

MINUTES

NORTH FORT BEND WATER AUTHORITY

February 23, 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 23rd day of February 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, thus constituting a quorum.

Also present in person were Matt Froehlich, Whitney Milberger, Kyle Jones, Ian Pietz, Julia Frankovich, and Tiffany Moore of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Chris Campbell of Binkley & Barfield, Inc.; Daniel R. Menendez of Huitt-Zollars, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Rich Patrick of Ninyo & Moore; and David Oliver, 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 Carlos Quintero of Freese and Nichols, Inc.; Michael McClusky of Schwartz, Page & Harding, LLP; Jolie Craft of Vogler & Spencer; Glenn Gesoff of Grand Lakes Community Association; Michael Abshire, Sonyan Stephens, and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 5; 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; Kafi Dalcour of Fort Bend County Municipal Utility District No. 116; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; John Pertgen and

Carl Peters of Kingsbridge Municipal Utility District; and David Johnson, member of the public.

COMMENTS FROM THE PUBLIC

Director Houghton 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.

Mr. Carpenter reported that email correspondence was received from Luther Jack Moller, a member of Fort Bend County Municipal Utility District No. 124's Board of Directors, regarding the Authority's Water Provider Conservation Program. Director Patton recommended that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") evaluate each of the issues presented by Mr. Moller in his correspondence. Director Patton discussed the decreasing availability of fresh water and the Authority's role to assist its Groundwater Reduction Plan ("GRP") participants with conservation initiatives.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on January 26, 2022, and special meeting held on February 2, 2022. After review and discussion, Director Gay moved to approve the minutes as written. Director Hollingsworth 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 (the "Memorandum"), a copy of which is attached.

Ms. Milberger reported that the Authority's newly redesigned website won a "Web Excellence Award" in the Environmental Awareness category.

Ms. Milberger reported that the Authority's CCR Committee recommended purchasing tote bags, moisture meters, shower heads, postcards, and deluxe spray hose nozzles for public outreach in an amount not to exceed \$15,000.00.

Ms. Milberger reported that the Authority's CCR Committee recommended allocating \$15,000.00 to digital advertising for several campaigns, including launching the Authority's Water Force campaign, increasing community engagement with initiatives such as the W.I.S.E. Guys Irrigation System Evaluation Program (WISE Guys Program) and the water conservation mobile lab, and a year-long campaign to gain more followers across Facebook, Instagram, YouTube, and LinkedIn.

Ms. Milberger reported that the Authority's CCR Committee recommended approval of Mighty Citizen's Scope of Work for the 2022 Authority Marketing Strategy and Implementation Project in an amount not to exceed \$225,000.00.

Ms. Milberger stated that she will attend the meeting of the Board of Directors of Fort Bend County M.U.D. No. 124, at noon on Friday, February 25, 2022.

Ms. Milberger reported that, as previously approved by the Board, the Authority is sponsoring an 8'x10' booth at the 2022 Katy Home and Garden Show to be held March 26-27, 2022.

Ms. Milberger reported that the Authority's CCR Committee recommended sponsoring a 10'x10' booth at the Association of Water Board Directors ("AWBD") summer conference to be held June 23-25, 2022, as well as purchasing electricity and carpet for the booth space for a total amount not to exceed \$1,200.00.

Ms. Milberger reported that 78 irrigation system evaluations were completed through the Authority's WISE Guys Program during January 2022.

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

Ms. Milberger reported that BGE has reviewed an Alternative Water Supply Application from Harris-Fort Bend Counties M.U.D. No. 1. She indicated that ABHR is preparing a draft Alternative Water Supply Credit Agreement is being prepared for review by the CCR Committee.

Ms. Milberger discussed implementation of the Authority's 2022 Water Provider Conservation Program, including updated information regarding the program included on the Authority's website. She stated that interest forms for the program are due for submission to the Authority by March 1, 2022. She reported that at this time, she has received completed interest forms for the program from 26 municipal utility districts and expects at least 15 more completed interest forms to be received. She stated that 50 municipal utility districts have previously participated in the Authority's Larry's Toolbox Water Conservation Program.

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

- (1) approve purchasing tote bags, moisture meters, shower heads, postcards, and deluxe spray hose nozzles for public outreach in an amount not to exceed \$15,000.00;
- (2) authorize allocating \$15,000.00 to digital advertising for several campaigns, including launching the Authority's Water Force campaign, increasing

community engagement with initiatives like the WISE Guys Program and the water conservation mobile lab, and a year-long campaign to gain more followers across Facebook, Instagram, YouTube, and LinkedIn;

- (3) approve Mighty Citizen's Scope of Work for the 2022 Authority Marketing Strategy and Implementation Project in an amount not to exceed \$225,000.00; and
- (4) authorize sponsoring a 10'x10' booth at the AWBD summer conference to be held June 23-25, 2022, as well as purchasing electricity and carpet for the booth space in a total amount not to exceed \$1,200.00.

Director Hollingsworth seconded the motion, which passed unanimously.

Director Hollingsworth congratulated Ms. Milberger and the Mighty Citizen team on the award received for the Authority's new website.

CONTRACTS

The Board concurred to defer this item.

FINANCIAL AND BOOKKEEPING MATTERS, 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, 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, a schedule of debt service payments, and an annual report on energy consumption. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the invoices. Director Abrahamson seconded the motion, which passed unanimously.

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

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 Gay moved to approve the operator's report as presented. Director Fay seconded the motion, which passed unanimously.

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 the submittal of the annual meter reading audit of the Authority's remote well meters to the Fort Bend Subsidence District.

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. He reported that BGE is reviewing a request from the Cross Creek Community Association for a new well permit for an irrigation and lake makeup well. In response to Director Houghton's inquiry, Ms. Frankovich and Mr. Oliver discussed a review of the Authority's GRP being performed by the Authority's consultants to determine updates needed to implement proposed requirements for newly permitted participants related to BGE's preparation of effluent reuse analyses.

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 Fresh Water Supply District No. 2 ("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 Municipal Utility District Nos. 1, 2, and 4 (collectively, "Grand Lakes"). He recommended that the Board approve Pay Estimate No. 11, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$133,918.97.

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 Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194"). He recommended that the Board approve Pay Estimate No. 9, submitted by McKinney for the project in the amount of \$209,107.72.

Mr. Froehlich reported that Accurate Meter & Backflow, LLC's ("AMB") installation of the first phase of automated meters for the Authority's automated meter installation project is 19% complete with 42 meters installed. He recommended approval of Pay Estimate No. 3 submitted by AMB in the amount of \$226,710.00. He reported that ABHR continues to review comments to certain draft Right of Entry Agreements for the project as they are received.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main

Segment 11A. He stated that the design consultant is addressing additional comments from the City of Houston ("COH") before submitting the plans for approvals.

Mr. Froehlich reported that the Texas Department of Transportation's ("TxDOT") project to widen FM 723 at Bellaire Boulevard is scheduled to bid in August 2022 and begin construction in March or April 2022. He stated that BGE's design of the project to extend the steel casing on Main Segment 8B at FM 723 is complete. He said that BGE has resumed coordination with TxDOT on preparing the Standard Utility Agreement for reimbursement of engineering and construction costs.

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 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.

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 the 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 the 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 stated 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 and plans to advertise for bids for the project in April or May of 2022.

Mr. Froehlich reported on the status of the second phase of the transient analysis for the 2025 System.

Mr. Froehlich reported that ABHR plans to forward a draft Summary of Terms related to a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District No. 34 ("FB 34") 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 surveying 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 is underway along Main Segment 3. He reported that no significant issues were found during BGE's annual inspection of the cathodic protection system and rectifiers. He stated that BGE is evaluating whether to convert the system's flush-to-grade test stations to post-mounted.

Mr. Froehlich recommended approval of the updated routing studies for Main Segments 14 and 15. He stated that the value studies for the tracts of land included for right-of-way acquisition for Main Segments 14 and 15 provided by PAS Property Acquisition Services, LLC, the Authority's property acquisition consultant, were previously distributed through the Authority's document sharing site.

Mr. Froehlich reminded the Board that an offset of the Authority's existing water line around a proposed storm sewer is required due to Fort Bend County's planned improvements to Old Richmond Road. He reported on the status of BGE's preparation of design plans and a contract to advertise for bids for the offset project.

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 is working with contractors to obtain budgetary costs for demolishing the pavement at the dead-end of Addicks-Clodine Road to try to prevent dumping within the Main Segment 2 easement for review by the Authority's Capital Planning and Design Committee.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones requested authorization for BGE to coordinate with the Authority's consultants to update the Authority's Emergency Preparedness Plan for submission to the Texas Commission on Environmental Quality ("TCEQ").

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 requested authorization to submit a request for release of escrowed funds to the Texas Water Development Board ("TWDB") for payment of the following cash calls for the Surface Water Supply Project to the WHCRWA by April 25, 2022:

- (1) Cash Call No. 1 for the Repump Station in an amount of \$23,146,253.66;
- (2) Cash Call No. 1 for Segment A1/ A2 in the amount of \$61,593,883.90; and
- (3) Cash Call No. 1 for the Central Pump Station in the amount of \$33,071,605.43.

In response to Director Patton's inquiry, Mr. Froehlich stated that a true-up will be performed if there are any future changes in the cost-share allocation for the Surface Water Supply Project.

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

Mr. Pietz 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 for the Influent Pump Station, raw water lines, North Plant, Central Plant, and the Balance of Plant. Mr. Pietz stated that Phase 1 of the project will provide 80 million gallons per day ("MGD") of capacity. He stated that Phase I is currently anticipated to be completed in May 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is currently anticipated to be completed in the summer of 2025.

Mr. Froehlich reported that BGE attended TWDB's Region H Water Planning Group meeting on February 2, 2022.

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

- (1) approve Pay Estimate No. 11, submitted by McKinney for construction of the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$133,918.97;
- (2) approve Pay Estimate No. 9, submitted by McKinney for construction of the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$209,107.72;
- (3) approve Pay Estimate No. 3 submitted by AMB for the Authority's automated meter installation project in the amount of \$226,710.00;
- (4) authorize updating and submitting the Authority's Emergency Preparedness Plan to the TCEQ; and
- (5) authorize submitting a request for release of escrowed funds to TWDB for payment of the following cash calls for the Surface Water Supply Project to the WHCRWA by April 25, 2022: (i) Cash Call No. 1 for the Repump Station in an amount of \$23,146,253.66; (ii) Cash Call No. 1 for Segment A1/ A2 in the

amount of \$61,593,883.90; and (iii) Cash Call No. 1 for the Central Pump Station in the amount of \$33,071,605.43.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Mr. Oliver 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*. He reported that Hidalgo County Water Irrigation District No. 1 filed a response to the petition filed by Hidalgo County Water Improvement District No. 3 in the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter. He stated that the Authority's Amicus Brief is being updated and will be filed at the appropriate time.

FINANCING PLAN MATTERS

Mr. Oliver reported that there were no updates on the Authority's financing plan matters at this time.

REALTY INTEREST ACQUISITION, INCLUDING CONSIDERATION OF THE USE OF EMINENT DOMAIN TO CONDEMN PROPERTY AND REQUEST BOARD APPROVAL OF AMENDED AND RESTATED RESOLUTIONS AUTHORIZING ACQUISITION OF REAL PROPERTY (MAIN SEGMENTS 14 AND 15) TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE AUTHORITY TO ACQUIRE CERTAIN PROPERTIES AND PROPERTY INTERESTS FOR THE 2025 SURFACE WATER CONVERSION AND AUTHORIZING THE INITIATION OF CONDEMNATION PROCEEDINGS TO ACQUIRE SUCH PROPERTIES AND PROPERTY INTERESTS

The Board reviewed Amended and Restated Resolutions Authorizing Acquisition of Real Property for Main Segments 14 and 15 (collectively, the "Resolutions"). Director Gay moved that the Board of Directors of the Authority, in a record vote, (i) approve the Amended and Restated Routing Studies for Main Segments 14 and 15, including the range of values to be utilized for property acquisition negotiations; and (ii) adopt the Resolutions authorizing the use of the power of eminent domain to acquire certain properties and other property interests at the general locations and along the general route, as shown on Exhibit A to the respective Resolutions, 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 Fay seconded the motion, which was approved by unanimous vote.

ADOPT ORDER DECLARING DIRECTORS ELECTED AND CANCELLING DIRECTOR APPOINTMENT PROCESS

Mr. Oliver presented an Order Declaring Directors Elected and Cancelling Director Appointment Process. He discussed the appointment process and stated that the Director nominations for Precincts 2, 4, and 6 were uncontested. After review and discussion, Director Patton moved to adopt the Order Declaring Directors Elected and Cancelling Director Appointment Process stating that Robert Darden, Michael Rusk, and Peter Houghton are appointed as directors of the Authority, to serve until May 15, 2026, or until their successors have been duly appointed and qualified. Director Fay seconded the motion, which carried unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold its regular meeting at 6:00 p.m. on March 23, 2022.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:10 p.m., pursuant to (1) Section 551.072, Texas Government Code, to discuss the purchase, exchange, lease, or value of real property; and (2) Section 551.071, Texas Government Code, to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under (i) the Second Supplement to the Authority's Water Supply Contract with COH; and (ii) the Authority's Joint Facilities Agreement with the WHCRWA. The Board determined that the attendance in this executive session of Mr. Froehlich and Mr. Pietz 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 7:52 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)



[Handwritten Signature]
Asst. Secretary, Board of Directors

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