

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

March 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 23<sup>rd</sup> day of March 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 for Directors Houghton, Gay, and Fay, 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"); and Christina Miller, Aaron Carpenter, and Kia Fields 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 Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Mike Halde of HR Green, Inc.; Kyle Kaspar of Jones & Carter, Inc.; 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; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; 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; Randy Carter and 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 February 23, 2022. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Darden 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, 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 is scheduled to give a presentation to the City of Fulshear City Council in early summer 2022.

Ms. Milberger reported that the Authority will participate in Fort Bend County Municipal Utility District No. 35's ("FB 35") Native Plant Event and Festival scheduled from 1:00 p.m. to 3:00 p.m., on April 23, 2022, at FB 35's Family Park, located at 5203 Heather Dawn Court. She stated that the Authority's water conservation mobile teaching lab will be at the event and the Authority will have a booth at the event.

Ms. Milberger reported that, as previously approved by the Board, the Authority is sponsoring a 10'x10' booth at the Association of Water Board Directors summer conference scheduled June 23-25, 2022.

Ms. Milberger discussed reporting requirements for non-exempt retail providers to submit annual reports documenting implementation of their annual water conservation plan to the Authority by May 1, 2022.

Ms. Milberger reported that 89 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during February 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 has prepared a draft Alternative Water Supply Credit Agreement for review by Harris-Fort Bend Counties Municipal Utility District No. 1.

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 were due for submission to the Authority by March 1, 2022. She reported that she has received completed interest forms for the program from 49 municipal utility districts. She stated that 50 municipal utility districts previously participated in the Authority's Larry's Toolbox Water Conservation Program in 2021.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended approval of fourth quarter rebate payments to the participants in the 2020 Larry's Toolbox Water Conservation Program that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$275,677.57.

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including approval of fourth quarter rebate payments to the participants in the 2020 Larry's Toolbox Water Conservation Program that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$275,677.57. Director Hollingsworth 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

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, a 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. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report, including payment of the invoices as presented. 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 Hollingsworth moved to approve the operator's report as presented. Director Abrahamson seconded the motion, which passed unanimously.

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Ms. Milberger reported that the Texas Commission on Environmental Quality's (the "TCEQ") rules require that the Authority review its water conservation plan and submit an annual report on implementation of the water conservation plan prior to May 1, 2022. She reported that the Authority's CCR Committee recommends that the Board authorize submission of the annual report on implementation of the water conservation plan to the TCEQ as required. Following discussion, Director Hollingsworth moved to authorize submission of the annual report on implementation of the water conservation plan to the TCEQ. Director Abrahamson seconded the motion, which passed unanimously.

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Ms. Miller reported that the TCEQ's rules require that the Authority complete an annual review of its Drought Contingency Plan by May 1, 2022. Mr. Clayton stated that there were no recommended changes to the Authority's Drought Contingency Plan at this time.

#### ADOPT UPDATED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board reviewed an updated Crisis Management Media Relations Plan. Following review and discussion, Director Abrahamson moved to adopt the updated Crisis Management Media Relations Plan. Director Hollingsworth seconded the motion, which passed unanimously.

#### ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's critical load spreadsheet, which had been previously provided to the Authority's operator, engineer, and bookkeeper for review. Ms. Miller stated that the critical load information on the Authority's facilities is required to be reviewed at least annually and provided to certain entities, which include the Authority's electricity provider, the Public Utility Commission, and other governmental entities. After review and discussion, Director Hollingsworth moved to

approve the critical load spreadsheet, authorize providing it to the appropriate entities, and direct that a copy be retained in the Authority's official records. 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 on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority.

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 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. 12, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$80,750.00.

Mr. Froehlich reported that Notice to Proceed was issued to Glamco for the Grand Lakes Reuse Irrigation System Retrofit Project effective February 14, 2022, and the project is approximately 17% complete. He recommended that the Board approve Pay Estimate No. 1 submitted by Glamco for the project in the amount of \$129,437.23.

Mr. Froehlich reported on the status of 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 stated that construction is approximately 90% and completion is anticipated in May 2022.

Mr. Froehlich reported that Notice to Proceed was issued to Earthcare Landscaping for the FB 146 and FB 194 Reuse Irrigation System Retrofit Project effective February 21, 2022, and the project is underway.

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 25% complete with 59 installed meters. He recommended approval of Pay Estimate No. 4 submitted by AMB in the amount of \$124,560.00. He

reviewed a list of three Right of Entry Agreements ready for execution for the project.

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 as required by TxDOT's project is complete. He said that BGE has resumed coordination with TxDOT on preparing the Standard Utility Agreement for reimbursement of engineering and construction costs to the Authority.

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 13D.

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 has prepared 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"). He stated that BGE is evaluating potential costs related to user irrigation system retrofitting prior to distribution of the term sheet to FB 34's attorney.

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 along Main Segment 3 is complete. He stated that BGE is awaiting results from the new testing.

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. He requested authorization to advertise for bids for the construction contract once all plan approvals are received.

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

Mr. Jones reported on coordination with the Authority's consultants to update the Authority's Emergency Preparedness Plan for submission to the 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, and the Central Pump Station. A copy of a chart listing the status of construction is included in the engineer's report.

Mr. Jones reported that requests for release of escrowed funds were submitted on March 10, 2022, to the Texas Water Development Board (the "TWDB") for payment of the following cash calls for the Surface Water Supply Project to the WHCRWA:

- (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.

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 ("NEWPP") 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 approximately one month behind schedule in early 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is currently anticipated to be completed approximately one month behind schedule in the summer of 2025.

Mr. Jones requested authorization to submit a request for release of escrowed funds to the TWDB for payment of Cash Call No. 11 for the NEWPP Expansion Project to COH by May 2, 2022, in the amount of \$50,421,913.98.

Mr. Froehlich reported that BGE submitted the Authority’s annual report on implementation of the water conservation plan to the TWDB on March 11, 2022.

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

- (1) approve Pay Estimate No. 12, submitted by McKinney for construction of the reclaimed water distribution system for the Authority’s joint reclaimed water system project with Grand Lakes in the amount of \$80,750.00;
- (2) approve Pay Estimate No. 1, submitted by Glamco for construction of the Grand Lakes Reuse Irrigation System Retrofit Project in the amount of \$129,437.23;
- (3) approve Pay Estimate No. 4 submitted by AMB for the Authority’s automated meter installation project in the amount of \$124,560.00;
- (4) authorize advertisement for bids on the Old Richmond Road Waterline Offset once plans are fully approved;
- (5) authorize payment of the three cash calls received for the Surface Water Supply Project to the WHCRWA upon the TWDB’s approval of the requests for release of escrowed funds; and
- (6) authorize submitting a request for release of escrowed funds to the TWDB for payment of Cash Call No. 11 for the NEWPP Expansion Project to COH by May 2, 2022, in the amount of \$50,421,913.98, and payment of the cash call upon the TWDB’s approval of the request.

Director Hollingsworth 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*. She



reported that the Authority's joint Amicus Brief in the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter was updated and filed on March 14, 2022.

#### FINANCING PLAN MATTERS

Ms. Miller stated that amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's Clean Water State Revolving Fund 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 that no filings are currently due for the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A.

#### REALTY INTEREST ACQUISITION

Ms. Miller reviewed three Right of Entry Agreements for the Authority's automated meter reader installation project as listed on the attached chart of Right of Entry Agreements. 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.

#### MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold its regular meeting at 6:00 p.m. on April 27, 2022.

#### CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:51 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 related to Public Utility Commission of Texas Docket No. 53363; Petition of the City of Fulshear Appealing the Decision of the North Fort Bend Water Authority to Increase Groundwater Reduction Plan and Surface Water Fees (the "Rate Challenge").

#### RECONVENE IN OPEN SESSION

At 7:08 p.m., the Board reconvened in open session. Director Abrahamson moved to engage Kemp Smith LLP to represent the Authority in matters related to the Rate Challenge. Director Darden seconded the motion, which passed unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:13 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney. The Board determined that the attendance in this executive session of Mr. Froehlich and Ms. Frankovich 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 7:39 p.m., the Board reconvened in open session. Director Abrahamson moved to approve BGE's proposal for software upgrades related to the Authority's TrueBill and TrueCIP server in an amount not to exceed \$10,000.00. Director Hollingsworth seconded the motion, which passed unanimously.

Director Hollingsworth moved to designate Director Patton as the Authority's representative to authorize the terms and conditions of a finalized Lease of Water Rights with COH for the lease of a portion of the Authority's Phase 1 capacity in the NEWPP Expansion Project in an amount not to exceed 5 MGD per day until the completion of the NEWPP Expansion Project in the amount of \$1.40 per 1,000 gallons. Director Abrahamson seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.

  
Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

|                                                         | Minutes     |
|---------------------------------------------------------|-------------|
|                                                         | <u>Page</u> |
| Memorandum Regarding Water Conservation and Reuse ..... | 2           |
| Bookkeeper's report.....                                | 3           |
| Operator's report.....                                  | 4           |
| Engineer's report.....                                  | 5           |
| Chart Listing Right of Entry Agreements.....            | 9           |