

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

December 16, 2021

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 16<sup>th</sup> day of December 2021, 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
Melony Gay	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Dana Hollingsworth	Assistant Secretary

and all of the above were present in person except Director Gay, thus constituting a quorum.

Also present in person were Lindsay Kovar, Matt Froehlich, Whitney Milberger, Kyle Jones, and Tiffany Moore of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer and Francine Stefan of Post Oak Municipal Advisors; and David Oliver, Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

Due to the COVID-19 virus epidemic emergency and the high threat level warnings issued by various governments and agencies, the Authority established a Zoom teleconference and videoconference option 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, Julia Frankovich, and Antonio Aviles of BGE; Aimee Edwards of Binkley & Barfield, Inc.; Mike Halde of HR Green, Inc.; Rick Barker of Schwartz, Page & Harding, L.L.P.; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 5; Larry Peterson of Cinco Southwest Municipal Utility District No. 1; Stephen Talecki of Cornerstones Municipal Utility District ("Cornerstones"); Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano and Chris Bell of Fort Bend County Municipal Utility District No. 30; Randy Carter of Fort Bend County Municipal Utility District No. 142; Chuck

Matheson of Grand Lakes Municipal Utility District No. 4; John Pertgen and Carl Peters of Kingsbridge Municipal Utility District; and David Johnson, member of the public.

COMMENTS FROM THE PUBLIC, INCLUDING COMMENTS REGARDING PROPOSED 2022 SURFACE WATER, PUMPAGE, AND IMPORT FEES

Director Patton offered any members of the public attending the meeting in-person or by telephone or videoconference the opportunity to make public comments. Mr. Carter addressed the Board regarding the impact of the Authority's fees on Property Owner Associations. Director Patton discussed the long-term goals of the Authority.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on November 18, 2021. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND WATER CONSERVATION PROGRAMS

Ms. Milberger reviewed a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached.

Ms. Milberger provided information regarding the schedule and registration procedures for the Association of Water Board Directors Mid-Winter Conference.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended payment of an invoice from Mighty Citizen for the photo and video shoot logistics for the Water Force campaign in the amount of \$2,194.66.

Ms. Milberger reported that the CCR Committee recommended renewing the care package services for the Authority's website with Mighty Citizen for unlimited services for the term of December 16, 2021 to January 31, 2023, in the amount of \$28,700.00.

Ms. Milberger recommended payment to Mighty Citizen for the 358 hours remaining in the Partner Program pursuant to Mighty Citizen's Master Services Agreement with the Authority in the amount of \$69,810.00.

Ms. Milberger reported that 58 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during November 2021. She reported on the distribution of prizes

pursuant to the WISE Guys Program Giveaway Incentive Program.

Ms. Milberger reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum Regarding Water Conservation and Reuse matters.

Ms. Milberger reported that the CCR Committee recommended appointing Director Fay as the Authority's liaison for reviewing and recommending approval of the proposed contracts to the lowest qualified bidder for the retrofitting of the irrigation systems for the Authority's joint reclaimed water system projects with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, "Grand Lakes") and Fort Bend County M.U.D. Nos. 146 and 194 ("FB 146 and FB 194").

Ms. Milberger reported that an Integrated Water Management Plan due for submission to the Authority by Brazoria-Fort Bend Counties Municipal Utility District No. 3 has not yet been received.

Ms. Milberger reported that the CCR Committee recommended approval of third quarter rebate payments to the participants in the 2020 Larry's Toolbox Water Conservation Program ("Larry's Toolbox Program") that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$334,415.18.

Ms. Milberger reported that information for the Authority's 2022 Water Provider Conservation Program is located on the Authority's website.

Director Patton reported on discussions held during the January 2022 meeting of the CCR Committee regarding planned efforts to obtain greater involvement in the Authority's water conservation campaigns by the Authority's constituent municipal utility districts.

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

- (1) approve payment of an invoice from Mighty Citizen for the photo and video shoot logistics for the Water Force campaign in the amount of \$2,194.66;
- (2) authorize renewing the care package services for the Authority's website with Mighty Citizen for unlimited services for the term of December 16, 2021 to January 31, 2023, in the amount of \$28,700.00;
- (3) approve payment to Mighty Citizen for the 358 hours remaining in the Partner Program pursuant to Mighty Citizen's Master Services Agreement with the Authority in the amount of \$69,810.00;
- (4) appoint Director Fay as the Authority's liaison for reviewing and recommending approval of the proposed contracts to the lowest qualified

bidder for the retrofitting of the irrigation systems for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and FB 194; and

- (5) approve third quarter rebate payments to the participants in the 2020 Larry's Toolbox Program that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$334,415.18.

Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present.

Ms. Frankovich and Ms. Milberger reported on a request for a letter of support from the Authority for the research and assistance provided by Dr. Stacy Louie of the University of Houston to develop the model used to quantify and evaluate the Authority's water conservation projects. Mr. Froehlich reported that an abstract of the study was selected by Texas Water for presentation. Following review and discussion, Director Hollingsworth moved to authorize a letter of support for Dr. Stacy Louie's research. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

#### TRAVEL REIMBURSEMENT GUIDELINES AND CONFERENCE ATTENDANCE

The Board reviewed the Authority's Travel Reimbursement Guidelines and a schedule of conferences for 2022. Following review and discussion, the Board concurred to authorize attendance of less than a quorum of Directors at the conferences and reimbursement of expenses in accordance with the Authority's Travel Reimbursement Guidelines.

#### FINANCIAL STATEMENTS FOR FISCAL YEAR END DECEMBER 31, 2021

Ms. Miller reminded the Board of the procedures for preparation of the Authority's annual audit and financial statements and review of the audited financial statements. She stated that the Authority's Finance and Policy Committee recommended approval of McGrath & Co., PLLC's ("McGrath") engagement letter for preparing (1) the audit and financial statements for fiscal year end December 31, 2021, in an amount not to exceed \$45,000.00; and (2) the Single Audit (the "Single Audit") required pursuant to the Authority's Loan Forgiveness Agreements in connection with the funding received from the Texas Water Development Board's ("TWDB") Clean Water State Revolving Fund ("CWSRF") for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and FB 194, in an amount not to exceed \$10,000.00. Following review and discussion, Director Abrahamson moved to authorize execution of the engagement letter with McGrath to prepare (1) the Authority's annual audit and financial statements for fiscal year end December 31, 2021; and (2) the Single Audit. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present.

## CONTRACTS

The Board concurred to defer this item.

## FINANCIAL AND BOOKKEEPING MATTERS, ADOPT BUDGET FOR FISCAL YEAR END DECEMBER 31, 2022, 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 comparison, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Mr. Watson then reviewed a proposed budget for fiscal year end December 31, 2022. Following review and discussion, Director Abrahamson moved to (1) approve the bookkeeper's report, including payment of the invoices; and (2) adopt the budget for fiscal year end December 31, 2022. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present.

The Board did not conduct a hearing regarding any delinquent fees or rule violations.

## ADOPT AMENDED RATE ORDER AND DISTRIBUTE NOTICE

Ms. Miller reviewed an Amended Rate Order implementing increases in the Authority's Groundwater Reduction Plan ("GRP") Fee to \$4.55 per 1,000 gallons of groundwater pumped and Surface Water Fee to \$4.90 per 1,000 gallons of surface water delivered by the Authority, which correspondingly increases the Imported Water Fee, effective January 1, 2022. Ms. Miller discussed additional revisions to the Authority's Amended Rate Order, including clarification of reporting forms. Following review and discussion, Director Abrahamson moved to adopt the Amended Rate Order and authorize distributing a notice of adoption of the Amended Rate Order to the Authority's GRP participants. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present.

## 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 Texas Pride Utilities has excavated the site of a leaking 42-inch suction water line for ground storage tank no. 2 at the Bellaire Pump Station and continues to try to determine the source of the leak.

Mr. Clayton reported on efforts to coordinate with the relevant Homeowners

Association and Fort Bend County to evaluate options for preventing access and illegal trash dumping on a site located at the dead end of Addicks Clodine Road on Main Segment 2.

Mr. Clayton recommended approving repairs included in the Main Line Valve Survey Summary of Recommended Repairs in the amount of \$36,650.00. A copy of the summary is attached to the operator's report. Mr. Clayton stated that he is reviewing the recommendations.

Following review and discussion, Director Hollingsworth moved to approve the operator's report as presented, including approval of the Main Line Valve Survey Summary of Recommended Repairs in the amount of \$36,650.00. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

#### REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GRP

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

Mr. Froehlich reported on BGE's coordination with Inframark on performance of the annual readings of the Authority's remote well meters.

Mr. Froehlich reported on Fort Bend Subsidence District's quarterly stakeholders meeting held virtually on December 14, 2021.

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.

Mr. Froehlich reported that a proposed Water Supply Agreement between the Authority and Fort Bend County Fresh Water Supply District No. 2 ("FWSD 2") is anticipated to be ready for presentation at the January regular meeting of the Board.

Mr. Froehlich reported that ABHR is addressing comments from the attorney for Cornerstones related to a proposed Water Well Permitting and Groundwater Reduction Plan Responsibility Agreement between the Authority and Cornerstones for Well No. 13703 located outside of the Authority's boundaries.

#### ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters for Main Segment 13. Charts summarizing the status of property acquisition matters are attached to the engineer's report.

Mr. Froehlich reported on the status of the construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes. He recommended that the Board approve Pay Estimate No. 9, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$0.

Mr. Froehlich reported on the status of the construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194. He recommended that the Board approve Pay Estimate No. 7, submitted by McKinney for the project in the amount of \$47,973.65.

Mr. Froehlich reported that Accurate Meter & Backflow, LLC's ("Accurate") installation of the first phase of automated meters for the Authority's automated meter installation project is 11% complete. He reported that ABHR continues to review comments to certain draft Right of Entry Agreements for the project as they are received. He stated that one Right of Entry Agreement for the first phase of the project was ready for the Board's execution. He reviewed a list of two recorded Right of Entry Agreements and stated that notices to proceed were issued for the installation of the two meters.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that BGE is working on obtaining agency approvals.

Mr. Froehlich reported on BGE's design of the project to extend the steel casing on Main Segment 8B at FM 723 due to the Texas Department of Transportation's ("TxDOT") project to widen FM 723 at Bellaire Boulevard. He reported that design of the project is on hold pending receipt of TxDOT's schedule for right-of-way acquisition.

Mr. Froehlich reported on the status of the design of the Authority's proposed 2025 surface water supply system (the "2025 System") by the following design consultants: (1) IDS Engineering Group for the design of Main Segment 13B; (2) BGE for the design of Main Segment 18A; and (3) Carollo Engineers, Inc. for the design of Main Segment 19. He stated that once the necessary Right of Entry Agreements are obtained, kickoff meetings will be held with (1) Jones & Carter, Inc. for design of Main Segment 13Ci and the surface water line connection for Fort Bend County Municipal Utility District No. 229; and (2) Binkley & Barfield, Inc. for design of Main Segments 13Cii and D.

Mr. Froehlich reported on the status of HR Green, Inc.'s design of the Authority's 2025 System surface water line connection for FWSD 2's water plant no. 2. He reminded the Board that the engineer for FWSD 2 is incorporating the Authority's surface water line connection for FWSD 2's water plant no. 1 into the scope of the design for the water plant. He reported that the 70% submittal for the design plans for the project is under review.

Mr. Froehlich reported that the second phase of the transient analysis for the 2025 System is underway.

Mr. Froehlich reported that a Summary of Terms related to a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District No. 34 was reviewed at the Authority's December CCR Committee meeting and is being finalized.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study.

Mr. Froehlich reported on the status of a System Environmental Determination Form and a Cultural Resources Study required for the 2025 System. He stated that the remaining excavations and ge archaeological investigations will be completed upon receipt of the necessary easements and/or Right of Entry Agreements sent to certain property owners for access.

Mr. Froehlich reported on the status of cathodic protection system modifications and additional survey for Main Segment 3 to maintain corrosion standards. He stated that installation of grounding mats on the test stations and a decoupling device on the rectifier along Main Segment 3 will begin soon and a second close interval survey will be performed after completion.

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

Mr. Jones recommended approval of a scope of work to evaluate the resiliency and operational efficiency of the Supervisory Control and Data Acquisition system at the Bellaire Pump Station to be performed by a subcontractor, Baird Gilroy & Dixon, in the amount of \$15,400.00.

Mr. Jones reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project with the West Harris County Regional Water Authority (the "WHCRWA"), including Segments A, B1, B2, B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the Northeast Meter Station. A copy of a chart listing the status of construction is included in the engineer's report.

Mr. Jones reported that negotiations with the WHCRWA regarding an Amended and Restated Joint Facilities Agreement are ongoing.

Mr. Pietz reported on the status of the construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project. He stated that construction, final testing, and startup are complete, and the pump station, pipelines, and canal system are operational.



Mr. Pietz updated the Board on the City of Houston's ("COH") 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 for Early Work Package Nos. 2, 4, and 6, Influent Pump Station, and the Balance of Plant package. He stated that Phase 1 of the project, which will provide 80 million gallons per day ("MGD") of capacity, is on track for completion in early 2023, and Phase 2 of the project, which will provide 320 MGD of capacity, is anticipated to be completed in the summer of 2025.

Director Fay reported on a tour of the COH's Northeast Water Purification Plant held December 8, 2021.

Mr. Froehlich reported that the TWDB is working on amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's CWSRF for the reclaimed water system projects for FB 146 and FB 194 and Grand Lakes to extend the schedules for completing construction of the projects to December 31, 2021.

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

- (1) approve Pay Estimate No. 9, submitted by McKinney for construction of the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$0;
- (2) approve Pay Estimate No. 7, submitted by McKinney for construction of the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$47,973.65; and
- (3) approve the scope of work for evaluation of resiliency and operational efficiency of the Supervisory Control and Data Acquisition system at the Bellaire Pump Station to be performed by a subcontractor, Baird Gilroy & Dixon, in the amount of \$15,400.00.

Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

#### PARTICIPATION AS AMICUS PARTY

Ms. Miller stated that there were no updates related to the Authority's amicus brief filed in *San Jacinto River Authority v. City of Conroe and City of Magnolia*. She reported that an amicus brief prepared for the Authority, the WHCRWA, and the Central Water Authority will be filed in *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* at the appropriate time.

## FINANCING PLAN MATTERS

Ms. Miller reported that the Authority's \$20,940,000 Water System Junior Lien Revenue Bonds, Series 2021A and \$13,035,000 Water System Revenue Bonds, Series 2021B that were sold to the TWDB through the TWDB's State Water Implementation Revenue Fund for Texas program on October 13, 2021, closed on November 22, 2021.

Ms. Miller stated that amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's CWSRF are being prepared by the TWDB. She stated that, as previously reported by BGE, the TWDB has updated its internal system with the extended schedules for completing construction of the reclaimed water system projects for FB 146 and FB 194 and Grand Lakes.

Ms. Miller stated there were no reporting requirements pursuant to the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. at this time.

Ms. Miller reviewed the Arbitrage Rebate Report for the Authority's Series 2016B Bonds and stated that no arbitrage rebate is due to the United States Treasury Department.

## EMINENT DOMAIN REPORT

Ms. Miller reported on the Authority's filing requirements related to eminent domain authority and stated that the Authority's Eminent Domain Authority Annual Report was filed with the Comptroller of the State of Texas as required.

Ms. Miller reported that ABHR is monitoring a legal case in which a Water Improvement District sought to condemn an easement across land owned by an Irrigation District in order to construct a water line, *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1*. She discussed possible impacts of current and any future court rulings related to the Irrigation District's assertion that the Water Improvement District could not use its condemnation authority because of the Irrigation District's governmental immunity in contravention to the long-standing paramount public importance doctrine.

## REALTY INTEREST ACQUISITION

Ms. Miller reviewed (1) one Right of Entry Agreement for Main Segment 17A; and (2) one Right of Entry Agreement with the City of Fulshear for the Authority's automated meter reader installation project. Charts listing the Right of Entry Agreements are attached. Following review and discussion, Director Hollingsworth moved to authorize execution of the Right of Entry Agreements as presented. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

## RESOLUTION ESTABLISHING ADDRESSES AND METHODS FOR TEXAS PUBLIC INFORMATION ACT REQUESTS

Ms. Miller reviewed with the Board a memorandum regarding designating addresses and methods for receipt of requests for public information under the Texas Public Information Act ("TPIA Requests"), a copy of which is attached. The Board considered designating a mailing address and an email address and approving other methods for receipt of TPIA Requests, pursuant to Section 552.234 of the Texas Government Code. After review and discussion, Director Hollingsworth moved to: (1) adopt a Resolution Establishing Addresses and Methods for Texas Public Information Act Requests ("Resolution") to (a) designate the address of the Authority's official office as the mailing address and nfbwa@abhr.com as the email address for receipt of TPIA Requests to the Authority, (b) approve electronic submission through the Authority's website, www.nfbwa.com, as methods for submittal of TPIA Requests to the Authority, and (c) direct that the designated addresses and methods be printed on the sign displayed by the Authority under Section 552.205, Texas Government Code, and posted continuously on the Authority's Internet website; and (2) direct the Resolution to be filed appropriately and retained in the Authority's official records. Director Abrahamson seconded the motion, which passed unanimously.

## MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reported that a special meeting of the Board is scheduled on February 2, 2022, to discuss reuse and water conservation matters, and to receive a presentation from Mighty Citizen related to the proposed redesign of the Authority's Larry the Talking Sprinkler image.

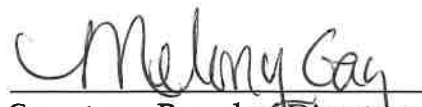
## CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:09 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under (1) the Authority's Joint Facilities Agreement with the WHCRWA; and (2) the Second Supplement to the Authority's Water Supply Contract with COH. The Board determined that the attendance in this executive session of Ms. Kovar, Mr. Froehlich, Mr. Pietz, and Mr. Jones 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 7:00 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.

  
Secretary, Board of Directors

(SEAL)



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