

MINUTES

NORTH FORT BEND WATER AUTHORITY

January 26, 2022

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 January 2022, 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 Directors Houghton and Darden, thus constituting a quorum.

Also present in person were Matt Froehlich, Whitney Milberger, Kyle Jones, Julia Frankovich, and Tiffany Moore of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Rich Patrick of Ninyo & Moore; 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 of BGE; Aimee Edwards of Binkley & Barfield, Inc.; Larry D. Goldberg of CivilTech Engineering, Inc.; Mike Halde of HR Green, Inc.; Jon Strange of JNS Consulting Engineers, Inc.; John Mudd of KCI; Greg Haan of LJA Engineering, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Michael McClusky of Schwartz, Page & Harding, LLP; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 5; Stephen Talecki of Cornerstones Municipal Utility District ("Cornerstones"); Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Susan Ruske of Fort Bend County Municipal Utility District No. 35; Craig Lewis of Fort Bend County Municipal Utility District No. 50;

Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Philip Huseman of Fort Bend County Municipal Utility District No. 142; Mashhood Shah 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

Director Patton offered any members of the public attending the meeting in-person or by telephone or videoconference 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 December 16, 2021. 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, 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 renewal of the Authority's annual membership in the Alliance for Water Efficiency in the amount of \$750.00.

Ms. Milberger reported that the Authority's CCR Committee recommended sponsoring an 8'x10' booth at the 2022 Katy Home and Garden Show to be held March 26-27, 2022, in the amount of \$1,295.00.

Ms. Milberger reported on attendance at past and future Homeowners' Association and constituent municipal utility district events.

Ms. Milberger reported that 40 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during December 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program.

Ms. Milberger reported that the Authority's CCR Committee recommended payment of the Annual Management Fee to Vepo, LLC pursuant to the Authority's

Amended and Restated W.I.S.E. Guys Irrigation System Evaluation Agreement in the amount of \$12,000.00.

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 reviewed the total amount of reuse water used within the Authority in 2021 and for the period beginning in 2016, when reuse systems began to be installed in conjunction with Authority programs, through 2021.

Ms. Milberger reviewed the bid amounts for three bids received for each of the retrofitting projects for 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 Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194"). She reported that Director Fay reviewed the bids in coordination with BGE's review of the qualifications of the bidders pursuant to Director Fay's appointment as the Authority's liaison for reviewing and recommending approval of the proposed contracts to the lowest qualified bidder. Mr. Froehlich reported that the low bidder for the project with FB 146 and FB 194 was disqualified due to lack of experience in similar projects.

Ms. Milberger reported that BGE is reviewing an Integrated Water Management Plan submitted to the Authority by Brazoria-Fort Bend Counties Municipal Utility District No. 3.

Ms. Milberger reported that there were 52 participants in the Authority's 2021 Larry's Toolbox Water Conservation Program ("Larry's Toolbox Program") and 48 participants earned the required number of points to receive a reduced 2022 water rate. She reported that the Authority's CCR Committee recommended purchasing plaques to recognize the five participants with the most points in the 2021 Larry's Toolbox Program in an amount not to exceed \$1,500.00.

Ms. Milberger reported that the Authority's CCR Committee recommended payment of an invoice from WaterLogic, Inc. for implementation of the Authority funded Homeowners Association ("HOA") Irrigation Water Budget and HOA Irrigation System Evaluations initiative for the 2021 Larry's Toolbox Program for Fort Bend County Municipal Utility District No. 34 ("FB 34") in the amount of \$51,872.00.

Ms. Milberger reported that information regarding the Authority's 2022 Water Provider Conservation Program is located on the Authority's website. She reported that the Authority will host an informational webinar regarding the program at 2:00 p.m. on February 2, 2022.

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

- (1) approve renewal of the Authority's annual membership in the Alliance for Water Efficiency in the amount of \$750.00;
- (2) authorize sponsoring an 8'x10' booth at the 2022 Katy Home and Garden Show to be held March 26-27, 2022, in the amount of \$1,295.00;
- (3) approve payment of the Annual Management Fee to Vepo, LLC pursuant to the Authority's Amended and Restated W.I.S.E. Guys Irrigation System Evaluation Agreement in the amount of \$12,000.00;
- (4) authorize purchasing plaques to recognize the five participants with the most points in the 2021 Larry's Toolbox in an amount not to exceed \$1,500.00; and
- (5) approve payment of an invoice from WaterLogic, Inc. for implementation of the Authority funded HOA Irrigation Water Budget and HOA Irrigation System Evaluations initiative for the 2021 Larry's Toolbox Program for FB 34 in the amount of \$51,872.00.

Director Abrahamson seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

FINANCIAL AND BOOKKEEPING MATTERS, CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS, AND ANNUAL DISCLOSURE STATEMENTS

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, a list of voided checks, 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 presented one additional check, check no. 14270, for payment of Pay Estimate No. 8, submitted by McKinney Construction, Inc. ("McKinney") for construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$220,500.00.

Mr. Watson reported that the calculations for the Authority's O&M Reserve Account and Improvement Fund Reserve Balance Policy were reviewed with the Authority's Finance and Policy Committee.

The Board considered accepting the annual disclosure statements of the Authority's bookkeeper and Investment Officer. Ms. Miller explained that in accordance with the Authority's Investment Policy, the Authority's bookkeeper and Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the Authority.

She stated that the disclosure statements are filed annually with the Texas Ethics Commission.

Following review and discussion, Director Gay moved to (1) approve the bookkeeper's report, including payment of the invoices and execution of the additional check; (2) approve the balance in the O&M Reserve Account; and (3) accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records. Director Abrahamson seconded the motion, which passed unanimously.

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

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Miller reported on the Authority's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

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 explained that the high accountability percentage was caused by a leaking 42-inch suction water line for ground storage tank no. 2 at the Bellaire Pump Station. He stated that efforts are ongoing to determine the source of the leak.

Mr. Clayton reported on coordination with BGE on addressing encroachments into the Authority's right-of-way.

Mr. Clayton reported that Seaback Maintenance Inc. ("Seaback"), a subcontractor to Inframark, will increase its quarterly charges for mowing of the Authority's easements from \$7,222.40 to \$11,500.00, which is an increase of \$4,227.60. The annual charges will increase from \$28,889.60 to \$46,000.00, which is an increase of \$17,110.40. He stated that Seaback remains the lowest cost mowing provider.

Following review and discussion, Director Hollingsworth moved to approve the operator's report as presented. Director Gay 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 on BGE's coordination with Inframark on performance of the annual readings of the Authority's remote well meters.

Mr. Froehlich reported that BGE submitted the Authority's application for over-conversion credits to the Fort Bend Subsidence District ("FBSD") for permit term October 1, 2020 - September 30, 2021.

Mr. Froehlich reported on FBSD's monthly meeting held prior to the Board meeting.

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 recommended approval of a Water Supply Agreement between the Authority and Fort Bend County Fresh Water Supply District No. 2 ("FWSD 2") to include reimbursement by the Authority to FWSD 2 for the design and construction of the connection line and meter station at FWSD 2's proposed Water Plant No. 1.

Ms. Miller reported that 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 was ready for execution. She reported that FBSD confirmed that its previously adopted resolution related to a similar agreement between the Authority and Cinco Municipal Utility District No. 1 will be utilized to also govern the Authority's agreement with Cornerstones.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters for Main Segment 13 and the surface water line connection for FWSD 2. 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. 10, submitted by McKinney for the project in the amount of \$39,167.91.

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. 8, submitted

by McKinney for the project in the amount of \$220,500.00, contingent upon final processing by BGE.

Mr. Froehlich reported that Accurate Meter & Backflow, LLC's installation of the first phase of automated meters for the Authority's automated meter installation project is 6% 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 stated that notices to proceed were issued for the installation of the meter for the Right of Entry Agreement approved after the December 16, 2021, Board meeting.

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 water lines for the Authority's proposed 2025 surface water supply system (the "2025 System") by the following design consultants: (1) IDS Engineering Group ("IDS") 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 recommended approval of a First Amendment to the Authority's Agreement for Professional Design Consulting Services with IDS to complete five additional soil borings for an additional fee of \$13,310.00.

Mr. Froehlich stated that once the necessary Right of Entry Agreements are obtained, kickoff meetings for the design of water lines for the 2025 system 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 BGE provided comments to the 70% submittal for the design plans for the project.

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

Mr. Froehlich reported that ABHR has prepared a draft Summary of Terms related to a proposed joint reclaimed water system project with FB 34 for delivery to the

attorney for FB 34.

Mr. Froehlich reported that the second phase of the Authority's water blending study is nearing completion.

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 geoarchaeological 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 in the next few weeks.

Mr. Froehlich reported that the Authority's property acquisition consultant is preparing an updated range of values in association with the updated routing studies for Main Segments 14 and 15 to present next month to the Board.

Mr. Froehlich reported that Fort Bend County ("FBC") is continuing improvements to Old Richmond Road and the current phase of improvements will require an offset of the Authority's existing water line around a proposed storm sewer. He stated that BGE is coordinating with FBC on the limits and requirements for the relocation. He reported that BGE proposes to provide design, bid, and construction phase services on an hourly basis for the offset, as was done with the previously required offset.

Mr. Froehlich reported that BGE sent notifications and information regarding required chloramine conversions for surface water to be delivered by the 2025 System to Cinco Municipal Utility District No. 1 and Fort Bend County Municipal Utility District Nos. 169-173.

Mr. Froehlich reported that BGE contacted FBC about possibly installing a gate and/or bollards at the dead end of Addicks-Clodine Road to try to prevent dumping within the Main Segment 2 easement. He stated that FBC asked if the Authority would consider removing the paving from the dead end to the backlot line. He stated that BGE will obtain quotes for removing the paving for review by the Authority's Capital Planning and Design Committee and the cost is anticipated to be significantly higher than installing a gate and/or bollards.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported on operations and maintenance matters for the Bellaire Pump Station, including the repair of a leak and the status of work being performed by Texas

Microgrid, LLC.

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. 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 ("HWT") 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. Mr. Pietz reported that representatives from COH and the participating Authorities met with the HWT Joint Venture Board earlier in the month to discuss progress and other project matters. 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.

Mr. Froehlich stated that, as previously reported, the Texas Water Development Board ("TWDB") is working on amendments to the Authority's Loan Forgiveness Agreements for funding received from TWDB's Clean Water State Revolving Fund 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.

Mr. Froehlich reported that BGE submitted the required documentation to confirm the Authority's Multi-Year Commitment Annual Loan Closing Schedule for the projects funded by the State Water Implementation Revenue Fund for Texas ("SWIRFT") to the TWDB prior to the annual deadline.

Mr. Froehlich reported that TWDB's Region H Water Planning Group is scheduled to meet on February 2, 2022, to discuss recommendations for vacant positions on the executive committee and in the group.

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

- (1) approve the Water Supply Agreement between the Authority and FWSD 2;

- (2) approve the Water Well Permitting and Groundwater Reduction Plan Responsibility Agreement between the Authority and Cornerstones;
- (3) approve Pay Estimate No. 10, submitted by McKinney for construction of the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$39,167.91;
- (4) approve Pay Estimate No. 8, submitted by McKinney for construction of the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$220,500.00, contingent upon final processing by BGE; and
- (5) approve the First Amendment to the Authority's Agreement for Professional Design Consulting Services with IDS for the design of Main Segment 13B of \$13,310.00.

Director Fay seconded the motion, which passed unanimously.

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* or the amicus brief prepared for the Authority, the WHCRWA, and the Central Harris County Regional Water Authority in *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* to be filed at the appropriate time.

FINANCING PLAN MATTERS

Ms. Miller reviewed the Arbitrage Rebate Report for the Authority's Series 2011 Bonds and stated that no arbitrage rebate is due to the United States Treasury Department.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed one Right of Entry Agreement with the City of Fulshear for the Authority's automated meter reader installation project. A copy of a chart listing the Right of Entry Agreement is attached. Following review and discussion, Director Gay moved to authorize execution of the Right of Entry Agreement as presented. Director Fay seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board rescheduled its special meeting from 5:30 p.m. to 5:00 p.m. 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.

Ms. Miller reviewed the February and March Committee meeting schedules and

noted that the Finance and Policy Committee meetings will be held after the Capital Planning and Design and CCR Committee meetings.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:58 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 Second Supplement to the Authority's Water Supply Contract with COH; and (2) the Authority's Joint Facilities Agreement with the WHCRWA. The Board determined that the attendance in this executive session of Mr. Froehlich, Mr. Pietz, Ms. Frankovich, 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. Mr. Pietz attended via teleconference.

RECONVENE IN OPEN SESSION

At 7:35 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.

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum Regarding Water Conservation and Reuse	2
Bookkeeper's report.....	4
Operator's report.....	5
Engineer's report.....	6
Chart listing the Right of Entry Agreement.....	10