

MINUTES
NORTH FORT BEND WATER AUTHORITY

September 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 26th day of September, 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, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer of Post Oak Municipal Advisors LLC; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Matthew Matula of Quiddity Engineering LLC; Steven Haas of Cinco Municipal Utility District No. 8; Steve Talecki of Cornerstones Municipal Utility District; Leon Bridges and Craig Lewis of Fort Bend County Municipal Utility District No. 50; and John Pertgen and Carl Peters of Kingsbridge Municipal Utility District.

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 August 23, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Hollingsworth 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 presentations to be given at the 2024 American Water Works Association and Water Environment Association of Texas seminar and 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 Katy Turkey Dash scheduled for Thanksgiving Day, November 23, 2023, in the amount of \$500.00.

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 212 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during August 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 the Authority's CCR Committee recommended that the Board authorize approval of second quarter rebate payments to the participants in the 2022 WPC Program that earned the required points necessary to receive a reduced 2023 water rate in the total amount of \$224,253.44.

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

- (1) sponsorship of the Katy Turkey Dash in the amount of \$500.00; and
- (2) approval of second quarter rebate payments to the participants in the 2022 WPC Program that earned the required points necessary to receive a reduced 2023 water rate in the total amount of \$224,253.44.

Director Hollingsworth seconded the motion, which passed unanimously.

PROJECT AWARDS APPLICATION

Ms. Milberger recommended that the Authority prepare an application for the Association of Water Board Directors - Texas 2023 Project Award Program. Following

review and discussion, Director Hollingsworth moved to adopt a Resolution Approving Submittal of the Project Awards Application for Inclusion in the Association of Water Board Directors - Texas 2023 Project Award Program. Director Fay seconded the motion, which passed unanimously.

CONTRACTS

Ms. Miller reported that the Authority's Private Event Agreement with the Club at Falcon Point was executed.

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. 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.

Mr. Clayton reviewed monthly costs for upgrading the Authority's automatic dialers for its 32-33 remote well modems from 3G to 5G.

Mr. Clayton reported that the Bellaire Pump Station booster pump no. 3 has been installed and it is operational. He reported that booster pump no. 6 tripped and is inoperable due to an imbalanced electrical current and high voltage. He stated the pump will be pulled and replaced after new booster pump no. 4 is installed and operational. He said delivery of booster pump no. 4 is anticipated in four to five weeks. Mr. Clayton additionally reported that the Authority's Capital Planning and Design Committee recommended replacing the four remaining booster pumps that have not been recently replaced due to being past their seven- to ten-year life expectancies. He stated that the estimated cost for replacing the four remaining pumps is \$300,000.00 to \$400,000.00.

Mr. Clayton reported on Inframark's management of the decreased water supply being received from the City of Houston ("COH") and implementation of Stage 1, voluntary reductions, of the Authority's Drought Contingency Plan. Ms. Miller

reported that COH was alerted of the issues during the quarterly Advisory Committee meeting. Discussion ensued.

Discussion ensued regarding developing a capital reserve fund for replacing equipment without raising the Authority's fees.

Following review and discussion, Director Hollingsworth moved to approve the operator's report. Director Abrahamson 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 invoices for the Authority's 2024 groundwater permit renewals with Harris-Galveston Subsidence District and Fort Bend Subsidence District ("FBSD") have been forwarded to the Authority's bookkeeper in the amounts of \$9,000.00 and \$250,000.00, respectively.

Mr. Froehlich recommended submitting an application to FBSD 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. He stated that the application fee is \$100.00.

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. He reported that BGE provided an acknowledgment letter in response to a notice of a proposed annexation from Fort Bend County Municipal Utility District No. 58.

Mr. Froehlich recommended denying requests for amendments to the Authority's Water Supply Agreements with Grand Mission Municipal Utility District No. 1, Fort Bend County Municipal Utility District No. 255, and other municipal utility districts due to supply limitations until after the completion of the Authority's joint Surface Water Supply Project with the West Harris County Regional Water Authority ("WHCRWA").

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. He stated that the options will be additionally discussed during the Authority's October Committee meetings.

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.

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 during the first week of October 2023.

Mr. Froehlich reported that a preconstruction meeting was held on September 19, 2023, with T Construction, LLC for the Authority's Main Segment 8B Casing Extension Project at FM 723. He stated a Notice to Proceed will be issued in October, 2023.

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 recommended payment of Pay Estimate No. 1 submitted by Reddico Construction Company, Inc. in the amount of \$250,744.50. Mr. Froehlich additionally reported on the status of FWSD 2's construction of its water plant no. 1 and related connection surface water line.

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 recommended execution of a Letter of No Objection for the crossing of Gulf South Pipeline Company's right-of-way by Segment 13Ci, Phase 1.

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 receipt of the final report for the Phase 1 and 2 studies.

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. He stated that the project is on hold at this time.

Mr. Froehlich reported that ABHR is preparing 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.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on the status of the design of the Bellaire Pump Station Improvements project. He stated that a meeting is scheduled on October 4, 2023, with representatives of WHCRWA to discuss WHCRWA's comments to BGE's 30% design and technical memorandum for the project.

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 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.

Mr. Froehlich reported on coordination with Inframark and COH on low pressure causing lower water flow at the Authority's Bellaire Pump Station.

Mr. Froehlich 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. Froehlich 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 October 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 (the "TWDB") provided certificates of approval for the Authority's reclaimed water distribution systems for the Authority's joint reclaimed water system projects with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 and Fort Bend County Municipal Utility District Nos. 146 and 194. He discussed coordinating with TWDB on using remaining funds from the projects towards the debt issued 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.

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

- (1) authorize BGE to prepare and submit an application to FBSD to amend the Authority's 2022-23 well permit and pay the associated application fee;
- (2) authorize BGE to prepare and send responses to decline requests for amended or additional Water Supply Agreements until the Authority's joint Surface Water Supply Project with WHCRWA is complete;
- (3) payment of Pay Estimate No. 1 submitted by Reddico Construction Company, Inc. for construction of the Authority's surface water line connection for FWSD 2 water plant no. 2 in the amount of \$250,744.50; and
- (4) execution of a Letter of No Objection for the crossing of Gulf South Pipeline Company's right-of-way by Segment 13Ci, Phase 1.

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

Mr. Palmer reviewed pricing for the Authority's Water System Revenue Bonds, Series 2023 ("Series 2023 Bonds") in the total amount of \$39,980,000. Ms. Miller discussed the schedule and the documents ready for Board signature for the Series 2023 Bonds.

Ms. Miller reported on the schedule and procedures related to the Authority's issuance of \$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 anticipated sale of the Series 2023A Bonds is scheduled for a special meeting to be held at noon on October 11, 2023, at BGE's office.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line and Meter Easements for Parcels 04.L02.07 and 18.15, one Water Line Easement for Parcel 18.14, and one side letter agreement for Parcel 18.14, as listed on the attached Realty Interests Chart. Following review and discussion, Director Hollingsworth moved to authorize execution of the realty acquisition documents, as presented. Director Abrahamson seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold a special meeting at noon on October 11, 2023, at BGE's office and a regular meeting on Tuesday, September 26, 2023, at The Club at Falcon Point. The Board additionally concurred to hold the October 11, 2023, meeting of the CCR Committee in-person at BGE's office.

The Board discussed its holiday meeting schedule and concurred to meet on Tuesday, November 28, 2023, and Thursday, December 21, 2023.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:07 p.m., pursuant to Section 551.072, Texas Government Code, regarding the purchase, exchange, lease, or value of real property. The Board determined that the attendance in this executive session of Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

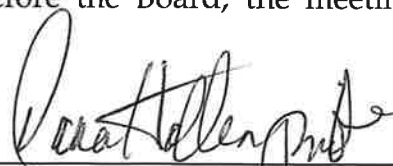
RECONVENE IN OPEN SESSION

At 7:15 p.m., the Board reconvened in open session. Following review and discussion, Director Abrahamson moved to (1) approve the two settlement offers as discussed for (a) Parcels 13C.04 and 13C.04TE; and (b) Parcels 13C.05 and 13C.05TE; and (2) authorize appraisal services for Parcel 13C.15. Director Hollingsworth 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

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