

MINUTES  
NORTH FORT BEND WATER AUTHORITY

October 24, 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 24<sup>th</sup> day of October, 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 September 26, 2023, and special meeting held on October 11, 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 and other events, including participation in a panel at the 2024 American Water Works Association and Water

Environment Association of Texas seminar and a presentation to be given at the 2024 Gulf Coast Efficiency Network Symposium. Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board sponsor the Gulf Coast Efficiency Network Symposium at the Bronze level in the amount of \$500.00.

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

Ms. Milberger reported that an awards page has been added to the Authority's website.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board approve purchasing an Adobe Creative All Apps account to comply with font licensing requirements for the Authority's website in an annual amount not to exceed \$1,500.00.

Ms. Milberger reported that the Texas Water Conservation Association's 2023 Fall Conference is scheduled for November 1-3, 2023, at the San Antonio Marriot Rivercenter.

Ms. Milberger reported that 195 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during September 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"). She reported that WPC Program webinars are scheduled to be held at 12:00 p.m. on November 28, 2023, and 6:00 p.m. on November 29, 2023.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board approve purchasing a half page advertisement in the 2024 Association of Water Board Directors Summer Journal to showcase the successful participants in the Authority's 2023 WPC Program in the amount of \$600.00.

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

(1) sponsoring the Gulf Coast Efficiency Network Symposium at the Bronze level in the amount of \$500.00;

(2) purchasing an Adobe Creative All Apps account in an annual amount not to exceed \$1,500.00; and

(3) purchasing a half page advertisement in the 2024 Association of Water Board Directors Summer Journal to showcase the successful participants in the Authority's 2023 WPC Program in the amount of \$600.00.

Director Hollingsworth seconded the motion, which passed unanimously.

### CONTRACTS

Ms. Miller reported that the Authority's Finance and Policy Committee recommended approval of a Renewal Agreement for Investment Advisory Services with Hilltop Securities Asset Management, LLC ("HSAM") for the term November 28, 2023, to December 31, 2024.

Ms. Miller reported that the Authority's Capital Planning and Design Committee and Finance and Policy Committee recommended approval of a Fourth Amendment to Professional Services Agreement with Inframark. Discussion ensued. Following discussion, Director Hollingsworth requested that an annual Consumer Price Index provision be added to the amendment. Director Houghton requested a monthly true-up of the mark-up on subconsultant invoices.

Following review and discussion, Director Abrahamson moved to approve (1) the Renewal Agreement for Investment Advisory Services with HSAM, as presented; and (2) the Fourth Amendment to Professional Services Agreement with Inframark, subject to revision as discussed.

### 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. Mr. Watson noted a typographical error included on page 8 of the report and stated that the information presented was as of August 2023 instead of June. Following review and discussion, Director Fay moved to approve the bookkeeper's report as presented. Director Abrahamson 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. Following review and discussion, Director Abrahamson moved to approve the operator's report. Director Rusk 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 an application was submitted to Fort Bend Subsidence District for an amendment to the Authority's 2022-2023 well permit for an increased allocation amount from 11.5 billion gallons to 13 billion gallons due to the continued drought conditions.

Mr. Froehlich reported that the Authority's annual meter reading by Inframark is underway.

Mr. Froehlich reported on a request to purchase 19.7 million of the Authority's Over-Conversion Credits ("OCC") by WestWater Research to meet its 2022-2023 permit term requirements. He stated that the Authority has approximately 28 billion gallons of Over-Conversion Credits, which have no expiration date. He recommended that the Authority sell 19.7 million of its OCC at 90% of the disincentive fee and appoint a Director to represent the Board in any negotiations with WestWater Research.

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.

Mr. Froehlich reported that Fort Bend County Municipal Utility District No. 130 ("FB 130") wants to convert to a chloramines disinfection system at this time to utilize an interconnection water line with Fort Bend County Municipal Utility District No. 158 due to increased water demand. He stated that the Authority does not plan to provide surface water to FB 130 for 4 years or more. He reported that the Authority's Capital Planning and Design Committee recommended that the Board approve reimbursement of eligible costs to FB 130 for its early conversion to a chloramines disinfection system when completed and verified, pursuant to the Authority's Amended Rate Order, instead of waiting until the Authority begins delivering surface water. He reported that FB 130's engineer provided a budgetary estimate of \$350,000.00 for design and construction of the chloramine conversion.

Mr. Froehlich reported on discussions with the City of Pleak's engineer regarding options to address the city's proposed participation in a GRP or development of its own 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 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 discussed coordination with ABHR on obtaining the remaining necessary Right of Entry Agreements for the project. He recommended approval of a Services Agreement with Accurate Meter & Backflow, LLC for ongoing maintenance work associated with the automated metering infrastructure for a monthly base rate of \$2,500.00, hourly rates of \$150.00 and \$75.00, an annual meter testing rate of \$150.00 per meter, and a new meter installation rate of \$350.00.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 11A. He reported that Notice to Proceed was issued to Main Lane Industries, Ltd., effective October 9, 2023.

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 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 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 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 is reviewing the final report for Phase 1 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.

Mr. Froehlich reported that ABHR prepared an initial draft 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.

#### 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 met with West Harris County Regional Water Authority's ("WHCRWA") engineer on October 4, 2023, to discuss WHCRWA's comments to BGE's 30% design and technical memorandum for the project. He stated that the project is progressing towards 60% design.

Mr. Froehlich reported that BGE is preparing the renewal application for the Stormwater Quality Permit for the Bellaire Pump Station expiring on November 21, 2023.

Mr. Froehlich presented and recommended approval of a proposal from BGE for performance of a motor failure and incoming power assessment for the Bellaire Pump Station in the amount of \$13,200.00.

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. 1

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 at the end of November or December 2023. She stated that the original contract completion date for Phase 1 was February 20, 2023. She 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. She discussed the anticipated schedule for acceptance

testing and obtaining approval of the project from the Texas Commission on Environmental Quality.

Mr. Froehlich requested authorization to submit a letter to the Texas Water Development Board (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 ("Grand Lakes") towards payment of the debt service payments for the project obtained through the Clean Water State Revolving Fund.

Mr. Froehlich reported that the TWDB's 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.

#### ELECTRICITY CONSUMPTION AND ENERGY EFFICIENCY MEASURES

Mr. Froehlich reported on Energy Efficiency Reporting Requirements for certain political subdivisions with an annual electricity expense of \$200,000.00 or more to evaluate the consumption of electricity; establish goals to reduce the consumption of electricity; and identify and implement cost-effective energy efficiency measures to reduce the consumption of electricity. He requested approval for BGE's preparation of a report regarding the Authority's electricity consumption and energy efficiency measures by calendar year end. He stated that reports will be required to be prepared every five years thereafter.

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

- (1) the sale of 19.7 million of the Authority's OCC at 90% of the disincentive fee and appointment of Director Abrahamson to represent the Board in any negotiations with WestWater Research;
- (2) reimbursement of eligible costs to FB 130 for its early conversion to a chloramines disinfection system when completed and verified, pursuant to the Authority's Amended Rate Order;
- (3) execution of the Services Agreement with Accurate Meter & Backflow, LLC for ongoing maintenance work associated with the automated metering infrastructure, as presented;
- (4) execution of the proposal from BGE for performance of a motor failure and incoming power assessment for the Bellaire Pump Station in the amount of \$13,200.00;
- (5) submission of a letter 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 towards payment of the debt funding for the project obtained through the Clean Water State Revolving Fund; and

- (6) BGE's preparation of a report regarding the Authority's electricity consumption and energy efficiency measures.

Director Fay 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 the schedules and procedures related to the Authority's sale of (1) Water System Revenue Bonds, Series 2023 ("Series 2023 Bonds"); and (2) \$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 Series 2023 Bonds are anticipated to close on October 26, 2023, and the Series 2023A Bonds are anticipated to close on November 16, 2023. Following discussion, Director Abrahamson moved to authorize disbursement of bond proceeds for the Authority's Series 2023 Bonds and Series 2023A Bonds at closing. Director Hollingsworth seconded the motion, which passed unanimously.

Ms. Miller reported that the Authority is not required to remit payment to the Internal Revenue Service per the previously distributed arbitrage rebate and yield restriction liability report for the Authority's Series 2018A Bonds prepared by OmniCap Group, LLC.

#### REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line and Meter Easements for Parcels 16B.03, 16B.04, 16B.05A, and 16B.05B and one side letter agreement for the parcels, as listed on the attached Realty Interests Chart. Following review and discussion, Director Abrahamson moved to authorize execution of the realty acquisition documents, as presented. Director Fay seconded the motion, which passed unanimously.

#### MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold its next regular meeting at 6:00 p.m. on Tuesday, November 28, 2023, at The Club at Falcon Point.

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



## ESTABLISH MEETING PLACE INSIDE THE BOUNDARIES OF THE AUTHORITY

The Board reviewed a Resolution Establishing Meeting Place Inside the Boundaries of the Authority to add The Club at Falcon Point as an in-District meeting place. After review and discussion, Director Fay moved to adopt the Resolution Establishing Meeting Place Inside the Boundaries of the Authority, as presented. Director Hollingsworth seconded the motion, which passed unanimously.

## CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:05 p.m., pursuant to Section 551.072, Texas Government Code, regarding the purchase, exchange, lease, or value of real property; and (2) 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. Adam Richie of Munsch Hardt Kopf & Harr, P.C. attended a portion of the executive session via teleconference.

## RECONVENE IN OPEN SESSION

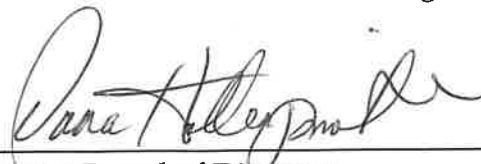
At 7:42 p.m., the Board reconvened in open session. Following review and discussion, Director Abrahamson moved to (1) authorize appraisal services for Parcel 13C.02; (2) approve the range of values for Parcel 13D.02, as discussed; (3) approve funding for Parcels 16B.03, 16D.05A, and 16B.05B, as discussed; and (4) engage an expert consultant in an amount not to exceed \$25,000.00. Director Darden seconded the motion, which passed unanimously.

## 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, Parcels 13C.01, 13C.01TEA, and 13C.01TEB, pursuant to the Amended and Restated Resolution Authorizing Acquisition of Real Property for Main Segment 13 (the "Resolution") adopted on March 3, 2021. Director Abrahamson 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 for Parcels 13C.01, 13C.01TEA, and 13C.01TEB, 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 Darden 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>
Attendance Sheets .....	1
Memorandum Regarding Water Conservation and Reuse .....	1
Bookkeeper's report.....	3
Operator's report.....	3
Engineer's report.....	4
Realty Interests Chart .....	8