlich reported that BGE submitted the renewal application and associated payment for the Stormwater Quality Permit for the Bellaire Pump Station which expired on November 21, 2023.

Mr. Froehlich reported that, on November 7, 2023, the Joint Facilities Committee recommended approval of a 2024 Operations & Maintenance Budget for the Bellaire Pump Station submitted by BGE in the total amount of \$1,036,600.00.

Mr. Froehlich reported that, on November 7, 2023, the Joint Facilities Committee recommended approval of a 2024 Operations & Maintenance Budget for SWSP submitted by WHCRWA's engineer in the total amount of \$677,880.00.

Mr. Froehlich recommended continued engagement of Thomas Bannan Construction Inspection Services, LLC in 2024 for full-time construction inspection services for SWSP for the estimated budgeted amount of \$275,000.00.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for SWSP, 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. Froehlich reported that Inframark continues to monitor water flow from the City of Houston ("COH").

Ms. Kovar 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. She 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. Ms. Kovar 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 December 2023. She stated that the original contract completion date for Phase 1 was February 20, 2023. She reported that the 14-day acceptance testing for Phase 1 of the project began on November 26, 2023, and discussed obtaining the Texas Commission on Environmental Quality’s approval of the project. Ms. Kovar reported that Phase 2 of the project will provide 320 MGD of capacity and is anticipated to be completed on time 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.

Mr. Froehlich reported that BGE will attend the Region H Water Planning Group’s meeting to consider potentially feasible water management strategies and other topics on December 6, 2023.

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

- (1) BGE’s submittal of an Over-Conversion Credit Application for the Authority’s 2022-2023 permit term to the FBSD;
- (2) BGE’s transmittal of a letter to FB 214 approving FB 214’s methodology for calculating the amount of water imported into the Authority’s boundaries;
- (3) Pay Estimate No. 1 submitted by Main Lane Industries, Ltd. in the amount of \$265,500.00 for construction of the Authority’s Main Segment 11A;
- (4) Change Order No. 1 in the amount of \$67,175.46 as an increase to the contract with Main Lane Industries, Ltd., based upon the Board’s finding that the change order is beneficial to the District and the engineer’s recommendation;
- (5) BGE’s proposal for additional transient analysis of the surface water transmission system for a lump sum fee of \$30,690.00;
- (6) the 2024 Operations & Maintenance Budget for the Bellaire Pump Station in the total amount of \$1,036,600.00;
- (7) the 2024 Operations & Maintenance Budget for SWSP in the total amount of \$677,880.00;
- (8) the continued engagement of Thomas Bannan Construction Inspection Services, LLC in 2024 for full-time construction inspection services for SWSP for the estimated budgeted amount of \$275,000.00; and
- (9) adoption of a Resolution Reappointing Directors to the Board of Directors of the FBSD reappointing Melony Gay and Mark Gehringer to serve until January 1, 2026.

Director Abrahamson 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 that the Authority's Water System Revenue Bonds, Series 2023 and the Authority's 21,130,000 Water System Revenue Bonds, Series 2023A closed on October 26, 2023 and November 16, 2023, respectively.

Ms. Miller reported that a letter was submitted to the TWDB to request 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 discussed a proposed Water Line Easement to be granted by Fort Bend County Municipal Utility District No. 169 ("FB 169"). She reported that ABHR is counsel for FB 169 and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of the proposed Water Line Easement to be granted by FB 169. Following review and discussion, Director Abrahamson moved to authorize execution of a legal conflict waiver for ABHR's preparation of the document. Director Hollingsworth seconded the motion, which passed unanimously.

Ms. Miller then reviewed (1) Water Line Easement and Temporary Construction Easements granted by Fort Bend County Municipal Utility District No. 229; and (2) a Water Line Easement granted by FB 169 for the parcels listed on the attached Realty Interests Chart.

Ms. Miller reviewed one Right of Entry Agreement with Cinco Municipal Utility District No. 1 for the Authority's automated meter reader installation project.

Following review and discussion, Director Abrahamson moved to authorize execution of the realty acquisition documents, as presented. Director Hollingsworth seconded the motion, which passed unanimously.

2024 DIRECTOR APPOINTMENT PROCESS

Ms. Miller reported that the terms of office for the Directors of Precinct Nos. 1, 3, 5, and 7 will expire in May, 2024. She reviewed a Resolution Adopting Rules for 2024

Appointment Process for Directors which states that candidate nominations are due by February 15, 2024, and the deadline for all utility districts to submit their water usage is March 1, 2024. She discussed notices for distribution to the municipal utility districts located within the Authority and the City of Fulshear requesting submission of candidate nominations from Precinct Nos. 1, 3, 5, and 7, and 2023 water usage from all municipal utility districts located within the Authority and the City of Fulshear. She stated that water usage amounts are used to calculate the strength of the vote of each municipal utility district within a director precinct during the director appointment process conducted during even-numbered years. She stated that ballots for precincts with contested appointments will be sent to the municipal utility districts within the applicable precinct by March 15, 2024, and the deadline for the municipal utility districts to submit completed ballots is April 30, 2024. Following review and discussion, Director Houghton moved to (1) adopt the Resolution Adopting Rules for 2024 Appointment Process for Directors; and (2) authorize distribution of notices to the municipal utility districts located within the Authority and the City of Fulshear requesting submission of candidate nominations from Precinct Nos. 1, 3, 5, and 7, and 2023 water usage from all municipal utility districts. Director Rusk seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board discussed its holiday meeting schedule and concurred to reschedule its December regular meeting to Thursday, December 21, 2023.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:22 p.m., pursuant to Section 551.071, Texas Government Code, for consultation with attorney. The Board determined that the attendance in this executive session of Mr. Froehlich and Ms. Kovar 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 7:36 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 7:37 p.m., pursuant to Section 551.071, Texas Government Code, for consultation with attorney. The Board determined that the attendance in this executive session of Mr. Froehlich, Ms. Frankovich, and Ms. Kovar 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 8:06 p.m., the Board reconvened in open session. Following review and discussion, Director Abrahamson moved to authorize ABHR and additional consultants as needed to take all actions necessary to notify the appropriate parties that the Authority requests exclusion from settlement agreements reached with respect to (1) *Aqueous Film-Forming Foams Products Liability Litigation*, MDL No. 2:18-mn-2873-RMG (D.S.C.), this document relates to: *City of Camden, et al., v. 3M Company*, No. 2:23-cv-03147-RMG; and (2) *Aqueous Film-Forming Foams Products Liability Litigation*, MDL No. 2:18- mn-2873 (D.S.C.), this document relates to: *City of Camden, et al., v. E.I. DuPont de Nemours and Company, et al.*, No. 2:23-cv-03230-RMG. Director Darden 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
Memorandum Regarding Water Conservation and Reuse	1
Bookkeeper's report.....	2
Operator's report.....	3
Engineer's report.....	4
Realty Interests Chart	9