

MINUTES
NORTH FORT BEND WATER AUTHORITY

July 27, 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 27th day of July 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
Dana Hollingsworth	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Michael Rusk	Assistant Secretary

and all of the above were present in person, thus constituting a quorum.

Also present in person were Matt Froehlich, Julia Frankovich, Whitney Milberger, and Quy Huynh of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; and Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

In order to provide additional public access, the Authority established Zoom teleconference and videoconference options for the Authority's consultants and members of the public to listen to the meeting and to address the Board.

On the teleconference or videoconference for all or a portion of the meeting were Ian Pietz of BGE; Dale Clayton of Inframark, LLC; 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; Thomas McCaig and Erik Hoffman, residents of Cinco Municipal Utility District No. 14; Russ Smith of the City of Fulshear; 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; Leon Bridges and Craig Lewis of Fort Bend County Municipal Utility District No. 50; Randy Carter of Fort Bend County Municipal Utility District No. 142; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; Carl Peters of Kingsbridge Municipal Utility District; and Alan Ecklund, David Johnson, and Chester Pleasant, members of the public.

COMMENTS FROM THE PUBLIC AND PUBLIC COMMUNICATION MATTERS

Director Houghton offered any members of the public attending the meeting in-person or by teleconference or videoconference the opportunity to make public comments.

Directors Houghton and Patton, Ms. Miller, and Mr. Froehlich responded to comments and questions from Mr. McCaig and Mr. Hoffman regarding the Authority's fees and the structure of the Board.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on June 29, 2022. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION MATTERS (CONTINUED), 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 plans to host its water conservation mobile teaching lab, activities, and a booth at (1) the Mission West CIA Community Event at 1:00 p.m. on Saturday, July 30, 2022; and (2) Fort Bend County Municipal Utility District No. 124's Native Plant Event and Festival at 4:00 p.m. on October 16, 2022.

Ms. Milberger reported that the Authority will give a presentation regarding the Authority's projects at the Annual Capital Improvement Plan Briefing hosted by the Texas Chapter of the American Public Works Association and the Society of American Military Engineers at the Junior League of Houston on October 11, 2022.

Ms. Milberger reported on a letter to be distributed to all participants in the Authority's Groundwater Reduction Plan ("GRP") to suggest using (1) "NFBWA Usage Fee" as a line item for utility bills; and (2) the message space in utility bills to refer inquiries to the Authority's website.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee recommended renewing the Authority's annual membership in the Texas Water Conservation Association in the amount of \$416.00.

Ms. Milberger reported that 102 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during June 2022. She reported that an Irrigation System Evaluations Cost Sharing Agreement

with Fulshear Municipal Utility District No. 3A is ready for the Authority's signature.

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.

Ms. Milberger recommended approval of first quarter rebate payments to Cinco Southwest Municipal Utility District Nos. 1-4 for earning the required nine points necessary to receive a reduced 2022 water rate through participation in the Authority's 2021 Larry's Toolbox Water Conservation Program in the total amount of \$15,499.80.

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 a summer virtual meeting for participants in the program is scheduled at 2:00 p.m. on August 31, 2022.

Following review and discussion, Director Hollingsworth moved to approve the Water Conservation and Reuse report, including approval of (1) renewing the Authority's annual membership in the Texas Water Conservation Association in the amount of \$416.00; (2) executing an Irrigation System Evaluations Cost Sharing Agreement with Fulshear Municipal Utility District No. 3A; and (3) approving first quarter rebate payments to Cinco Southwest Municipal Utility District Nos. 1-4 in the total amount of \$15,499.80. Director Fay seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Ms. Miller reported that the Authority's Finance and Policy Committee and Capital Planning and Design Committee ("CPD Committee") both recommended approval of a proposal from McDonald & Wessendorff Insurance for renewal of the Authority's insurance policies due to expire on August 2, 2022. She explained the increase in the premium from \$248,543.85 to \$262,498.84 is mainly due to an increase in the subcontractor cost estimate from \$29,600,000 to \$41,000,000 per BGE, and also due to the recently paid claims noted on the premium summary page. Following review and discussion, Director Fay moved to approve the insurance renewal proposal as presented. Director Abrahamson 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, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Mr. Watson presented one additional check for payment related to a Water Line Easement for Parcel 17A.11. Following discussion regarding an invoice from Mighty Citizen, Ms. Milberger and Mr. Watson stated that the status of the budget line item will be discussed during the Authority's August Committee meetings. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report, including the additional check presented for payment. Director Hollingsworth 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. Mr. Clayton reported on efforts to determine the cause of the Authority's water accountability of 96.12%, including planned testing of remote well meters. Discussion ensued.

Ms. Miller reported that a Notice of Stage 1 Drought Conditions requesting that all water users in the Authority voluntarily reduce their water usage and encouraging all water users to consider implementing one or more drought response measures of their Drought Contingency Plans, if applicable, was distributed on June 30, 2022.

Mr. Clayton reported that there has not been a decrease in demand for water from the Authority's GRP participants since the Authority's implementation of Stage 1 (voluntary reductions) of its Drought Contingency Plan due to climate and weather conditions.

Mr. Clayton reported that three proposals were solicited for mowing maintenance of the Authority's easements and two were received from: (1) Seaback Maintenance Inc. ("Seaback") in the annual amount of \$74,000.00; and (2) Edustrial Solutions for quarterly mowing of the Authority's easements, weekly mowing of the Bellaire Pump Station site, and debris removal in the annual amount of \$71,208.48. Mr. Clayton noted that the proposal from Seaback did not include mowing maintenance at the Bellaire Pump Station site or debris removal. He stated that the Authority's CPD Committee recommended approval of the proposal from Edustrial Solutions which includes clarifications of the frequency of mowing maintenance. Following review and discussion, Director Hollingsworth moved to approve the proposal for mowing maintenance of the Authority's easements and the Bellaire Pump Station site from Edustrial Solutions in the annual amount of \$71,208.48. Director Abrahamson 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 the monthly meeting of the Board of Directors of the Fort Bend Subsidence District ("FBSD"), including planned meetings of FBSD's Science and Research Committee in August and FBSD's stakeholders in September.

Mr. Froehlich reported that BGE submitted the Authority's Annual Permit Renewal Request to the Harris-Galveston 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.

Mr. Froehlich reported that BGE is reviewing development plans and coordinating with the engineer on water usage needs for Fort Bend County Municipal Utility District No. 255.

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 Fort Bend County 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 99% complete.

Mr. Froehlich reported on the status of construction of the Grand Lakes Reuse Irrigation System Retrofit Project. He stated that construction is nearing completion.

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 96% complete. He reported that the project is anticipated to be completed by the end of August 2022.

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 substantially complete. He recommended that the Board approve Pay Estimate No. 4 submitted by

Earthcare Landscaping for the project in the amount of \$106,378.41.

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 31% complete with 76 installed meters. He reported that AMB is preparing a change order for additional meters identified for installation. He discussed coordination with ABHR on obtaining the necessary Right of Entry Agreements for the project and reviewed a list of 11 Right of Entry Agreements ready for execution. He recommended that the Board approve Pay Estimate No. 5 submitted by AMB for the project in the amount of \$53,640.00.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that the Texas Commission on Environmental Quality's ("TCEQ") approval for an exception request related to the clearance between a portion of the proposed water line and a parallel existing reclaimed water line is anticipated to be received in early September. He stated that the project will advertise for bids once TCEQ's approval is received.

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 2023. 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 TxDOT continues its review of the Standard Utility Agreement for reimbursement of the Authority's engineering and construction costs for the extension. He stated that the project will advertise for bids upon the Authority's receipt of a fully executed Standard Utility Agreement.

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) Quiddity Engineering, LLC for Phases 1 and 2 of Main Segment 13Ci and the surface water line connection for FB 229; (3) Binkley & Barfield, Inc. for Main Segments 13Cii and 13D; (4) BGE for Main Segment 18A; and (5) Carollo Engineers, Inc. for Main Segment 19.

Mr. Froehlich stated that bids were received for construction of the 2025 System surface water line connection for FWSD 2's water plant no. 2. He recommended that the Board award the contract to Reddico Construction Company, Inc. ("Reddico") in the amount of \$743,435.00. The Board concurred that, in its judgment, Reddico was a responsible bidder who would be most advantageous to the Authority and would result in the best and most economical completion of the project.

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 August of 2022.

Mr. Froehlich reported on the status of the second phase of the transient analysis for the 2025 System. He stated that BGE provided comments to the draft report.

Mr. Froehlich stated that, as previously reported, the attorneys for Fort Bend County Municipal Utility District Nos. 34 and 35 are reviewing 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. He reported that BGE met with the engineer for the districts.

Mr. Froehlich reported that BGE is meeting with its subconsultant, Corona Environmental Consulting, LLC, to discuss BGE's comments to a draft technical memorandum for the second phase of the Authority's water blending project and the schedule for completing the project.

Mr. Froehlich reported that the remaining excavations and geoarchaeological investigations for the System Environmental Determination Form and a Cultural Resources Study required for the 2025 System are being scheduled.

Mr. Froehlich reported that the report from the induced current testing of the cathodic protection system for the Authority's Main Segment 3 found no indication of any issues.

Mr. Froehlich reported that BGE completed the second quarter evaluation of the Authority's cathodic protection systems. He stated that BGE is soliciting quotes for stabilizing the foundations and repairing corrosion on the cabinets to present to the CPD Committee.

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 the City of Houston ("COH") are being addressed and the project will advertise for bids once all plan approvals are received.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich 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. Froehlich reported that a negotiating session related to the proposed Amended and Restated Joint Facilities Agreement was held on June 21, 2022.

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. Mr. Pietz reported on the status of construction for the Influent Pump Station, raw water lines, North Plant, Central Plant, and the Balance of Plant. He discussed coordination with COH, and challenges related to the commissioning and startup tasks for the project, including planning and documentation, and determining how and where to pump testing water during the startup and commissioning phases. 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 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. Froehlich reported that the Texas Water Development Board’s (the “TWDB”) Region H Planning Group is scheduled to meet on August 3, 2022.

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

- (1) Pay Estimate No. 4 submitted by Earthcare Landscaping for construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project in the amount of \$106,378.41;
- (2) Pay Estimate No. 5, submitted by AMB for installation of the first phase of automated meters for the Authority’s automated meter installation project in the amount of \$53,640.00; and
- (3) awarding the contract for construction of the 2025 System surface water line connection for FWSD 2’s water plant no. 2 in the amount of \$743,435.00, based upon the engineer’s recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor.

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 briefs filed in the *San Jacinto River Authority v. City of Conroe and City of Magnolia or Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matters.

FINANCING PLAN MATTERS

Ms. Miller reported that the TWDB has indicated that it plans to provide the draft of the Financing Agreement related to the Authority’s anticipated issuance of Water System Junior Lien Revenue Bonds, Series 2022 through the TWDB’s State Water Implementation Revenue Fund for Texas soon. She stated that the deadline for

submitting the Financing Agreement to the TWDB is anticipated to be September 9, 2022.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed (1) ten Right of Entry Agreements for the Authority's automated meter reader installation project; and (2) a Water Line Easement for Parcel No. 17A.11. Copies of charts listing the Right of Entry Agreements and Realty Interests are attached. Following review and discussion, Director Hollingsworth moved to authorize execution of the Right of Entry Agreements and Water Line Easement as presented. Director Abrahamson seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold a regular meeting at 6:00 p.m. on August 24, 2022.

CONVENE EXECUTIVE SESSION

The Board then convened in executive session at 7:10 p.m., pursuant to Section 551.071, Texas Government Code, to seek and receive the legal advice of its attorney regarding pending or contemplated litigation or to seek and receive legal advice by its attorney. The Board determined that the attendance in this executive session of Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

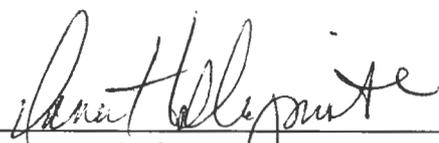
RECONVENE IN OPEN SESSION

At 7:23 p.m., the Board reconvened in open session. No action was taken by the Board.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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