

MINUTES

NORTH FORT BEND WATER AUTHORITY

June 29, 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 29th day of June 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 Directors Houghton and Fay, thus constituting a quorum.

Also present in person were Lindsay Kovar, Kyle Jones, Julia Frankovich, and Quy Huynh of BGE; Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); John Pertgen and Carl Peters of Kingsbridge Municipal Utility District; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; and Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

In order to provide additional public access, the Authority established a Zoom teleconference and videoconference option 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 Whitney Milberger and Ian Pietz of BGE; Chase Juhl of DEC; David Ross of IDS Engineering Group; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas and Duval McDaniel of Cinco Municipal Utility District No. 5; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Brian Joseph and Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Randy Carter and Philip Huseman of Fort Bend County Municipal Utility District No. 142; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; and Tony Both, David Johnson, Lee Kent, and additional members of the public.

Director Patton welcomed Director Rusk to the Board.

COMMENTS FROM THE PUBLIC

Director Patton 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 May 25, 2022. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, 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 on the Authority's sponsorship of a booth at the Association of Water Board Directors summer conference held June 23-25, 2022.

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

Ms. Milberger reported that 114 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during May 2022. She reported that an Irrigation System Evaluations Cost Sharing Agreement has been sent to the attorney for Fulshear Municipal Utility District No. 3A for review.

Ms. Milberger reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum. She reported that BGE continues to assess potential reuse projects.

Ms. Milberger recommended approval of first quarter rebate payments to the participants in the Authority's 2021 Larry's Toolbox Water Conservation Program that earned the required nine points necessary to receive a reduced 2022 water rate in the total amount of \$209,982.23.

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 information for a summer virtual meeting for participants in the program will be distributed in July 2022.

Ms. Milberger reported that BGE will respond on behalf of the Authority to a survey from the Texas Produced Water Consortium requesting information regarding utility rate and treatment by June 30, 2022.

In response to Director Patton's inquiry, Ms. Milberger stated that BGE will evaluate methods for encouraging the Authority's Groundwater Reduction Plan ("GRP") participants to place the Authority's website address on their utility bills.

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including approval of first quarter rebate payments to the participants in the 2021 Larry's Toolbox Water Conservation Program that earned the required nine points necessary to receive a reduced 2022 water rate in the total amount of \$209,982.23. Director Hollingsworth seconded the motion, which passed unanimously.

CONTRACTS

Ms. Miller reviewed a proposal from BGE for providing website domain services, updating the website, server, and database programming, and incidental digital purchases, supplies, and printing for outreach on a time and materials basis. Following review and discussion, Director Hollingsworth moved to authorize execution of the proposal as presented. Director Abrahamson seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS, AND CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, fund and wire transfers, a supplemental cash flow report, account balances, a current period and year-to-date actual versus budget comparison, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Following review and discussion, Director Abrahamson moved to approve the bookkeeper's report. Director Darden seconded the motion, which passed unanimously.

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

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. Mr. Clayton reported that the Authority's water accountability of 100.85% was caused by a difference in the City of Houston's ("COH") and the Authority's schedules for reading the meters.

Mr. Clayton reported on repairs made to the wireless communication tunnel from the Bellaire Pump Station to the Authority's remote well sites. He stated that the replacement part was covered under warranty and the cost of labor for the repair was decreased from \$17,000.00 to \$10,000.00.

Mr. Clayton reported that Inframark is performing on-site monitoring of the pressure of the surface water delivered by COH and adjusting valves due to an intermittent decrease in pressure and requests for additional amounts of water from the Authority's constituents.

Mr. Clayton reported that Seaback Maintenance Inc., a subcontractor to Inframark, has requested an increase of its quarterly and annual charges for mowing of the Authority's easements to \$18,500.00 and \$74,000.00, respectively. He stated that proposals for the mowing services are being solicited from other providers.

Ms. Miller reported that the Authority was notified that COH entered into Stage One of its Drought Contingency Plan, effective June 21, 2022. She reviewed the Authority's obligations and options in response to COH's implementation of its Drought Contingency Plan and provisions of the Authority's Drought Contingency Plan, noting that the COH's implementation did not necessarily require the Authority to trigger its Drought Contingency Plan at this time. She reported that Inframark recommended that the Authority request its GRP participants to voluntarily reduce water usage. Director Hollingsworth reported that the Texas Commission on Environmental Quality ("TCEQ") distributed correspondence encouraging water providers to voluntarily increase conservation efforts. Discussion ensued amongst the Board regarding possibly triggering Stage 1 Drought Conditions to encourage Authority constituents to voluntarily conserve water due to extreme drought conditions throughout Fort Bend County. Ms. Miller reviewed a draft Notice of Stage 1 Drought Conditions requesting that all water users in the Authority voluntarily reduce their water usage. Director Hollingsworth recommended that the notice encourage all water users to consider implementing one or more drought response measures of their Drought Contingency Plans, if applicable.

Following review and discussion, Director Abrahamson moved to (1) approve the operator's report; (2) implement the Authority's Drought Contingency Plan by

requesting all water users within the Authority to voluntarily reduce water usage; and (3) authorize distribution of a notice stating that the Authority has triggered Stage 1 of its Drought Contingency Plan and requesting all water users to voluntarily reduce their water usage, subject to Director Hollingsworth's review and approval. Director Hollingsworth seconded the motion, which passed unanimously.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GRP

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

Ms. Miller reported that ABHR, at the request of the Board and on behalf of the Authority, submitted a letter to the Fort Bend Subsidence District ("FBSD") and testified at FBSD's public hearing held on June 21, 2022. She stated that the letter and testimony were related to the recommendation received from FBSD's Rules and Regulations Committee to approve the City of Sugar Land's ("COSL") request to delay the deadline for alternative water conversion from 2025 to 2027. She reported that Matt Froehlich of BGE attended the hearing to respond to any technical questions. Ms. Miller reported that FBSD approved COSL's request on June 22, 2022. She stated that over-conversion credits cannot be earned during 2025 to 2027 unless the 60% over-conversion threshold is met. She stated that updates to FBSD's Regulatory Plan will continue to be closely monitored and communicated to the Board.

Mr. Jones reported that BGE submitted the Authority's Well Permit Renewal Request Form and the related application to FBSD.

Mr. Jones 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. Jones reported that, as authorized by the Board, BGE submitted responses to a survey from the Texas State Auditor's Office related to the Authority's emergency communication practices.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Jones reported on the status of property acquisition matters for Main Segment 13 and the surface water line connection for Fort Bend County Fresh Water Supply District No. 2 ("FWSD 2"). Charts summarizing the status of property acquisition matters are attached to the engineer's report.

Mr. Jones 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 98% complete. He recommended that the

Board approve Pay Estimate No. 15, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$28,500.00.

Mr. Jones reported on the status of construction of the Grand Lakes Reuse Irrigation System Retrofit Project. He stated that construction is approximately 75% complete. He recommended that the Board approve Pay Estimate No. 4 submitted by Glamco for the project in the amount of \$105,589.14.

Mr. Jones 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 90% complete. He reported that the project is anticipated to be completed by the end of July 2022, pending receipt of parts required for the lake feeds.

Mr. Jones reported on the status of construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project. He stated that construction is approximately 36% complete. He recommended that the Board approve Pay Estimate No. 3 submitted by Earthcare Landscaping for the project in the amount of \$106,599.82.

Mr. Jones reported that Accurate Meter & Backflow, LLC's installation of the first phase of automated meters for the Authority's automated meter installation project is 24% complete with 59 installed meters. He reported that the contractor is preparing a change order for additional meters identified for installation. He discussed coordination with ABHR on obtaining the necessary Right of Entry Agreements for the project and reviewed a list of three Right of Entry Agreements ready for execution.

Mr. Jones reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that the design consultant obtained permission from the Texas Department of Transportation ("TxDOT") for use of existing temporary access from SH 99 to address additional comments from Fort Bend County. Mr. Jones stated that the project will advertise for bids once the TCEQ's 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 received.

Mr. Jones reported that TxDOT's project to widen FM 723 at Bellaire Boulevard is scheduled to bid in August 2022 and begin construction in March or April 2023. He stated that BGE's design of the project to extend the steel casing on Main Segment 8B at FM 723 as required by TxDOT's project is complete. He said that TxDOT continues its review of the Standard Utility Agreement for reimbursement of the Authority's engineering and construction costs for the extension.

Mr. Jones 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; (5) Carollo Engineers, Inc. for Main Segment 19; and (6) HR Green, Inc. for the surface water line connection for FWSD 2's water plant no. 2.

Mr. Jones reported that the engineer for FWSD 2 plans to advertise for bids for construction of FWSD 2's water plant no. 1, which includes the Authority's surface water line connection to the water plant, in August of 2022.

Mr. Jones reported on the status of the second phase of the transient analysis for the 2025 System and stated that a draft report is anticipated soon.

Mr. Jones stated that, as previously reported, the attorneys for Fort Bend County Municipal Utility District Nos. 34 and 35 are reviewing an initial Summary of Terms related to the design, construction, and maintenance of the effluent reuse system for a proposed joint reclaimed water system project.

Mr. Jones reported that BGE provided comments to a draft technical memorandum for the second phase of the Authority's water blending project prepared by its subconsultant, Corona Environmental Consulting, LLC.

Mr. Jones reported on the status of a System Environmental Determination Form and a Cultural Resources Study required for the 2025 System. He stated that the remaining excavations and geoarchaeological investigations will be completed upon receipt of the necessary easements and/or Right of Entry Agreements sent to certain property owners for access.

Mr. Jones reported that additional induced current testing of the cathodic protection system for Main Segment 3 is being scheduled.

Mr. Jones reported on the status of BGE's design of an offset of the Authority's existing water line around a proposed storm sewer required by Fort Bend County's planned improvements to Old Richmond Road. He stated that additional comments from COH are being addressed and the project will advertise for bids once all plan approvals are received.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that BGE recommends not performing a structural inspection of the walls of the Bellaire Pump Station this year and revising the scheduled inspections to every other year instead due to no observable movement in the past four years.

Mr. Jones reported that the Authority's updated Emergency Preparedness Plan

was submitted to the TCEQ on June 13, 2022.

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 West Harris County Regional Water Authority (the "WHCRWA"), including Segments A, B1, B2, B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the Northeast Meter Station. A copy of a chart listing the status of construction is included in the engineer's report. Director Patton discussed the scope of the Surface Water Supply Project and reported that only 18 easements out of over 800 total easements remain outstanding for the project.

Mr. Pietz updated the Board on COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team and reviewed drone video footage of the project site. Mr. Pietz reported on the status of construction for the Influent Pump Station, raw water lines, North Plant, Central Plant, and the Balance of Plant. He discussed coordination with COH and challenges related to the commissioning and startup tasks for the project, including planning and documentation, and determining how and where to pump testing water during the startup and commissioning phases. Mr. Pietz stated that Phase 1 of the project will provide 80 million gallons per day ("MGD") of capacity and is currently anticipated to be completed approximately one month behind schedule in early 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is currently anticipated to be completed approximately one month behind schedule in the summer of 2025.

Mr. Jones reported on a meeting of the Population Demands Committee of the Texas Water Development Board's Region H Planning Group held on June 21, 2022. He stated that the preliminary Water User Group revisions were presented at the meeting.

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

- (1) Pay Estimate No. 15, submitted by McKinney for construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$28,500.00;
- (2) Pay Estimate No. 4, submitted by Glamco for construction of the Grand Lakes Reuse Irrigation System Retrofit Project in the amount of \$105,589.14; and
- (3) Pay Estimate No. 3 submitted by Earthcare Landscaping for construction of the FB 146 and FB 194 Reuse Irrigation System Retrofit Project in the amount of \$106,599.82.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller reported that the San Jacinto River Authority's motion for a rehearing was denied by the Texas Ninth Court of Appeals in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter. She stated that there were no updates related to the Authority's amicus brief filed in the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter.

FINANCING PLAN MATTERS

Ms. Miller reported on a presentation given by the Authority's financial advisor, Terrell Palmer, to the Authority's Finance and Policy Committee and Capital Planning and Design Committee ("Design Committee") regarding the Authority's potential fees and rates, including the goals of the financial structure and the proposed schedule for issuing bonds. She stated that future rates will be impacted by the actual cost of the Authority's joint Surface Water Supply Project with the WHCRWA.

Ms. Miller reported that there were no current reporting submissions required for the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed five 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 Abrahamson moved to authorize execution of the Right of Entry Agreements as presented. Director Hollingsworth seconded the motion, which passed unanimously.

RESOLUTION ESTABLISHING COMMITTEES

Ms. Miller reviewed the proposed reorganization of the Authority's Committees to include Directors Rusk and Abrahamson joining the Authority's Design Committee and Director Hollingsworth moving from Design Committee to the Communication, Conservation, and Reuse Committee. She then reviewed a proposed Resolution Establishing Committees. Following review and discussion, Director Abrahamson moved to adopt the Resolution Establishing Committees as presented. Director Hollingsworth 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 July 27, 2022.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:07 p.m., to conduct a private

consultation with its attorney 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 then convened in executive session to conduct a private consultation with its attorney pursuant to Section 551.071, Texas Government Code, to seek the advice of its attorney regarding the Authority's legal rights and obligations related to (i) a proposed lease agreement with COH; (ii) the Second Supplement to the Authority's Water Supply Contract with COH; and (iii) the Authority's Joint Facilities Agreement with the WHCRWA. The Board determined that the attendance in this executive session of Ms. Kovar, Mr. Jones, and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 8:04 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.


Secretary, Board of Directors

(SEAL)



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