

MINUTES

NORTH FORT BEND WATER AUTHORITY

September 22, 2021

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 22nd day of September, 2021, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 1st Floor, Lubbock Conference Room, Houston, Texas, and the roll was called of the members of the Board:

Peter Houghton	President
Robert Patton	Vice President
Melony Gay	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Dana Hollingsworth	Assistant Secretary

and all of the above were present except Director Hollingsworth who attended via videoconference, thus constituting a quorum.

Also present were Matt Froehlich, Whitney Milberger, and Tiffany Moore of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Christina Miller and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Carl Peters and John Pertgen of Kingsbridge Municipal Utility District; and Rich Patrick of Nino & Moore.

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/or 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 and/or videoconference for all or a portion of the meeting were Duval M. McDaniel of Cinco Municipal Utility District No. 5; Amanda Beasley of Triton Consulting Group; Kyle Jones, Ian Pietz, and Liliana Gregorian of BGE; Aaron Carpenter and Sandra Staine of ABHR; and additional members of the public.

COMMENTS FROM THE PUBLIC

Ms. Miller offered any members of the public attending the meeting in-person or by telephone or videoconference the opportunity to make public comment. Mr. McDaniel addressed the Board to express his dissatisfaction with an error in the start

time of the meeting included in the Zoom registration notification email he received and to request that the notification email contain a statement regarding where the agenda packet can be accessed.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on August 25, 2021. After review and discussion, Director Gay moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Director Darden who was not present and Director Hollingsworth who attended via videoconference.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND LARRY'S TOOLBOX WATER CONSERVATION PROGRAM ("LARRY'S TOOLBOX PROGRAM")

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

Ms. Milberger reminded the Board that the Authority is a Bronze Sponsor of the Texas Water Development Board's (the "TWDB") 2021 Water for Texas Conference scheduled for September 27-29, 2021, at the AT&T Executive Education and Conference Center in Austin, Texas.

Ms. Milberger reported that BGE will participate in the Association of Water Board Directors (the "AWBD") Social Media Summit on behalf of the Authority on October 1, 2021. She reported that the AWBD has requested that the Authority appoint a Voting Member Representative for the AWBD's current election to amend its Bylaws and future AWBD elections. Following discussion, the Board concurred to appoint Director Fay as the Authority's Voting Member Representative.

Ms. Milberger reported on planned attendance and utilization of the Authority's water conservation mobile teaching lab at future community events.

Ms. Milberger reported on her attendance at the September 20, 2021, meeting of the Board of Directors of Cornerstones Municipal Utility District.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee (the "CCR Committee") is reviewing Mighty Citizen's social media recommendations and overall outreach efforts for the fall of 2021. She stated that the photo and video sessions for the Authority's Water Force campaign are planned for October 19, 2021 and October 20, 2021, at the Bellaire Pump Station and a site within Fort Bend County Municipal Utility District No. 146 ("FB 146").

Ms. Milberger reported that 86 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during August 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program.

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

Ms. Milberger reported on the status of Integrated Water Management Plans due for submission to the Authority by Fort Bend County Municipal Utility District No. 168, Charleston Municipal Utility District, and Brazoria-Fort Bend Counties Municipal Utility District No. 3.

Ms. Milberger reported on the status of Fort Bend County Municipal Utility District No. 229's reclaimed water system pilot program that includes completion of an Integrated Water Management Plan.

Ms. Milberger reported that information regarding supplemental initiatives added to the 2021 Larry's Toolbox Program due to the impact of COVID-19 will be distributed to the participants soon. She reported that two interactive webinars will be held virtually on November 2, 2021 and November 3, 2021. Ms. Milberger additionally reported that the CCR Committee recommends adding a supplemental plant giveaway initiative to the Native and Adaptive Plan initiative included in the 2021 Larry's Toolbox Program. She reviewed the requirements of the supplemental initiative and the corresponding points to be awarded for successful completion.

Ms. Milberger reported that the Authority's CCR Committee recommends that the Authority authorize execution of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 34 ("FB 34") and WaterLogic, Inc. for a proposal for implementing the Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for the 2021 Larry's Toolbox Program in the amount of \$51,872.00.

Ms. Milberger reported on the status of BGE's preparation of the program guide for the proposed 2022 Water Provider Conservation Program, which will replace the Larry's Toolbox Program moving forward.

Ms. Milberger reported that the Authority's CCR Committee recommended approval of second quarter rebate payments to the participants in the 2020 Larry's Toolbox Program that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$255,261.18.

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

- (1) authorize the supplemental plant giveaway initiative and corresponding points for the 2021 Larry's Toolbox Program;
- (2) authorize execution of a Consulting Service Agreement with FB 34 and WaterLogic, Inc. for implementing the Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for the 2021 Larry's Toolbox Program in the amount of \$51,872.00; and
- (3) approve second quarter rebate payments to the participants in the 2020 Larry's Toolbox Program that earned the required nine points necessary to receive a reduced 2021 water rate in the total amount of \$255,261.18.

Director Fay seconded the motion, which passed unanimously, except for Director Darden who was not present and Director Hollingsworth who attended via videoconference.

Ms. Gregorian gave a presentation titled "Quantifying Conservation Evaluation" that evaluated water use modeling and concluded that the Authority's water conservation projects are having a positive impact on reducing the amount of water used within the Authority. Mr. McDaniel and Ms. Beasley provided positive comments regarding the evaluation. Ms. Beasley stated that Kingsbridge Municipal Utility District also performed a study of the impact of implementing water conservation initiatives on water use within its district. Director Houghton requested that BGE's presentation be distributed to the Authority's constituents.

CONTRACTS

The Board concurred to defer this item.

PROPOSAL FOR CYBER LIABILITY INSURANCE POLICY

Ms. Miller reported that a proposal for cyber liability insurance has been placed on the Authority's document sharing site for discussion during the October Committee and Board meetings.

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, current period and year-to-date actual versus budget comparisons, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. In response to inquiries, Mr. Watson explained that two account receivables from May 2021 were the result of an error caused by conversion of the Authority's online pumpage reporting system. He stated that the 2022 fiscal year budget will capture the

increased volume of One Call Service fees.

Director Houghton, Mr. Froehlich, and Ms. Miller responded to Mr. McDaniel's inquiry regarding the impact of alternate water on the Authority's revenues.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the invoices. Director Fay seconded the motion, which passed unanimously, except for Director Hollingsworth who attended via videoconference.

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

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton confirmed that there were no issues to report related to the COVID-19 epidemic.

Mr. Clayton presented the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. Mr. Clayton reported that the generator on the Authority's water conservation mobile teaching lab was replaced due to sound concerns. He reported that the internet service at the Bellaire Pump Station was upgraded to allow operating personnel to login remotely.

Following review and discussion, Director Gay moved to approve the operator's report as presented. Director Abrahamson seconded the motion. In response to Director Hollingsworth's inquiries, Mr. Clayton reported that the City of Houston ("COH") has not determined the cause for the discrepancies between the amounts of water purchased and sold by the Authority for June and July, 2021. He stated that it appears one of the meters was read five or six days later than normal. He said that COH placed a device on the meter so that it can be read remotely in the future. The motion passed unanimously, except for Director Hollingsworth who attended via videoconference.

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 that the Fort Bend Subsidence District's (the "FBSD") public hearing for the proposed changes to the disincentive fee scheduled for September 14, 2021, was cancelled due to Hurricane Nicholas and will be rescheduled.

Mr. Froehlich recommended payment of the FBSD's invoices for renewal of the Authority's water well permit for the 2021-2022 permit year in the amount of \$220,000.00.

Mr. Froehlich reported on coordination with Inframark on performance of the annual remote well meter readings.

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 a letter to Fort Bend County Municipal Utility District No. 58 ("FB 58") acknowledging FB 58's proposed annexation of 13.74 acres.

Mr. Froehlich reported on BGE's coordination with the engineer for Fort Bend County Fresh Water Supply District No. 2 ("FBFWS 2") on FBFWS 2's request for a water supply agreement with the Authority.

Mr. Froehlich reported on the status of a proposed Water Well Permitting and Groundwater Reduction Plan Responsibility Agreement with Cornerstones Municipal Utility District in relation to Well No. 13703 that is located outside of the Authority's boundaries. He stated that a draft of the agreement has been forwarded to the attorney for Cornerstones Municipal Utility District for review.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

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

Mr. Froehlich reported on the status of 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. 6, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$348,927.30.

Mr. Froehlich reported on the status of construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and Fort Bend County Municipal Utility District No. 194 ("FB 194"). He recommended that the Board approve Pay Estimate No. 4, submitted by McKinney for the project in the amount of \$236,502.00. Mr. Froehlich additionally recommended approval of an easement crossing agreement with the Gulf Coast Water Authority ("GCWA") for the project's proposed waterline crossing located along the edge of Oyster Creek, subject to attorney review.

Mr. Froehlich reported on the status of construction of the wastewater treatment plant improvements for the Authority's joint reclaimed water system project with Grand Lakes. He stated that the project is complete. He recommended that the Board approve Pay Estimate No. 18 and Final, submitted by JTR Constructors Inc. in the amount of \$255,033.48 and acceptance of the project.

Mr. Froehlich reported on the status of construction for the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's water plant no. 3. He stated that a final pay estimate has not yet been received from the contractor, D.L. Elliott Enterprises, Inc.

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 ongoing. He stated that ABHR is reviewing comments to certain draft Right of Entry Agreements as they are received. Mr. Froehlich reviewed a list of nine Right of Entry Agreements for the first phase of the project that he said were ready for the Board's execution. He reviewed a list of three recorded Right of Entry Agreements and stated that notices to proceed were issued for installation of the three meters.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that COH's approval of the plans will be obtained after completion of the first phase of an updated transient analysis.

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 stated that design plan approvals have been received from COH. He reported that BGE is working on obtaining design plan approvals from Fort Bend County. He reported that design of the project is on hold pending TxDOT's schedule for right-of-way acquisition.

Mr. Froehlich reported on the status of design for the Authority's proposed 2025 surface water supply system (the "2025 System") by the following design consultants: IDS Engineering Group for Main Segment 13B; BGE for Main Segment 18A; and Carollo Engineers, Inc. for Main Segment 19. He stated that once the necessary right-of-entry agreements are obtained, kickoff meetings will be held with Jones & Carter, Inc. for Main Segment 13Ci and the connection water line for Fort Bend County Municipal Utility District No. 229 and Binkley & Barfield, Inc. for Main Segments 13Cii and D. Mr. Froehlich reported on the status of HR Green, Inc.'s ("HRG") design of the connection surface water line for FBFWSD 2 located at West Bellfort Street. He stated that BGE is working with HRG to modify the scope of work for the design of the connection surface water line for FBFWSD 2 located at Dora Drive pursuant to a proposed amendment to the Authority's current Agreement for Professional Design Consulting Services with HRG. He stated that BGE is additionally coordinating with FBFWSD 2's engineer to incorporate the connection surface water line for FBFWSD 2 located at Dora Drive into

the design of FBFWSD 2's water plant.

Mr. Froehlich stated that the report for the first phase of the transient analysis to include Segment 11A is anticipated to be completed within the following week.

Mr. Froehlich reported on the status of FB 146's proposed modifications to the Authority's reclaimed water system facilities related to the installation of increased filtration at FB 146's wastewater treatment plant. He recommended approval of a revised letter agreement with FB 146 regarding the proposed modifications.

Mr. Froehlich reported that BGE and ABHR met with FB 34's attorney to discuss a potential effluent reuse project with FB 34 and FB 34's attorney anticipates discussing the potential project with the Board of Directors of FB 34 at its next meeting.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study, including a scheduled meeting between BGE and the contractor to discuss updates.

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 excavations and a geoarchaeological investigation were completed on Main Segment 11A and no cultural material was recovered. He stated that the remaining excavations and geoarchaeological investigations will be completed upon receipt of the necessary Right of Entry Agreements sent to certain property owners for access.

Mr. Froehlich reported that, in 2008, the Board approved a proposal from BGE to establish secondary survey monumentation for the Authority's initial surface water transmission system in the amount of \$180,000.00. He stated that funds remaining from the authorization were utilized and expended on beginning secondary survey monumentation for the 2025 System. He requested approval of an amendment to the proposal to complete the secondary survey monumentation for the 2025 System in an amount not to exceed an additional \$125,000.00.

Mr. Froehlich recommended performing an alternating current close interval survey for Main Segment 3 pursuant to a quote from Farwest Corrosion Control in the amount of \$5,800.00. A copy of the quote is attached to the operator's report.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that Texas Microgrid, LLC submitted an invoice for Grid Outage Fees for August 2021 in the amount of \$36.19 for an electricity outage.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project (the "SWSP") with the West Harris County Regional Water Authority (the

“WHCRWA”), including Segments A, B1, B2, B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the Northeast Meter Station. A copy of a chart listing the status of construction is included in the engineer’s report.

Mr. Jones reported that the previously authorized requests for release of escrowed funds were submitted to the TWDB for payment of the WHCRWA’s cash calls for the SWSP Segments B1 and B2 in the amount of \$76,268,459.48 and Segment B3 in the amount of \$34,777,445.10.

Mr. Jones reported that BGE is reviewing updated system models received from the WHCRWA in connection with the Authority’s negotiations related to an Amended and Restated Joint Facilities Agreement with the WHCRWA. Mr. Jones responded to Director Patton’s questions regarding the model.

Mr. Pietz reported on the status of construction of the Coastal Water Authority’s Luce Bayou Interbasin Transfer Project. He stated that the pump manufacturer anticipates making modifications to the pumps in mid-September and final testing and startup is anticipated to be completed in October.

Mr. Pietz updated the Board on COH’s Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team (“HWT”). He reported on the status of construction for Early Work Package Nos. 2, 4, and 6, and the Balance of Plant package. He reported that COH, representatives of the participating Authorities, and HWT have agreed on terms for two change orders that were executed last month. He reported that an additional change order for changed conditions discovered during construction is anticipated to be received in the approximate amount of \$268,000.00. He stated that the Authority’s share of the change order is anticipated to be in the approximate amount of \$57,000.00.

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

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

- (1) approve the FBSD’s invoices for renewal of the Authority’s water well permit for the 2021-2022 permit year in the amount of \$220,000.00;
- (2) approve Pay Estimate No. 6, submitted by McKinney for the Authority’s joint reclaimed water system project with Grand Lakes in the amount of \$348,927.30;

- (3) approve Pay Estimate No. 4, submitted by McKinney for the Authority's joint reclaimed water system project with FB 146 and 194 in the amount of \$236,502.00;
- (4) authorize execution of an easement crossing agreement with GCWA for the Authority's joint reclaimed water system project with FB 146 and FB 194, subject to attorney review;
- (5) approve Pay Estimate No. 18 and Final, submitted by JTR Constructors Inc. in the amount of \$255,033.48, accept the wastewater treatment plant improvements for the Authority's joint reclaimed water system project with Grand Lakes, and authorize BGE to notify the Authority's insurance company of the new facilities;
- (6) authorize execution of a revised letter agreement with FB 146 regarding proposed modifications to the Authority's reclaimed water system facilities related to the installation of increased filtration at FB 146's wastewater treatment plant;
- (7) authorize execution of an amendment to BGE's proposal for secondary survey monumentation to complete the secondary survey monumentation for the 2025 System in an amount not to exceed an additional \$125,000.00;
- (8) approve performance of an alternating current close interval survey for Main Segment 3 pursuant to a quote from Farwest Corrosion Control in the amount of \$5,800.00; and
- (9) approve payment of an invoice submitted by Texas Microgrid, LLC for Grid Outage Fees for August 2021 in the amount of \$36.19.

Director Abrahamson seconded the motion, which passed unanimously, except for Director Hollingsworth who attended via videoconference.

PARTICIPATION AS AMICUS PARTY IN SAN JACINTO RIVER AUTHORITY V. CITY OF CONROE AND CITY OF MAGNOLIA

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*.

FINANCING PLAN MATTERS

Ms. Miller reported that the Authority's \$115,335,000 Water System Revenue and Revenue Refunding Bonds, Series 2021 closed on September 21, 2021.

Ms. Miller reported that the TWDB approved the Financing Agreements for the Authority's \$20,940,000 Water System Junior Lien Revenue Bonds, Series 2021A ("Series 2021A Bonds") and \$13,035,000 Water System Revenue Bonds, Series 2021B ("Series 2021B Bonds"). She reported on procedures related to the Authority's anticipated sale

of the Series 2021A Bonds and the Series 2021B Bonds at a special meeting of the Board to be held on October 13, 2021.

Ms. Miller reported that the single audit report required pursuant to the Authority's Loan Forgiveness Agreements in connection with the funding received from the TWDB's Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects is due for submission to the TWDB by September 30, 2021.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed nine Right of Entry Agreements for the Authority's automated meter reader installation project and one Water Line Easement for Parcel 16B.02, as listed on the attached charts. Following review and discussion, Director Gay moved to authorize execution of the Right of Entry Agreements and Water Line Easement as presented. Director Abrahamson seconded the motion, which passed unanimously, except for Director Hollingsworth who attended via videoconference.

MEETING PLANNING AND SCHEDULING MATTERS

Following discussion regarding options for holding future meetings of the Board, the Board concurred to (1) hold a special meeting at 1:00 p.m. on October 13, 2021, for the Authority's anticipated sale of the Series 2021A Bonds and the Series 2021B Bonds; (2) continue to hold its regular monthly meetings at 6:00 p.m. at BGE; and (3) continue to post agenda packets for the regular monthly meetings on the Authority's website. The Board concurred with evaluating options for engaging consultants to manage the Authority's virtual meetings.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:37 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 Joint Facilities Agreement with the WHCRWA; and (2) the Second Supplement to the Water Supply Contract with COH. Director Gay was not present for executive session. The Board determined that the attendance in this executive session of Mr. Froehlich, Ms. Kovar, 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 8:03 p.m., the Board reconvened in open session. No action was taken by the Board.

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

Secretary, Board of Directors

(SEAL)

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