

MINUTES
NORTH FORT BEND WATER AUTHORITY

August 24, 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 24th day of August, 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 except for Director Houghton, thus constituting a quorum.

Also present in person were Matt Froehlich, Whitney Milberger, Miriam Valdez, and Quy Huynh of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Francine Stefan of Post Oak Municipal Advisors LLC ("POMA"); David Murray of T.EN Stone & Webster Process Technology, Inc.; Richard Patrick of Ninyo & Moore; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; David Oliver, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and John Pertgen and Carl Peters of Kingsbridge Municipal Utility District.

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 and Julia Frankovich of BGE; Chase Juhl of DEC; Jorge Garcia of Odyssey Engineering Group; Kyle Kaspar of Quiddity Engineering, LLC; Sylvester Johnson of RPS Infrastructure, Inc.; Mike Sechelski of Thompson Pipe Group; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Duval McDaniel of Cinco Municipal Utility District No. 5; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; 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; Brian Joseph of Fort Bend County Municipal Utility District No. 119; Mashhood

Shah of Grand Lakes Municipal Utility District No. 4; David Johnson; and additional members of the public.

COMMENTS FROM THE PUBLIC

Director Darden offered any members of the public attending the meeting in-person or by teleconference or videoconference the opportunity to make public comments. There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on July 27, 2022. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Director Patton who was not present.

PUBLIC COMMUNICATION MATTERS, 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 Cinco Southwest Homeowners Association Food Truck Event from 6:00 p.m. to 9:00 p.m. on September 16, 2022; (2) the Jordan Ranch Thursday Food Truck Event from 5:00 p.m. to 9:00 p.m. on September 1, 2022; and (3) 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 that a letter was distributed to all retail water providers 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 274 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during July 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.

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

CONTRACTS

The Board concurred to defer this item.

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. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report. Director Hollingsworth seconded the motion, which passed unanimously.

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

NOTICE OF 2023 PRELIMINARY FEES

Mr. Oliver reminded the Board that the Authority normally distributes a preliminary notice of the anticipated GRP Fee and Surface Water Fee for the next calendar year prior to the end of September to assist retail water providers located within the Authority in developing their budgets for the next fiscal year. He noted that the Authority's financial advisor, Terrell Palmer of POMA, presented his analysis of the Authority's financing plan and explained the Authority's revenue requirements related to issuing bonds during the Authority's committee meetings held in August. Mr. Oliver stated that Mr. Palmer recommended no changes to the Authority's current GRP Fee and Surface Water Fee for the Authority's 2023 fiscal year. Following discussion, Director Hollingsworth moved to authorize a notice stating that the Authority anticipates there will be no change to the current fees for distribution to all retail water providers served by the Authority. Director Fay 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 efforts to determine the cause of the Authority's lower than typical water accountability of 96.12% in June 2022, including testing of remote well meters. He stated that the low accountability is most likely caused by Inframark's and the City of Houston's ("COH") unsynchronized schedules for reading the meters.

Mr. Clayton reported that the District's Capital Planning and Design Committee ("CPD Committee") recommended performing the annual survey of the Authority's 289 valves in the approximate total amount of \$14,040.00.

Following review and discussion, Director Hollingsworth moved to approve the operator's report, including performance of the annual survey of the Authority's 289 valves in the approximate total amount of \$14,040.00. Director Fay 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 increased groundwater withdrawal within the Authority due to drought conditions. He stated that the Authority's CPD Committee recommended authorizing BGE to submit an application for an amendment to the Authority's Aggregate Well Permit to the Fort Bend Subsidence District ("FBSD") for an additional one billion gallons of groundwater withdrawal, increasing the cumulative permitted amount to twelve billion gallons for the October 2021 through September 2022 permit term.

Mr. Froehlich reported that BGE will attend a meeting of the FBSD's stakeholders regarding FBSD's Joint Regulatory Plan Review on September 8, 2022.

Mr. Froehlich reported that the Harris-Galveston Subsidence District ("HGSD") approved renewal of the Authority's annual permit for the October 2022 through September 2023 term. He recommended payment of HGSD's permit renewal fee in the amount of \$8,400.00.

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 well no. 2188 for Fort Bend County Municipal Utility District No. 255, a contract participant in the Authority's GRP, was transferred to the

Authority's aggregate FBSD well permit.

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 stated that construction is approximately 99% complete. He recommended that the Board approve Pay Estimate No. 16, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$126,112.50.

Mr. Froehlich reported on the status of construction of the Grand Lakes Reuse Irrigation System Retrofit Project. He stated that an inspection was held on August 2, 2022, and the contractor is addressing punchlist items.

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 95% complete.

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. 5, submitted by Earthcare Landscaping for the project in the amount of \$63,652.89.

Mr. Froehlich reviewed and recommended approval of Change Order No. 1 to the contract with Accurate Meter & Backflow, LLC ("AMB") for eight additional meter replacements and modifications for the Authority's automated meter installation project to increase the contract in the amount of \$63,450.00. The Board determined that Change Order No. 1 is beneficial to the Authority. Mr. Froehlich discussed coordination with ABHR on obtaining the necessary Right of Entry Agreements for the project and reviewed a list of two Right of Entry Agreements ready for the Board's execution.

Mr. Froehlich reported that BGE is scheduling a warranty inspection for the Authority's Grand Lakes Reuse Wastewater Treatment Plant Improvements project.

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 the next few weeks. 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 delayed due to right-of-way acquisition matters. He stated that, as previously reported, 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 reported on a meeting with TxDOT regarding 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 agency approval of the design plans for Main Segment 13B are anticipated by the end of August 2022, and the project will be advertised for bids once the design plans are fully approved.

Mr. Froehlich reported that a preconstruction meeting is being scheduled with the contractor for the 2025 System surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2, Reddico Construction Company, Inc. 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 late September of 2022.

Mr. Froehlich reported that BGE received the final report for the second phase of the transient analysis for the 2025 System.

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 an effluent reuse system for a proposed joint reclaimed water system project.

Mr. Froehlich reported that BGE is waiting for the final report for the second phase of the Authority's water blending project from its subconsultant, Corona Environmental Consulting, LLC.

Mr. Froehlich reported that the schedule for the remaining excavations and geoarchaeological investigations for the System Environmental Determination Form and the Cultural Resources Study required for the 2025 System is pending right of access to the property located at the southwest corner of FM 1093 and FM 359.

Mr. Froehlich reported that BGE continues to solicit quotes for stabilizing the

foundations and repairing corrosion on the cabinets of the Authority's cathodic protection systems 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 the design plans were resubmitted to COH, and the project will advertise for bids once all plan approvals are received.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported that the second payments for Cash Calls Nos. 1 for combined Segments B1 and B2, and Segment B3 of the Authority's joint Surface Water Supply Project (the "SWSP") with the West Harris County Regional Water Authority (the "WHCRWA") are due by October 12, 2022, in the amounts of \$32,686,482.58 and \$14,904,619.33, respectively. He requested authorization for (i) submission of a request for release of escrowed funds to the Texas Water Development Board (the "TWDB") for a portion of the second payment for Cash Call No. 1 for combined Segments B1 and B2; and (ii) payment to WHCRWA for both cash calls upon receipt of the TWDB's approval, with the remaining portion of the amounts due for the cash calls to be paid from other Authority funds.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the SWSP, including Segments A, combined Segments B1 and 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 on a negotiating session related to the proposed Amended and Restated Joint Facilities Agreement held on June 21, 2022.

Mr. Pietz reported that a Notice of Upcoming Cash Call No. 12 for projected expenses for the 2023 calendar year for the Northeast Water Purification Plant Expansion Project was received in the total amount of \$191,997,160.00. He reported that the Authority's share of the cash call is due for payment to COH on February 1, 2023, in the amount of \$41,682,346.00.

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, North Plant, Central Plant, and the Balance of Plant. He discussed coordination with COH on 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. Pietz reported that COH provided the annual operations and maintenance budget for the East Water Purification Plant for fiscal year 2023. He stated the water rate was increased \$0.023 to a preliminary rate of \$0.9919. He explained the increase was primarily due to increases in the budget for Interfund Electricity and Capital Distribution.

Mr. Froehlich reported on the TWDB's Region H Planning Group meeting held on August 3, 2022.

Discussion ensued regarding analyzing the Authority's conservation efforts to determine the impact on water usage during the recent drought conditions.

Mr. Oliver reported that Robert DeForest resigned as one of the Authority's two representatives to the Board of Directors of FBSD, effective August 18, 2022. He stated that Melony Gay is willing to serve as the Authority's representative on FBSD's Board of Directors, and the Authority's Finance and Policy Committee recommended her appointment.

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

- (1) BGE's submission of an application for an amendment to the Authority's Aggregate Well Permit to FBSD for an additional one billion gallons of groundwater withdrawal for the October 2021 through September 2022 permit term;
- (2) payment of HGSD's permit renewal fee for the Authority's annual permit for the October 2022 through September 2023 term in the amount of \$8,400.00;
- (3) Pay Estimate No. 16, submitted by McKinney for the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$126,112.50;
- (4) Pay Estimate No. 5, submitted by Earthcare Landscaping for construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project in the amount of \$63,652.89;
- (5) Change Order No. 1 in the amount of \$63,450.00 as an increase to the contract with AMB, based upon the Board's finding that the change order is beneficial to the Authority and the engineer's recommendation;
- (6) BGE's submission of a request for release of escrowed funds to the TWDB for a portion of the second payment for Cash Call No. 1 for combined Segments B1 and B2; and payment of the amounts owed for the second payments for

Cash Calls Nos. 1 for combined Segments B1 and B2, and Segment B3 of the SWSP to the WHCRWA upon receipt of the TWDB's approval; and

- (7) adoption of a Resolution Appointing Director to the Board of Directors of the FBSD appointing Melony Gay to serve until January 1, 2024.

Director Hollingsworth 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 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

Mr. Oliver presented a Financing Agreement with the TWDB for the Authority's anticipated issuance of \$23,110,000 Water System Junior Lien Revenue Bonds, Series 2022 ("Series 2022 Bonds") through the TWDB's State Water Implementation Revenue Fund for Texas. He stated that the deadline for submitting the Financing Agreement to the TWDB is September 9, 2022, and discussed the penalties included in the Financing Agreement that will be incurred if the bond sale is not completed. Mr. Oliver reported on procedures related to the Authority's anticipated sale of the Series 2022 Bonds at the October 12, 2022, special meeting. Ms. Stefan discussed the TWDB's estimated interest rates for the Series 2022 Bonds. Following review and discussion, Director Abrahamson moved to authorize execution of the Financing Agreement for the Series 2022 Bonds. Director Hollingsworth seconded the motion, which passed unanimously.

There was no update on amendments to the Authority's Loan Forgiveness Agreements with the TWDB for funding through the TWDB's Clean Water State Revolving Fund.

Mr. Oliver discussed reporting requirements pursuant to the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. He recommended execution of a Certificate of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly financial reports. Following review and discussion, Director Fay moved to authorize execution of the Certificate of No Default. Director Darden seconded the motion, which passed unanimously.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed two Right of Entry Agreements for the Authority's automated meter reader installation project. A copy of a chart listing the Right of Entry Agreements is attached. Following review and discussion, Director Hollingsworth moved to authorize execution of the Right of Entry Agreements as presented. Director

Abrahamson seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold a regular meeting at 6:00 p.m. on September 28, 2022, and a special meeting on October 12, 2022, to issue the Authority's Series 2022 Bonds.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:11 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 7:21 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

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