

MINUTES
NORTH FORT BEND WATER AUTHORITY

January 25, 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 25th day of January, 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, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Lindsay Kovar, Kyle Jones, Whitney Milberger, Miriam Valdez, and Quy Huynh 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; Pavani Silaparasetty of AECOM; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); 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 Ian Pietz of BGE; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 5; David Drake of Cinco Municipal Utility District No. 7; 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 Garza and Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Nathan Shipley of Fort Bend County Municipal Utility District No. 151; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; John Mudd of HR Green, Inc.; Kyle Kaspar of Quiddity Engineering, LLC; Mike Sechelski of Thompson Pipe Group; 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 December 21, 2022. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Directors Houghton and Rusk who were 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 that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize sponsoring a Spring 2023 Art Contest for middle and high school students residing within the Authority focused on illustrating the importance of water, subsidence, and conservation matters to be held March through May, 2023, in an amount not to exceed \$2,000.00.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize sponsoring a booth at the 2023 Katy Home and Garden Show scheduled for March 22-26, 2023, in an amount not to exceed \$2,500.00.

Ms. Milberger reported on upcoming conferences and attendance at constituent municipal utility district events.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Board authorize renewal of the Authority's 2023 annual membership in the Alliance for Water Efficiency in the amount of \$787.50.

Ms. Milberger reported that 165 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during December 2022.

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 2022 and 2023 Water Provider Conservation Programs. She reported that enrollment forms for the 2023

Water Provider Conservation Program are due by March 1, 2023.

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

(1) sponsorship of a Spring 2023 Art Contest in an amount not to exceed \$2,000.00;

(2) sponsorship of a booth at the 2023 Katy Home and Garden Show in an amount not to exceed \$2,500.00; and

(3) renewal of the Authority's 2023 annual membership in the Alliance for Water Efficiency in the amount of \$787.50.

Director Hollingsworth seconded the motion, which passed unanimously, except for Director Rusk who was not present.

CONTRACTS

Ms. Miller reviewed (1) a letter of consent outlining Munsch Hardt Kopf & Harr, P.C.'s ("MHKH") joint representation of the Authority and the West Harris County Regional Water Authority (the "WHCRWA") pursuant to MHKH's Engagement Letter dated October 14, 2015; and (2) an engagement letter for MHKH's representation of the Authority on matters concerning COH's Northeast Water Purification Plant ("NEWPP") Expansion Project. Following review and discussion, Director Hollingsworth moved to authorize execution of the letter of consent and the engagement letter as presented. Director Fay seconded the motion, which passed unanimously, except for Director Rusk who was not present.

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 Hollingsworth seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS

The Board considered accepting the annual disclosure statements of the Authority's bookkeeper and Investment Officer. Ms. Miller explained that in accordance with the Authority's Investment Policy, the Authority's bookkeeper and

Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the Authority. She stated that the disclosure statements are filed annually with the Texas Ethics Commission. Following review and discussion, Director Fay moved to accept the annual disclosure statements of the bookkeeper and Investment Officer and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records. Director Hollingsworth seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Miller reported on the Authority's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

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 BGE and Inframark are coordinating with the pump manufacturer to determine the cause of the electrical circuit overloads that damaged Bellaire Pump Station Booster Pump Nos. 3 and 4.

Mr. Clayton reported that there were minimal operational issues experienced during the recent freezing weather event.

Mr. Clayton reported that delivery of a replacement for an inoperable 36-inch butterfly valve on Main Segment 8 is anticipated for the week of January 25, 2023. He stated that installation of the valve is anticipated to begin three days after delivery.

Following review and discussion, Director Fay moved to approve the operator's report as presented. Director Hollingsworth 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 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 is preparing the Authority's annual groundwater

pumpage reports due for submittal to the Fort Bend Subsidence District and the Harris-Galveston Subsidence District by January 31, 2023.

Mr. Froehlich reported that BGE issued conditional approval letters to Fort Bend County Municipal Utility District Nos. 50, 157, and 229 for a total of three new wells to be included in the Authority's aggregate well permit with the Fort Bend 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 65% 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. 9 submitted by Accurate Meter & Backflow, LLC ("AMB") for the project in the amount of \$182,565.00. He discussed coordination with ABHR on obtaining the necessary Right of Entry Agreements and distribution of notices of entry for the project.

Mr. Froehlich reported on the status of construction of the Authority's Main Segment 11A. He reported that the design plans that have been approved by the City of Houston ("COH") and a pre-construction meeting will be scheduled with RPS Infrastructure, Inc. soon.

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 stated that the low bidder was T Construction, LLC in the amount of \$385,115.00. He stated that BGE is reviewing the contractor's qualifications. He reported on coordination with the Texas Department of Transportation ("TxDOT") on the bid amount as it relates to the Authority's Standard Utility Agreement with TxDOT for reimbursement of the Authority's engineering and construction costs for the extension 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 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 Main Segment 13B is ready to advertise for bids. He 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 2025 System surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2. He stated that Notice to Proceed was provided to the Authority's contractor, Reddico Construction Company, Inc., effective January 16, 2023. He reported that FWSD 2 was scheduled to open bids for construction of FWSD 2's water plant no. 1, which includes the Authority's surface water line connection to the water plant, 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 was issued to JSS Construction, LLC, effective January 9, 2023.

Mr. Froehlich reported that BGE is updating the construction cost estimate 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.

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 that BGE held a kickoff meeting with Ninyo & Moore and Terra Cognita, LLC for the geologic fault study for the 2025 System on January 5, 2023. He stated that the work will be completed in two phases over the next six months.

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 BGE is requesting quotes from Farwest for (1) for recommended repairs from BGE's 4th quarter 2022 rectifier inspection and 2022 system inspection; and (2) providing ongoing quarterly rectifier and annual system inspections for 2023 in place of BGE.

Mr. Froehlich reported on BGE's coordination with ABHR on 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.

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 evaluation of potential costs and development of 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 on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project with the 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.

Mr. Jones reported that the attorneys for the WHCRWA are memorializing the agreed upon terms related to the proposed Amended and Restated Joint Facilities Agreement with the WHCRWA.

Mr. Pietz updated the Board on COH's NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team and reviewed drone video footage of the project site. He requested authorization for (1) BGE's submission of a request for release of escrowed funds to the Texas Water Development Board (the "TWDB") for the Authority's share of Cash Call No. 12 for projected expenses for the 2023 calendar year for the NEWPP Expansion Project; and (2) payment of Cash Call No. 12 due for payment to COH on February 1, 2023, in the amount not to exceed \$41,682,346.00, upon TWDB's approval.

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 more than one month behind schedule at the end of March 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.

Ms. Miller reported that the Authority's Lease of Water Rights with COH was approved by COH City Council.

Mr. Froehlich reported that the TWDB'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) Pay Estimate No. 9 submitted by AMB for the Authority's automated meter reader installation project in the amount of \$182,565.00;
- (2) BGE's submission of a request for release of escrowed funds to the TWDB for the Authority's share of Cash Call No. 12 for projected expenses for the 2023 calendar year for the NEWPP Expansion Project; and
- (3) payment of Cash Call No. 12 due for payment to COH on February 1, 2023, in the amount of \$41,682,346.00, upon TWDB's approval.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller updated the Board on the Authority's participation as an amicus party in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter. She reported that the matter will be heard in the Texas Supreme Court and the North Harris County Regional Water Authority will no longer continue to participate as an amicus party in the matter. Following discussion, Director Darden moved to authorize the Authority to continue to participate as an amicus party in the matter pursuant to a cost sharing agreement with the WHCRWA and the Central Harris County Regional Water Authority. Director Abrahamson seconded the motion, which passed unanimously.

Ms. Miller reported that there were no updates related to the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter.

FINANCING PLAN MATTERS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

MEETING PLANNING AND SCHEDULING MATTERS

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

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:02 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 7:09 p.m., the Board reconvened in open session. Director Fay moved to authorize obtaining appraisals for the right-of-way parcels as discussed. Director Hollingsworth seconded the motion, which passed unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:09 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 District's attorney. The Board determined that the attendance at 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 at the executive session.


RECONVENE IN OPEN SESSION

At 7:30 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)




ASST. Secretary, Board of Directors

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