

MINUTES

NORTH FORT BEND WATER AUTHORITY

October 27, 2021

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 27th day of October 2021, 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:

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|----------------------|--------------------------|
| Peter Houghton | President |
| Robert Patton | Vice President |
| Melony Gay | Secretary |
| Robert Darden | Assistant Vice President |
| Bruce Fay | Assistant Secretary |
| Donald Abrahamson II | Assistant Secretary |
| Dana Hollingsworth | Assistant Secretary |

and all of the above were present in person, thus constituting a quorum.

Also present in person were Matt Froehlich, Whitney Milberger, and Tiffany Moore of BGE; David Oliver, Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Katherine Mears of RPS Infrastructure, Inc.; and Larry D. Goldberg of CivilTech Engineering, Inc.

Due to the COVID-19 virus epidemic emergency and the high threat level warnings issued by various governments and agencies, 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 Taylor Watson of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); and additional members of the public.

COMMENTS FROM THE PUBLIC

Mr. Houghton offered any members of the public attending the meeting in-person or by telephone 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 September 22, 2021, and special meeting held on October 13, 2021. After review and

discussion, Director Gay 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, WATER CONSERVATION, AND REUSE MATTERS,
AND WATER CONSERVATION PROGRAMS

Ms. Milberger reviewed a Memorandum Regarding Water Conservation and Reuse matters, a copy of which is attached.

Ms. Milberger provided information regarding the schedules and registration procedures for the Gulf Coast Water Conservation Symposium and the Association of Water Board Directors Mid-Winter conference.

Ms. Milberger reported on attendance and utilization of the Authority's water conservation mobile teaching lab at past and future community events.

Ms. Milberger reported that the photo and video shoot for the Authority's Water Force campaign was held October 19-20, 2021, at the Bellaire Pump Station and at the Longmeadow Farms community center in Fort Bend County Municipal Utility District No. 146 ("FB 146").

Ms. Milberger reported on increased social media presence for the Authority.

Ms. Milberger reported that 80 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during September 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program.

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

Ms. Milberger reported that the Fort Bend Subsidence District (the "FBSD") issued an Over-Conversion Credit Certificate to the Authority for the 2019-2020 permit term. She reviewed reuse amounts and corresponding recommendations for credits to be applied against fees owed to the Authority pursuant to the Authority's Alternative Water Supply Agreements for a total amount of \$591,529.20 as follows:

- (1) Cinco Municipal Utility District No. 1 reported 229,405,536 gallons of reuse for a corresponding credit of \$172,054.15;
- (2) Cinco Southwest Municipal Utility District No. 1 reported 146,429,608 gallons of reuse for a corresponding credit of \$109,822.21;
- (3) Fort Bend County Municipal Utility District No. 118 reported 2,173,600

- gallons of reuse for a corresponding credit of \$1,630.20;
- (4) Fort Bend County Municipal Utility District No. 122 reported 75,017,169 gallons of reuse for a corresponding credit of \$56,262.88;
 - (5) Fort Bend County Municipal Utility District No. 151 reported 76,824,000 gallons of reuse for a corresponding credit of \$57,618.00;
 - (6) Fort Bend County Municipal Utility District No. 169 ("FB 169") reported 204,462,087 gallons of reuse for a corresponding credit of \$153,346.57;
 - (7) Fort Bend County Municipal Utility District No. 182 reported 49,253,500 gallons of reuse for a corresponding credit of \$36,940.13; and
 - (8) Fort Bend County Municipal Utility District No. 185 reported 5,140,106 gallons of reuse for a corresponding credit of \$3,855.08.

Ms. Milberger reported that an Alternative Water Supply Agreement with Fort Bend County Municipal Utility District No. 142 was ready for the Board's approval.

Ms. Milberger reported on the status of Integrated Water Management Plans submitted to the Authority by Fort Bend County Municipal Utility District No. 168, Charleston Municipal Utility District, and Fort Bend County Municipal Utility District No. 229.

Ms. Milberger reported on the status of an Integrated Water Management Plan due for submission to the Authority by Brazoria-Fort Bend Counties Municipal Utility District No. 3.

Ms. Miller reported that ABHR is drafting a term sheet in response to a notification from the attorney for Fort Bend County Municipal Utility District No. 34 ("FB 34") that the Board of Directors of FB 34 is supportive of evaluating a potential alternate water supply project.

Ms. Milberger provided information regarding the schedules and registration procedures for two interactive webinars to be held virtually on November 2, 2021 and November 3, 2021, as supplemental initiatives for the 2021 Larry's Toolbox Water Conservation Program due to the impact of COVID-19. She reviewed the requirements of the supplemental initiatives and the corresponding points to be awarded for successful completion.

Ms. Milberger gave a presentation on the program guide prepared for the proposed 2022 Water Provider Conservation Program, which will replace the Larry's Toolbox Water Conservation Program moving forward and responded to Board members' questions.

Following review and discussion, Director Gay moved to approve the Water

Conservation and Reuse report, including:

- (1) approve credits to be applied against fees owed to the Authority pursuant to the Authority's Alternative Water Supply Agreements for a total amount of \$591,529.20;
- (2) authorize execution of an Alternative Water Supply Agreement with Fort Bend County Municipal Utility District No. 142; and
- (3) adopt a Resolution Establishing the 2022 Water Provider Conservation Program, including the 2022 Program Guide.

Director Fay seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

PROPOSAL FOR CYBER LIABILITY INSURANCE POLICY

Ms. Miller reported that the Authority's Finance and Policy Committee reviewed two proposals for cyber liability insurance, including (1) Option No. 1, containing a \$10,000.00 basic deductible for a premium of \$25,101.00; and (2) Option No. 2 containing a \$25,000.00 basic deductible for a premium of \$19,060.00. She stated that the Finance and Policy Committee concurred to recommend that the Board approve Option No. 2. Following review and discussion, Director Gay moved to approve the Option No. 2 proposal for cyber liability insurance, containing a \$25,000.00 basic deductible for a premium of \$19,060.00. Director Fay 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 Gay moved to approve the bookkeeper's report, including payment of the invoices. Director Hollingsworth 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 reviewed charges from Hayes Automation for repairs related to the Authority's supervisory control and data acquisition system. In response to Director Houghton's inquiry regarding water accountability, Mr. Clayton stated that the meter for the surface water line connection for Fort Bend County Municipal Utility District No. 118 is being tested for accuracy and he will report the findings to the Board.

Following review and discussion, Director Hollingsworth moved to approve the operator's report as presented. 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 on FBSD's quarterly stakeholders meeting held on October 7, 2021, and FBSD's public hearing regarding proposed updates to its disincentive fee held on October 27, 2021.

Mr. Froehlich reported on BGE's coordination with Inframark on performance of the annual remote well meter readings.

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 a daily commitment amount was determined for a proposed Water Supply Agreement between the Authority and Fort Bend County Fresh Water Supply District No. 2 ("FBFWS 2"). He reported that ABHR drafted and forwarded a Water Supply Agreement to FBFWS 2, which also contemplates a reimbursement by the Authority to FBFWS 2 for the design and construction of the surface water line connection and meter station at FBFWS 2's proposed water plant no. 1.

Mr. Froehlich reported on the status of a proposed Water Well Permitting and Groundwater Reduction Plan Responsibility Agreement with Cornerstones Municipal Utility District in relation to Well No. 13703 that is located outside of the Authority's boundaries. He stated that a revised draft of the agreement has been forwarded to the attorney for Cornerstones Municipal Utility District for review.

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 the 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 recommended that the Board approve Pay Estimate No. 7, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$160,092.00.

Mr. Froehlich reported on the status of the construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and Fort Bend County Municipal Utility District No. 194 ("FB 194"). He recommended that the Board approve Pay Estimate No. 5, submitted by McKinney for the project in the amount of \$281,970.90. Mr. Froehlich additionally reported on coordination with ABHR to finalize a crossing agreement for Oyster Creek between the Authority and the Gulf Coast Water Authority.

Mr. Froehlich reported that FB 146's modifications to the Authority's reclaimed water system facilities related to the installation of increased filtration at FB 146's wastewater treatment plant are complete.

Mr. Froehlich reported on the status of the construction of the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's ("FB 30") water plant no. 3. He stated that the project is complete. Mr. Froehlich reviewed and recommended approval of Change Order No. 1 to the contract with D.L. Elliott Enterprises, Inc. for construction of the project to decrease the contract in the amount of \$76,613.50. The Board determined that Change Order No. 1 is beneficial to the Authority. Mr. Froehlich then recommended that the Board approve Pay Estimate No. 7 and Final, submitted by D.L. Elliott Enterprises, Inc. for the project in the amount of \$65,265.04, and accept the project.

Mr. Froehlich reported that Accurate Meter & Backflow, LLC's installation of the first phase of automated meters for the Authority's automated meter installation project is 4% complete. He stated that ABHR continues to review comments to certain draft Right of Entry Agreements as they are received. Mr. Froehlich reviewed a list of eight Right of Entry Agreements for the first phase of the project that he said were ready for the Board's execution. He reviewed a list of nine recorded Right of Entry Agreements and stated that notices to proceed were issued for the installation of the nine meters.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that the City of Houston's ("COH") approval of the plans will

be obtained after completion of the first phase of an updated transient analysis. He stated that BGE is reviewing a draft of the analysis.

Mr. Froehlich reported on BGE's design of the project to extend the steel casing on Main Segment 8B at FM 723 due to the Texas Department of Transportation's ("TxDOT") project to widen FM 723 at Bellaire Boulevard. He stated that design plan approvals have been received from the required agencies. He reported that design of the project is on hold pending TxDOT's schedule for right-of-way acquisition.

Mr. Froehlich reported on the status of the design of the Authority's proposed 2025 surface water supply system (the "2025 System") by the following design consultants: (1) IDS Engineering Group for the design of Main Segment 13B; (2) BGE for the design of Main Segment 18A; and (3) Carollo Engineers, Inc. for the design of Main Segment 19. He stated that once the necessary Right of Entry Agreements are obtained, kickoff meetings will be held with (1) Jones & Carter, Inc. for design of Main Segment 13Ci and the surface water line connection for Fort Bend County Municipal Utility District No. 229; and (2) Binkley & Barfield, Inc. for design of Main Segments 13Cii and D.

Mr. Froehlich reported on the status of HR Green, Inc.'s ("HRG") design of the 2025 System surface water line connection for FBFWS 2 located at West Bellfort Street. He recommended approval of Amendment No. 1 to the Authority's current Agreement for Professional Design Consulting Services with HRG to remove the scope of work for the proposed water plant no. 1 surface water line connection and adjust the total fee downward from \$220,096.64 to \$160,464.15 due to the change in the scope of work.

Mr. Froehlich stated that BGE is reviewing the report for the first phase of the transient analysis of the 2025 System.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study, including a meeting held between BGE and the contractor to discuss updates.

Mr. Froehlich 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. Froehlich reported on BGE's coordination with Farwest Corrosion Control on performance of an alternating current close interval survey for Main Segment 3.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported that the structural report for the Bellaire Pump Station

indicates there has been no further cracking. He recommended payment of the invoice from Flesch Engineering, LLC for the report in the amount of \$5,275.00.

Mr. Froehlich recommended approval of an application prepared for renewal of the Stormwater Quality Permit for the Bellaire Pump Station expiring on November 21, 2021, for submission to COH.

Mr. Froehlich reported that Texas Microgrid, LLC submitted an invoice for Grid Outage Fees for an electricity outage in the amount of \$147.08.

Mr. Froehlich reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project (the "SWSP") 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.

Mr. Froehlich reported that the Texas Water Development Board (the "TWDB") authorized the release of escrowed funds for payment of the WHCRWA's cash calls for the SWSP Segments B1 and B2 in the amount of \$76,268,459.48 and Segment B3 in the amount of \$34,777,445.10, and the Authority's payments were made on October 12, 2021.

Ms. Miller reported on a recommendation made by the NFBWA's financial advisor related to advance payments related to generator installation for the SWSP Repump Station and Central Pump Station that will result in costs savings as opposed to making interim payments at project milestones.

Mr. Pietz reported on the status of the construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project. He stated that final testing and startup are ongoing and anticipated to be completed by the end of the month.

Mr. Pietz reviewed drone video footage of the project site and updated the Board on COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the status of construction for Early Work Package Nos. 2, 4, and 6, and the Balance of Plant package. He reported that a tour of the plant is scheduled for December 8, 2021.

Mr. Froehlich reported that the TWDB is working on amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's Clean Water State Revolving Fund for the reclaimed water system projects for FB 146 and FB 194 and Grand Lakes to extend the schedules for completing construction of the projects to December 31, 2021.

Mr. Froehlich reported that BGE will attend the next meeting of the Region H Water Planning Group scheduled to be held on November 3, 2021.

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

- (1) approve Pay Estimate No. 7, submitted by McKinney for construction of the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$160,092.00;
- (2) approve Pay Estimate No. 5, submitted by McKinney for construction of the Authority's joint reclaimed water system project with FB 146 and FB 194 in the amount of \$281,970.90;
- (3) approve Change Order No. 1 in the amount of \$76,613.50 as a decrease to the contract with D.L. Elliott Enterprises, Inc. for construction of the Authority's surface water line connection for FB 30's water plant no. 3, based upon the Board's finding that the change order is beneficial to the Authority and Mr. Froehlich's recommendation;
- (4) approve Pay Estimate No. 7 and Final, submitted by D.L. Elliott Enterprises, Inc. in the amount of \$65,265.04, accept the Authority's surface water line connection for FB 30's water plant no. 3, and authorize BGE to notify the Authority's insurance company of the new facilities;
- (5) authorize execution of Amendment No. 1 to the Authority's current Agreement for Professional Design Consulting Services with HRG for the Authority's surface water line connection for FBFWS2 to remove the scope of work for the proposed water plant no. 1 surface water line connection and revise the total fee from \$220,096.64 to \$160,464.15;
- (6) authorize payment of the invoice from Flesch Engineering, LLC for a structural report for the Bellaire Pump Station in the amount of \$5,275.00;
- (7) authorize execution of an application for renewal of the Stormwater Quality Permit for the Bellaire Pump Station, submission of the application to COH, and payment of the renewal fee; and
- (8) approve payment of an invoice submitted by Texas Microgrid, LLC for Grid Outage Fees in the amount of \$147.08.

Director Hollingsworth seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY IN SAN JACINTO RIVER AUTHORITY V. CITY OF CONROE AND CITY OF MAGNOLIA

Ms. Miller stated that there were no updates related to the Authority's amicus brief filed in *San Jacinto River Authority v. City of Conroe and City of Magnolia*.

FINANCING PLAN MATTERS

Ms. Miller reported that the Authority's \$20,940,000 Water System Junior Lien Revenue Bonds, Series 2021A and \$13,035,000 Water System Revenue Bonds, Series 2021B that were sold to the TWDB through the TWDB's State Water Implementation Revenue Fund for Texas program on October 13, 2021, are scheduled to close November 22, 2021.

Ms. Miller discussed amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's Clean Water State Revolving Fund. She reported that while TWDB still has not provided the amendments for Board consideration, the TWDB has updated its internal system with the extended schedules for completing construction of the reclaimed water system projects for FB 146 and FB 194 and Grand Lakes to December 31, 2021.

Ms. Miller reviewed the Arbitrage Rebate Report for the Authority's Series 2016A Bonds and stated that no arbitrage rebate is due to the United States Treasury Department.

REALTY INTEREST ACQUISITION

Ms. Miller reported that ABHR is counsel for FB 169 and discussed with the Board the Authority's option to retain independent counsel or to have ABHR represent it in connection with the preparation of a proposed Right of Entry Agreement with FB 169 for environmental testing for Main Segment 13E. Following review and discussion, Director Gay moved to authorize execution of a legal conflict waiver for ABHR's preparation of a Right of Entry Agreement with FB 169. Director Hollingsworth seconded the motion, which passed unanimously.

Ms. Miller reviewed Right of Entry Agreements with eight municipal utility districts for the Authority's automated meter reader installation project as listed on the attached chart. Following review and discussion, Director Gay moved to authorize execution of the Right of Entry Agreements as presented. Director Fay seconded the motion, which passed unanimously.

Ms. Miller reviewed seven Right of Entry Agreements for Main Segments 13C, 13D, 13E, and 14A, as listed on the attached chart. Following review and discussion, Director Gay moved to authorize execution of the Right of Entry Agreements as presented. Director Hollingsworth seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reminded the Board that the Authority's November and December regular Board meetings are normally held on Thursdays one week before the regular meeting dates due to the Thanksgiving and Christmas holidays. She stated that the

November 24, 2021, and December 22, 2021, regular meetings are rescheduled to Thursday, November 18, 2021, and Thursday, December 16, 2021, respectively.

CONVENE EXECUTIVE SESSION

The Board did not convene in executive session.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)




Asst. Secretary, Board of Directors

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