

MINUTES
NORTH FORT BEND WATER AUTHORITY

April 26, 2023

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 26th day of April, 2023, 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, except Directors Houghton and Hollingsworth, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Lindsay Kovar, Julia Frankovich, Kyle Jones, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Charles Shumate of Lockwood, Andrews & Newman, Inc.; Richard L. Patrick of Ninyo & Moore; Philip Huseman of Odyssey Engineering Group; Sylvester Johnson of STV; and Lawrence D. Goldberg of Woolpert Inc.

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 Mark Van Dyck of Big Oaks Municipal Utility District; Duval McDaniel and Steve Haas of Cinco Municipal Utility District No. 5; Chester Pleasant of Cinco Southwest Municipal Utility District No. 1; Steve Talecki of Cornerstones Municipal Utility District; Jose Luis Fuentes Mendoza and 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; Michael J. Garza and Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Randy Carter and James Cokinos of Fort Bend County Municipal Utility District No. 142; Glenn Gesoff of Grand Lakes Community Association, Inc.; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; Mike Halde of HR Green, Inc.; Mirna Bonilla-Odums of Inframark; Kyle

Kaspar of Quiddity Engineering, LLC; David Johnson; Kevin Wagner; and additional members of the public.

COMMENTS FROM THE PUBLIC

Members of the public attending the meeting in-person or by teleconference or videoconference were provided with 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 March 22, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Fay seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS

Ms. Milberger reviewed a Memorandum Regarding Water Conservation and Reuse Matters (the "Memorandum"), a copy of which is attached. Ms. Milberger reported on planned participation in constituent events and the Texas Water 2023 and Association of Water Board Directors summer conferences.

Ms. Milberger reported that the Authority received the 2023 Watermark Award for excellence in communications, sponsored by the American Water Works Association and the Water Environment Association of Texas.

Ms. Milberger reported that submissions for the Authority's Spring 2023 Art Contest are being accepted for middle and high school students residing within the Authority through May 31, 2023. She stated that the contest is focused on illustrating the importance of water, subsidence, and conservation matters. Information and materials for the contest are available on the Authority's website at www.nfbwa.com/artcontest.

Ms. Milberger reported that the authority's newsletter for the general public, titled "Connect the Drops," is anticipated to launch during the first week of May 2023.

Ms. Milberger reported that 126 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during March 2023.

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

Ms. Milberger discussed implementation of the Authority's 2023 Water Provider Conservation Program ("WPC Program"). She reported that the cost of printing and

mailing bill inserts to the participants in the Authority's 2023 WPC Program is \$10,008.62, which exceeds the approved amount of \$8,000.00.

Ms. Milberger reviewed the following schedule for participant meetings for the WPC Program: (i) 11:00 a.m. - 1:00 p.m. on Tuesday, May 30, 2023; and (ii) 6:00 p.m. - 8:00 p.m. on Wednesday, May 31, 2023.

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including printing and mailing bill inserts to the participants in the Authority's 2023 WPC Program in the amount of \$10,008.62. Director Fay seconded the motion, which passed unanimously.

CONTRACTS

Ms. Miller reported that, per prior Board approval, the customer acknowledgement is ready for Board signature for the Displaced Energy Contract between Texas Microgrid, LLC and Reliant Energy Retail Services, LLC.

Ms. Miller reported that the Authority's Finance and Policy Committee recommended approval of a Fourth Amendment to the Authority's Software License and Maintenance Agreement with Truepoint Solutions, LLC ("Truepoint") for additional implementation services for the Authority's online billing software related to the installation of automated meter readers for 100 additional hours, as needed, in an amount not to exceed \$18,500.00. Following review and discussion, Director Abrahamson moved to authorize execution of the Fourth Amendment to the Authority's Software License and Maintenance Agreement with Truepoint. Director Darden seconded the motion, which passed unanimously.

RENEWAL OF LETTER OF CREDIT

Ms. Miller reported that the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000.00 in favor of CenterPoint Energy Houston Electric, LLC ("CenterPoint") is currently due to expire on June 4, 2023. She discussed the requirements of maintaining the Letter of Credit while the Authority is performing construction activities on CenterPoint property. She stated that the Authority's Finance and Policy Committee recommends that the Board authorize renewal of the Letter of Credit to June 4, 2024, for a fee of \$10,000.00. Following review and discussion, Director Darden moved to authorize renewal of the Letter of Credit to June 4, 2023, for a fee of \$10,000.00, to include execution of (i) an Application and Agreement; (ii) a Promissory Note; (iii) a Notice of Final Agreement; (iv) an Assignment of Deposit Account; (v) a Disbursement Sheet; (vi) a Disbursement Request and Authorization; (vii) an Amendment No. 13 to Letter of Credit; and (viii) execution of any necessary ancillary documents. 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, 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. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report as presented. Director Rusk seconded the motion, which passed unanimously.

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 an emergency repair of a break on the 24-inch Main Segment 2 water line in the amount of \$169,531.81 and responded to Board members' questions.

Mr. Clayton reported that installation of a coupling adapter for the 36-inch butterfly valve for Main Segment 8 is anticipated to begin on Monday, May 1, 2023.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented and authorize payment for the emergency repair for the Main Segment 2 water line in the amount of \$169,531.81. 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 that BGE will attend Fort Bend Subsidence District's ("FBSD") meeting to present its Annual Groundwater Report for 2022 to be held on April 27, 2023.

Mr. Froehlich reported that FBSD confirmed that the Fulbrook Water Plant is exempt from the Authority's water import requirements because the well was first permitted in 1999 prior to the implementation of the requirements for Regulatory Area A in 2003.

Mr. Froehlich reported that the Association of Water Board Directors, the Harris-Galveston Subsidence District, the North Harris County Regional Water Authority, and

the United States Geological Survey are holding a North Harris County Regional Subsidence Update Town Hall regarding the latest Gulf Coast Subsidence studies, methods, regulations, and potential legislation on May 4, 2023.

Mr. Froehlich reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority. He reported on conditional approval provided for two new well requests and preparation of an acknowledgment of Fort Bend County Municipal Utility District No. 41's proposed annexation of 3.5771 acres. He additionally reported that BGE's response to a request for water service outside of the Authority's boundaries was that the Authority is unable to provide water service at this time.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters and stated that preparation of metes and bounds descriptions is focused on the Authority's Main Segments 13C and 16B. A chart summarizing the status of property acquisition matters is 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 Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194"). He reviewed and recommended approval of Change Order No. 2 to the contract with McKinney Construction, Inc. ("McKinney") for no change in the contract price. The Board determined that Change Order No. 2 is beneficial to the Authority. Mr. Froehlich reviewed and recommended approval of Pay Estimate No. 13 and Final in the amount of \$224,674.47 submitted by McKinney, acceptance of the project, and authorization to add the facilities to the Authority's insurance policy.

Mr. Froehlich reported that the Authority's automated meter reader installation project is 71% complete. A chart summarizing the status of the project is attached to the engineer's report. Mr. Froehlich reviewed and recommended approval of Pay Estimate No. 10 submitted by Accurate Meter & Backflow, LLC in the amount of \$99,967.50. He discussed coordination with ABHR on obtaining the remaining necessary Right of Entry Agreements for the project.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 11A. He reported that Notice to Proceed is anticipated to be issued to Main Lane Industries, Ltd. when the pipe is delivered for the project during June or July 2023.

Mr. Froehlich reminded the Board that a contract for the construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 was awarded to T Construction, LLC in the amount of \$385,115.00, subject to execution of a Standard Utility Agreement ("SUA") with the Texas Department of Transportation for

reimbursement of the Authority's engineering and construction costs for the extension project. He reported that the SUA remains outstanding.

Mr. Froehlich reported on the status of construction of the Authority's proposed 2027 surface water supply system (the "2027 System") surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2. He reported that the Authority's contractor, Reddico Construction Company, Inc. ("Reddico"), had been instructed to stop work until FWSD 2 secures funding for constructing its water plant no. 1 and related connection line. He stated that FWSD 2's engineer reported that the funding issues have been resolved and construction is anticipated to begin soon. He stated that BGE will coordinate with Reddico to restart work.

Mr. Froehlich reported that construction of an offset of the Authority's existing water line around a proposed storm sewer line required by Fort Bend County's planned improvements to Old Richmond Road is complete. He stated that a final pay estimate is anticipated to be submitted for next month's Board meeting.

Mr. Froehlich reported on the status of the design of water lines for the 2027 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 Fort Bend County Municipal Utility District No. 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 Notice to Proceed for the design of Main Segments 13Cii and 13D is pending access to property located at the southwest corner of FM 1093 and FM 359. He stated that a request received from the engineer for Harris-Fort Bend Municipal Utility District No. 1 ("H-FB 1") related to the pine trees located in the Authority's easement along the front of its water plant will be discussed later. Mr. Froehlich reported on efforts to obtain a letter of no objection from CenterPoint for Main Segment 19 to respond to a request from Fort Bend County.

Mr. Froehlich reported on the status of a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 34 and 35 ("FB 34 and 35"). He stated that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended countering FB 34 and 35's proposed terms with the Authority's original terms consistent with past projects. He stated that the Authority's CCR Committee directed BGE to continue evaluating other potential projects for review.

Mr. Froehlich reported that completion of work on the 2027 System Environmental Determination Form and Cultural Resources Study is pending access to property located at the southwest corner of FM 1093 and FM 359.

Mr. Froehlich reported that field investigations for the geologic fault study for the 2027 System are underway.

Mr. Froehlich reported that the contractor, Farwest Corrosion Control Company, has begun replacing the Authority's 50 flush-to-grade cathodic protection system test stations along Main Segments 1A and 1B with post-mounted test stations.

Mr. Froehlich reported on the status of a request by the developer of a commercial site for an offset to Main Segment 4B to provide clearance for a proposed drainage swale. He stated that a proposed agreement drafted by ABHR which provides for the developer's payment of the Authority's expenses for the offset will be forwarded soon to the developer.

Mr. Froehlich reported that BGE is reviewing ABHR's draft notification letters to the property owners with easement encroachments throughout the Authority's existing transmission system to remind them of the conditions of the easements.

Mr. Froehlich reported on the status of Fort Bend County Municipal Utility District No. 58's request for the future restoration of hike and bike trails inadvertently constructed on the Authority's easement in Main Segment 17B. He stated that BGE is coordinating with ABHR on evaluating potential costs and developing appropriate terms and conditions for a proposed agreement to address the request.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones recommended approval of a proposal from Flesch Engineering, LLC for (i) a structural evaluation of the cracking at the Bellaire Pump Station building; (ii) a complete structural review of the pump station, including the roof; and (iii) preparing a report listing the items that need to be addressed under the capital improvements project in the amount of \$14,500.00.

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 West Harris County Regional Water Authority ("WHCRWA"), including Segment A, combined Segments B1 and B2, Segments B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the three meter stations. Copies of a chart and summaries of the status of construction, including any contractor claims, are included in the attached engineer's report. Mr. Jones additionally reported on Dispute Review Board matters.

Mr. Jones reported that the Authority's Capital Planning and Design Committee recommended approval of payments for the remaining 30% of (i) the Segment A Cash Call dated January 25, 2022 in the amount of \$26,397,378.81; (ii) Repump Station Cash Call dated January 25, 2022 in the amount of \$9,919,823.00; and (iii) Central Pump Station Cash Call dated January 25, 2022 in the amount of \$14,173,545.18.

Ms. Miller reported on the status of the proposed Amended and Restated Joint Facilities Agreement with WHCRWA. She stated that the final draft is currently under review by the Joint Facilities Committee members and two exhibits are being finalized by the engineering teams.

Ms. Kovar updated the Board on City of Houston's ("COH") 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. Ms. Kovar reported on the status of construction and testing, as applicable, for the Influent Pump Station, North Plant, Central Plant, and the Balance of Plant. Status summaries are included in the attached engineer's report. She stated that Phase 1 of the project will provide 80 million gallons per day ("MGD") of capacity and is currently anticipated to be completed behind schedule in September or October 2023. She stated that the original contract completion date for Phase 1 was February 20, 2023. She reported that Phase 2 of the project will provide 320 MGD of capacity and is anticipated to be completed in the summer of 2025.

Mr. Froehlich reported that BGE reviewed and will notify COH that the Authority has no comments on the Fiscal Year 2019, 2020, and 2021 True-ups received for the East Water Purification Plant ("EWPP"). He stated that BGE will provide comments on the draft Fiscal Year 2022 True-up for EWPP to COH.

Ms. Miller reported on a meeting scheduled with representatives of COH and WHCRWA to discuss a significant increase in COH's Fiscal Year 2024 Preliminary Water Rate for the EWPP based on the Proposed Budget.

Mr. Jones reported that the Authority's Capital Planning and Design Committee recommended approval of payment for an invoice from COH for the first payment owed for Existing Untreated Water Facilities for 34.1 MGD of untreated water capacity pursuant to the First Supplement to the Authority's Water Supply Contract with COH in the amount of \$10,061,723.62. Mr. Oliver explained that the original notification of the amount owed was provided in 2011 and the financial advisor has confirmed that the amount is included in the Authority's rate model. He explained the calculations for the Authority's payments pursuant to the First Supplement to the Authority's Water Supply Contract with COH.

Mr. Froehlich reported that the Texas Water Development Board's ("TWDB") approval of the Engineering Feasibility Report for the 2027 System required for funding is deferred pending completion of the required Environmental Determination Form and the Cultural Resources Study for the 2027 System.

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

- (1) Change Order No. 2 for no change in price to the contract with McKinney for construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194, based upon the Board's finding that the change order is beneficial to the Authority and the engineer's recommendation;
- (2) Pay Estimate No. 13 and Final in the amount of \$224,674.47 submitted by McKinney, acceptance of the project, and authorization to add the facilities to the Authority's insurance policy;
- (3) Pay Estimate No. 10 submitted by Accurate Meter & Backflow, LLC for the Authority's automated meter reader installation project in the amount of \$99,967.50;
- (4) the proposal from Flesch Engineering, LLC for (i) a structural evaluation of the cracking at the Bellaire Pump Station building; (ii) a complete structural review of the pump station, including the roof; and (iii) preparing a report listing the items that need to be addressed under the capital improvements project in the amount of \$14,500.00;
- (5) payments for the remaining 30% of (i) the Segment A Cash Call dated January 25, 2022 in the amount of \$26,397,378.81; (ii) Repump Station Cash Call dated January 25, 2022 in the amount of \$9,919,823.00; and (iii) Central Pump Station Cash Call dated January 25, 2022 in the amount of \$14,173,545.18; and
- (6) payment of an invoice from COH for the first payment owed for Existing Untreated Water Facilities for 34.1 MGD of untreated water capacity pursuant to the First Supplement to the Authority's Water Supply Contract with COH in the amount of \$10,061,723.62.

Director Darden seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller reported on a brief filing extension and the anticipated schedule for the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

There was no update regarding the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter.

LEGISLATIVE UPDATE

Ms. Miller reported on the status of certain proposed bills with potential impact to the Authority during the 88th Regular Session of the Texas Legislature.

FINANCING PLAN MATTERS

Ms. Miller reported on a meeting scheduled with representatives of TWDB to discuss recommendations for increasing the efficiency of escrow release applications to TWDB.

Ms. Miller reported that TWDB's annual site visit to discuss active funding commitments is scheduled to be held on May 17, 2023.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed one Water Line Easement and Temporary Construction Easement document for the parcels listed on the attached chart.

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

Following review and discussion, Director Darden moved to authorize execution of (1) the Water Line Easement and Temporary Construction Easement document; and (2) the four Right of Entry Agreements, as presented. Director Abrahamson seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold a special meeting at 5:30 p.m. on May 3, 2023, and a regular meeting at 6:00 p.m. on May 24, 2023, at BGE's offices.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:18 p.m., pursuant to Section 551.072, Texas Government Code, to discuss the purchase, exchange, lease, or value of real property. 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 7:21 p.m., the Board reconvened in open session. Director Abrahamson moved to approve an offer related to H-FB 1's request regarding the pine trees located in the Authority's easement. Director Fay seconded the motion, which passed unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:23 p.m., pursuant to Section 551.071, Texas Government Code, to seek the advice of its attorney regarding pending

or contemplated litigation or to seek and receive legal advice by the Authority's attorney. The Board determined that the attendance in this executive session of Ms. Kovar was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested her presence in the executive session.

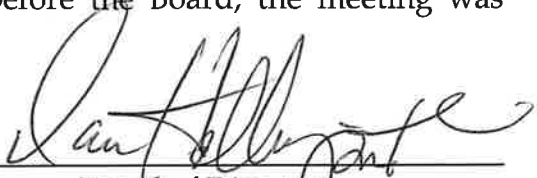
RECONVENE IN OPEN SESSION

At 7:44 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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