

MINUTES  
NORTH FORT BEND WATER AUTHORITY

February 22, 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 22<sup>nd</sup> day of February, 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 Director Hollingsworth, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Kyle Jones, Ian Pietz, Julia Frankovich, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Beau Johnson of Municipal Valve & Equipment Company; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Jeremy Austin of RPS Group; Richard L. Patrick, P.E. of Ninyo & Moore; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Paula Brays of Fort Bend County Municipal Utility District No. 124; and Carl Peters and John Pertgen 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 David Oliver of ABHR; Michael Abshire 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; Jessica Fateh, 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; John Bastawrous of Fort Bend County Municipal Utility District

No. 124; Randy Carter 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; Chase Juhl of DEC; David Ross of IDS Engineering Group; Kyle Kaspar of Quiddity Engineering, LLC; David Johnson; 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 January 25, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Darden seconded the motion, which passed unanimously, except for Director Houghton who was not present.

#### 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 attendance at constituent events and the Texas Water 2023 conferences.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize purchasing a full-page ad in the Association of Water Board Directors spring magazine to recognize the successful participants in the 2022 Water Provider Conservation Program ("WPC Program") in the amount of \$1,000.00.

Ms. Milberger reported that 156 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during January 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 WPC Program. She reported that enrollment forms for the 2023 WPC Program are due by March 1, 2023.

Ms. Milberger reported that registration for the Authority's March 1, 2023, special meeting to recognize successful participants in the 2022 WPC Program is

included on the Authority's website.

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including purchasing a full-page ad in the Association of Water Board Directors spring magazine to recognize the successful participants in the 2022 WPC Program in the amount of \$1,000.00. Director Fay seconded the motion, which passed unanimously, except for Director Houghton who was not present.

### 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, 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 Fay seconded the motion, which passed unanimously, except for Director Houghton who was not present.

### 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, and responded to questions. A copy of the operator's report is attached.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board authorize replacing Bellaire Pump Station Booster Pump No. 3 in the amount of \$98,810.00. A copy of a quotation document from Burke's Mechanical Services, Inc. for repairing or replacing Bellaire Pump Station Booster Pump No. 3 in the amounts of \$49,178.00 and \$98,810.00, respectively, is attached to the operator's report.

Mr. Clayton reviewed a quote from JDC Fluid Equipment, LLC for replacing a four-inch lift pump at the Bellaire Pump Station in the amount of \$7,122.00 plus freight and markup charges. He stated that the lift pump moves wastewater to the main trunk line to Harris County Municipal Utility District No. 158. He reported that, currently, the pump station is being vacator pumped every other week. He stated that the lift pump is anticipated to be delivered within four to five weeks.

Mr. Clayton reported that a replacement valve for an inoperable 36-inch butterfly valve on Main Segment 8 is scheduled to be delivered in two weeks. He stated that installation of the valve is anticipated to begin three to four days after delivery.

Following review and discussion, Director Rusk moved to approve the operator's report as presented, including replacing (1) Bellaire Pump Station Booster Pump No. 3 in the amount of \$98,810.00; and (2) a four-inch lift pump at the Bellaire Pump Station. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

Mr. Froehlich presented the engineer's report, a copy of which is attached.

Mr. Froehlich reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority. He reported that BGE submitted the Authority's annual groundwater pumpage reports for the 2022 calendar year to the Fort Bend Subsidence District and the Harris-Galveston Subsidence District.

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 Segment 13C. 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. He stated that a final inspection was held on January 12, 2023, and McKinney Construction, Inc. is addressing punchlist items.

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 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 a pre-construction meeting was held with RPS Infrastructure, Inc. ("RPS") on February 1, 2023. He stated that delivery of pipe for the project is anticipated during June or July 2023, and BGE is coordinating with RPS to determine an appropriate time for issuing Notice to Proceed.

Mr. Froehlich reported that three bids were received on January 10, 2023, for construction of the Authority's Main Segment 8B Casing Extension Project at FM 723. He recommended that the Board award the contract to T Construction, LLC in the amount of \$385,115.00, subject to execution of a Standard Utility Agreement with the Texas Department of Transportation for reimbursement of the Authority's engineering and construction costs for the extension project. The Board concurred that, in its judgment, T Construction, LLC 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 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 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. Mr. Froehlich reported on a request from Fort Bend County for a letter of no objection from CenterPoint Energy for Main Segment 19.

Mr. Froehlich reported on the status of the Authority's project to construct the 2025 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., has been instructed to stop work because FWSD 2 is evaluating options for constructing its water plant no. 1 connection line. He reported that FWSD 2 is unable to fund the low bid received for construction of the water plant no. 1 connection line on January 12, 2023.

Mr. Froehlich reported on the status of construction 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 a Notice to Proceed will be issued soon to JSS Construction, LLC.

Mr. Froehlich reported that the estimated construction costs for the design, construction, and maintenance of an effluent reuse system for a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 34 and 35 have increased from \$5.4 million to \$6.1 million since the last cost estimate was prepared approximately two years ago. He stated that, pursuant to the CCR Committee's direction, BGE is checking with the Authority's Financial Advisor to determine whether the project would have an impact on the Authority's rates.

Mr. Froehlich reported that completion of work on the 2025 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 on the status of the geologic fault study for the 2025 System. Mr. Froehlich, Mr. Pietz, and Mr. Jones responded to Director Patton's questions regarding the geologic fault study performed for the Authority's current surface water distribution system.

Mr. Froehlich reported on the status of replacing the Authority's 50 flush-to-grade cathodic protection system test stations along Main Segments 1A and 1B with post-mounted test stations by Farwest Corrosion Control Company ("Farwest"), including the lead time for delivery of materials. He reported that the Authority's CPD Committee recommended approval of a quote from Farwest to provide ongoing quarterly rectifier and annual system inspections for 2023 in place of BGE in the amount of \$63,250.00.

Mr. Froehlich reported that BGE is reviewing a quote from Farwest for recommended repairs from BGE's 4th quarter 2022 rectifier inspection and 2022 system inspection.

Mr. Froehlich reported that ABHR drafted a proposed agreement for payment of the Authority's expenses for the proposed offset to Main Segment 4B by the developer of a commercial site who is requesting the offset. He stated that BGE will forward the agreement to the developer and engineer for the commercial site.

Mr. Froehlich reported that BGE is coordinating with ABHR on finalizing and sending 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 coordination with ABHR on the evaluating potential costs and developing appropriate terms and conditions for a proposed agreement related to 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.

#### REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that CenterPoint Energy is requiring an interconnection agreement with the Authority that includes an end-use customer affirmation schedule to allow the current Enchanted Rock entity to begin power sell-back from the generators at the Bellaire Pump Station. He stated the agreement is anticipated to be received soon from CenterPoint Energy for ABHR review.

Mr. Jones reported on coordination with Five Star Electric to determine long-

term solutions for turn-to-turn ground failures experienced at the Bellaire Pump Station.

Mr. Jones reported that the Authority's CPD Committee recommended that the Board approve a proposal from BGE for the design of proposed Bellaire Pump Station infrastructure improvements that incorporate recommendations from Corona's blending study, a cyber security evaluation report, and Inframark, including an additional ground storage tank and chemical feed upgrades, in the amount of \$491,800.00. Mr. Jones reported that estimated costs for the recommended improvements are \$4 million to \$5 million. He stated that BGE will separate the Bellaire Pump Station infrastructure improvements requiring cost participation by West Harris County Regional Water Authority ("WHCRWA") and the related engineering design services into its own scope of work for review and comment by WHCRWA.

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 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 meter stations. A copy of a chart listing the status of construction is included in the engineer's report.

Ms. Miller reported on the status of the proposed Amended and Restated Joint Facilities Agreement with WHCRWA.

Mr. Pietz updated the Board on City of Houston's Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team and reviewed drone video footage of the project site. He reported that the Authority's share of Cash Call No. 12 for projected expenses for the 2023 calendar year for the NEWPP Expansion Project was paid in the amount of \$41,682,346.00. Ms. Miller responded to Director Houghton's questions regarding procedures for future capital expenditures for repairs at NEWPP.

Mr. Pietz reported on the status of construction and testing, as applicable, for the Influent Pump Station, North Plant, Central Plant, and the Balance of Plant. He 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 May 2023. He stated that the original contract completion date was February 20, 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is currently anticipated to be completed in the summer of 2025.

Mr. Froehlich reported that the Texas Water Development Board's approval of the Engineering Feasibility Report regarding the 2025 System required for funding is deferred pending completion of the required Environmental Determination Form and the Cultural Resources Study for the 2025 System.

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

- (1) award the contract for construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 to T Construction, LLC in the amount of \$385,115.00, based upon the engineer's recommendation and subject to (i) execution of a Standard Utility Agreement with the Texas Department of Transportation; and (ii) approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor;
- (2) approve BGE's proposal for provision of ongoing quarterly rectifier and annual system inspections for 2023 by Farwest in the amount of \$63,250.00; and
- (3) approve BGE's proposal for design of proposed Bellaire Pump Station infrastructure improvements in the amount of \$491,800.00, subject to review of the applicable portions of the proposal and improvements by WHCRWA for comment.

Director Fay seconded the motion, which passed unanimously.

#### PARTICIPATION AS AMICUS PARTY

Ms. Miller reported that there were no updates related to the *San Jacinto River Authority v. City of Conroe and City of Magnolia* or the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matters.

#### FINANCING PLAN MATTERS AND REVIEW ARBITRAGE REBATE REPORT FOR THE SERIES 2011 BONDS

Ms. Miller reviewed the Arbitrage Rebate Report for the Authority's Series 2011 Bonds and stated that no arbitrage rebate is due to the United States Treasury Department.

#### REALTY INTEREST ACQUISITION

Ms. Miller reviewed one proposed Water Line Easement for Parcel 17A.13. A copy of a chart listing the realty interest is attached.

Ms. Miller reviewed one Right of Entry Agreement for the Authority's automated meter reader installation project. A copy of a chart listing the Right of Entry Agreement is attached.

Following review and discussion, Director Abrahamson moved to authorize execution of (1) the Water Line Easement; and (2) the Right of Entry Agreement for the



Authority's automated meter reader installation project, as presented. Director Fay seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

The Board concurred to hold a special meeting and a regular meeting at 6:00 p.m. on March 1, 2023, and March 22, 2023, at the offices of BGE, respectively.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:53 p.m., pursuant to (1) 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; and (2) 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 7:13 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

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