

MINUTES

NORTH FORT BEND WATER AUTHORITY

May 25, 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 25th day of May 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
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Dana Hollingsworth	Assistant Secretary
Michael Rusk	Director

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

Also present in person were Matt Froehlich, Whitney Milberger, Kyle Jones, and Quy Huynh of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; John Pertgen and Carl Peters of Kingsbridge Municipal Utility District; Dale Clayton and Missy Steadman of Inframark, LLC; Larry D. Goldberg of CivilTech Engineering, Inc.; Rich Patrick of Ninyo & Moore; and David Oliver, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

In order to provide additional public access, 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 Julia Frankovich and Ian Pietz of BGE; Chase Juhl of DEC; Mike Halde of HR Green, Inc.; Sylvester Johnson of RPS Infrastructure, Inc.; Kyle Kaspar of Quiddity Engineering, LLC; 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; Philip Huseman of Fort Bend County Municipal Utility District No. 142; David Johnson; and additional members 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.

DIRECTOR APPOINTMENT MATTERS

The Board considered approval of the Sworn Statements and Oaths of Office for Directors Houghton, Rusk, and Darden and the Bonds for Director Rusk.

The Board considered reorganizing the Directors’ officer positions and filing an updated District Registration Form reflecting the newly appointed Director and updated officer positions with the Texas Commission on Environmental Quality (the “TCEQ”) as follows:

Peter Houghton	President
Robert Patton	Vice President
Dana Hollingsworth	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson, II	Assistant Secretary
Michael Rusk	Assistant Secretary

After review and discussion, Director Patton moved to (1) approve the Sworn Statements, Bond, and Oaths of Office and direct that the Oaths of Office be filed with the Secretary of State and the documents be retained in the Authority’s official records; and (2) reorganize the Board as discussed and authorize execution and filing of an updated District Registration Form with the TCEQ. Director Abrahamson seconded the motion, which passed unanimously.

Mr. Oliver reviewed requirements for each elected or appointed public official related to completing a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code, within 90 days of taking the oath of office.

Mr. Oliver reviewed a memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Mr. Oliver additionally reviewed a List of Local Government Officers that the Authority is required to maintain pursuant to Chapter 176 of the Texas Local Government Code.

After review and discussion, Director Patton moved to approve and authorize execution of the List of Local Government Officers and direct that the list be retained in

the Authority's official records. Director Hollingsworth seconded the motion, which passed unanimously.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on April 27, 2022, and special meeting held on May 4, 2022. After review and discussion, Director Fay 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 on her attendance on behalf of the Authority at Cinco Municipal Utility District No. 1's Board of Directors meeting on May 11, 2022, and Cinco Residential Property Association, Inc.'s Annual Meeting on May 23, 2022.

Ms. Milberger reported that the Authority hosted its water conservation mobile teaching lab, activities, and a booth at Fort Bend County Municipal Utility District No. 146's Annual HOA Meeting and Get Together held on May 24, 2022. She reported that the Authority is scheduled to similarly participate at Fort Bend County Municipal Utility District No. 124's Native Pant Event on October 16, 2022.

Ms. Milberger reported that the Authority will sponsor booth no. 120 at the Association of Water Board Directors summer conference scheduled for June 23-25, 2022.

Ms. Milberger reported that 104 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during April 2022.

Ms. Milberger reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum. She reported that BGE continues to assess potential reuse projects. In response to Director Houghton's inquiry, she stated that she will evaluate Fort Bend County Municipal Utility District No. 169's reclaimed water usage in March to determine the reason for the significant increase in usage.

Ms. Milberger reported that the Integrated Water Management Plan has been added to the Authority's new well permit request document.

Ms. Milberger discussed implementation of the Authority's 2022 Water Provider Conservation Program, including the availability of a link to the resource folder on the

Authority's website. She reported that bill inserts are being shipped to the program's participants. She discussed the planned implementation of the Flume Smart Home Water Monitor Program by Fort Bend County Municipal Utility District No. 146.

Ms. Milberger summarized the achievements of the following participants that earned the highest number of points in the Authority's 2021 Larry's Toolbox Water Conservation Program:

- Fort Bend County Municipal Utility District No. 142;
- City of Fulshear;
- Fort Bend County Municipal Utility District No. 146;
- Cinco Municipal Utility District No. 7; and
- Cinco Municipal Utility District No. 8.

Ms. Milberger reviewed photographs of recognition stones to be provided to the five participants for placement in their parks or other public areas.

Following review and discussion, Director Hollingsworth moved to approve the Water Conservation and Reuse report. Director Abrahamson seconded the motion, which passed unanimously.

CONTRACTS

Mr. Oliver reminded the Board that the Authority's Integrated Reliability On Call Master Service Agreement and Ground Lease with Enchanted Rock does not allow for the Authority to continue participating in Enerwise Global Technologies, Inc. d/b/a CPower's ("CPower") Demand Response Program. He recommended terminating the Authority's Master Load Response Services Agreement with CPower for participation in its Demand Response Program. Following discussion, Director Fay moved to authorize execution of a letter of termination for the Authority's contract with CPower. Director Hollingsworth seconded the motion, which passed unanimously.

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

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, fund and wire transfers, a supplemental cash flow report, account balances, a current period and year-to-date actual versus budget comparison, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached.

Mr. Watson review a memorandum outlining recommendations from the Authority's Finance and Policy Committee related to appeals of delinquent fees and rule violations from Kingdom Heights Homeowners Association and Marshall Oaks

Homeowners Association. A copy of the memorandum is attached to the bookkeeper's report.

Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report, including approval of (1) payment of the invoices as presented; (2) an extended payment plan for all of Kingdom Heights Homeowners Association's unreported water use totaling 3,432,100 gallons beginning in August 2018, at the Authority's current rate, with no additional penalties, resulting in the total amount of \$15,616.05; and (3) a six-month payment plan for Marshall Oaks Homeowners Association's unusual significant groundwater use caused by a leaking amenity well in January 2022 in the total amount of \$10,038.21. Director Fay seconded the motion, which passed unanimously.

Mr. Froehlich responded to an inquiry from a meeting attendee regarding the Authority's purchase of meters for the Authority's automated meter installation project.

APPROVE FILING OF ANNUAL REPORT

Mr. Oliver reported on filing requirements related to the Authority's updated financial, operating, and certain other data included in the Annual Report prepared in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Following review and discussion, Director Hollingsworth moved to approve the updated Annual Report and direct that the report be filed appropriately and retained in the Authority's official records. Director Darden seconded the motion, which passed unanimously.

PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the Authority's procedures for continuing disclosure compliance. Mr. Oliver stated that no changes to the procedures are 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 reported on repairs made to a light on the Authority's mobile learning lab and a breaker pump for booster pump no. 3 at the Bellaire Pump Station.

Mr. Clayton reviewed a quote from Texas Pride Utilities, LLC for the repair of a leaking 16-inch valve for the remote meter for Grand Mission Municipal Utility District No. 1 located on Main Segment 5 in the amount of \$44,775.00.

Following review and discussion, Director Patton moved to approve the

operator's report as presented, including repair of the leaking 16-inch valve for the remote meter for Grand Mission Municipal Utility District No. 1 located on Main Segment 5 in the amount of \$44,775.00. Director Fay 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 a meeting of Fort Bend Subsidence District's ("FBSD") stakeholders held on May 17, 2022.

Mr. Froehlich reported that FBSD will hold a public hearing on June 21, 2022, related to the recommendation received from its Rules and Regulations Committee to approve the City of Sugar Land's request to delay the deadline for alternative water conversion from 2025 to 2027.

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 BGE provided written acknowledgement of Fort Bend County Municipal Utility District No. 134F's notice of creation and confirmation that FB 134F's anticipated water demand is included in the Authority's GRP.

Mr. Froehlich recommended responding to a survey from the Texas State Auditor's Office related to the Authority's emergency communication practices.

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 stated that construction is approximately 95% complete. He discussed phased delivery of reclaimed water and delays in the delivery of materials. He recommended that the Board approve Pay Estimate No. 14, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$112,575.00.

Mr. Froehlich reported on the status of construction of the Grand Lakes Reuse

Irrigation System Retrofit Project. He stated that construction is approximately 62% complete. He recommended that the Board approve Pay Estimate No. 3 submitted by Glamco for the project in the amount of \$193,055.31.

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% complete. He recommended that the Board approve Pay Estimate No. 11 submitted by McKinney for the project in the amount of \$80,940.00.

Mr. Froehlich reported on the status of construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project. He stated that construction is approximately 18% complete. He recommended that the Board approve Pay Estimate No. 2 submitted by Earthcare Landscaping for the project in the amount of \$66,786.56.

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 25% complete with 59 installed meters. He reviewed a list of two 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 working on obtaining permission from the Texas Department of Transportation ("TxDOT") for use of existing temporary access from SH 99 to address additional comments from Fort Bend County.

Mr. Froehlich reported that the TxDOT's 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 submitted the Standard Utility Agreement for reimbursement of engineering and construction costs to TxDOT for review and approval.

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 Main Segment 13B; (2) BGE for Main Segment 18A; (3) Carollo Engineers, Inc. for Main Segment 19; (4) Quiddity Engineering LLC for Phases 1 and 2 of Main Segment 13Ci and the surface water line connection for FB 229; (5) Binkley & Barfield, Inc. for Main Segments 13Cii and 13D; and (6) HR Green, Inc. for the surface water line connection for FWSD 2's water plant no. 2.

Mr. Froehlich reported that the engineer for FWSD 2 plans to advertise for bids for construction of FWSD 2's water plant no. 1, which includes the Authority's surface

water line connection to the water plant, in May or June 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 provided an initial Summary of Terms related to the design, construction, and maintenance of the effluent reuse system for a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 34 and 35.

Mr. Froehlich reported that BGE is reviewing a draft technical memorandum for the second phase of the Authority's water blending project from its subconsultant, Corona Environmental Consulting, LLC.

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 for Main Segment 3. He reported that the additional testing results for Main Segment 3 show that the improvements significantly reduced the levels of induced alternating electric current to an acceptable range. He recommended approval of a proposal for additional induced current testing for Main Segment 3 during peak months and over a 24-hour period in the amount of \$7,130.00.

Mr. Froehlich presented a proposal from BGE for 2022 quarterly and annual cathodic protection services to be performed on a time and materials basis in an amount not to exceed \$45,000.00.

Mr. Froehlich reported on the status of BGE's design of an offset of the Authority's existing water line around a proposed storm sewer required by Fort Bend County's planned improvements to Old Richmond Road. He stated that additional comments from City of Houston ("COH") are being addressed. He stated that the project will advertise for bids once all plan approvals are received.

In response to Director Houghton's inquiries, Mr. Froehlich reported on the status of FBSD's studies on subsidence rates. Discussion ensued regarding FBSD's anticipated delay of the deadline for surface water conversion from 2025 to 2027.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

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 discussed the status of the Authority’s negotiations related to a proposed Amended and Restated Joint Facilities Agreement with the WHCRWA. He stated that a negotiating session with the goal of finalizing the agreement is planned for mid-June 2022.

Mr. Jones reported that BGE reviewed COH’s true-up report for the operations of the East Water Purification Plant for fiscal year 2021 and notified COH that BGE has no comments regarding the report.

Mr. Jones 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 and is currently anticipated to be completed approximately one month behind schedule in early 2023. He discussed anticipated testing, commissioning, and startup of the plant. 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 reported that he authorized, on behalf of the Authority, a Consensus Vote No. 30 for a change order related to rerouting of a 66-inch water line for the NEWPP Expansion Project in the amount of \$300,000.00.

Mr. Jones reported on Notices of Intent issued by COH for withdrawal of funds for Cash Call Nos. 7B, 8B, and 10 for the NEWPP Expansion Project.

Mr. Froehlich reported on a meeting of the Texas Water Development Board’s (the “TWDB”) Region H Planning Group held on May 4, 2022.

Mr. Froehlich reported on an annual meeting with the TWDB attended by ABHR, BGE, and the Authority’s financial advisor to discuss the Authority’s financial health and an annual project review held on May 6, 2022.

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

- (1) responding to a survey from the Texas State Auditor’s Office related to the Authority’s emergency communication practices;

- (2) Pay Estimate No. 14, 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 \$112,575.00;
- (3) Pay Estimate No. 3, submitted by Glamco for construction of the Grand Lakes Reuse Irrigation System Retrofit Project in the amount of \$193,055.31;
- (4) Pay Estimate No. 11 submitted by McKinney for the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$80,940.00;
- (5) Pay Estimate No. 2 submitted by Earthcare Landscaping for construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project in the amount of \$66,786.56;
- (6) a proposal for additional induced current testing for Main Segment 3 during peak months and over a 24-hour period in the amount of \$7,130.00; and
- (7) a proposal from BGE for 2022 quarterly and annual cathodic protection services in an amount not to exceed \$45,000.00.

Director Fay seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Mr. Oliver stated that there were no updates related to the Authority's amicus briefs filed in *San Jacinto River Authority v. City of Conroe and City of Magnolia* or the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matters.

FINANCING PLAN MATTERS

Mr. Oliver reported that during the annual meeting with the TWDB held on May 6, 2022, the TWDB confirmed that unused excess funds from the Authority's reclaimed water system project for Grand Lakes M.U.D. Nos. 1, 2, and 4, can be utilized for payment of debt service for bonds issued for the project through funding received from TWDB's Clean Water State Revolving Fund.

Mr. Oliver reported on the Authority's obligations related to its Note Purchase Agreement with JPMorgan Chase Bank, N.A. He stated that Certificates of No Default are due for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports.

Following review and discussion, Director Patton moved to authorize execution of the Certificates of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports. Director Hollingsworth seconded the motion, which passed unanimously.

REALTY INTEREST ACQUISITION

Mr. Oliver discussed a proposed Water Line Easement to be granted by Fort Bend County Municipal Utility District No. 169 ("FB 169") for Parcels 13B.07R2 and 13B.15. He reported that ABHR is counsel for FB 169 and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of the proposed Water Line Easement to be granted by FB 169. Following review and discussion, Director Hollingsworth moved to authorize execution of a legal conflict waiver for ABHR's preparation of the Water Line Easement. Director Abrahamson seconded the motion, which passed unanimously.

Mr. Oliver reviewed (1) one Water Line Easement for Parcels 13B.07R2 & 13B.15; and (2) two Right of Entry Agreements with Katy Independent School District and Grand Mission Homeowners Association, Inc. for the Authority's automated meter reader installation project. Charts listing the Water Line Easement and Right of Entry Agreements are attached. Following review and discussion, Director Hollingsworth moved to authorize execution of the Water Line Easement and Right of Entry Agreements as presented. Director Abrahamson seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to reschedule its regular meeting to June 29, 2022.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:30 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 pending or contemplated litigation and the Authority's legal rights and obligations related to (i) the Second Supplement to the Authority's Water Supply Contract with COH; (ii) 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; and (iii) 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.

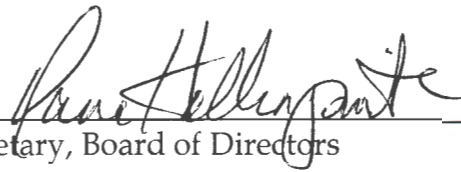
RECONVENE IN OPEN SESSION

At 8:24 p.m., the Board reconvened in open session. Director Hollingsworth moved to authorize (1) a settlement offer for Parcel 17A.04 as discussed; and (2) obtaining an appraisal report for Parcel 17A.05. Director Abrahamson seconded the motion, which passed unanimously.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum regarding required conflict of interest disclosure	2
Memorandum Regarding Water Conservation and Reuse	3
Bookkeeper's report.....	4
Operator's report.....	5
Engineer's report.....	6
Charts Listing Realty Interests and Right of Entry Agreements.....	11