

MINUTES
NORTH FORT BEND WATER AUTHORITY

May 24, 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 24th day of May, 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 Directors Houghton and Patton, thus constituting a quorum.

Also present in person for all or part of the meeting were Matt Froehlich, Julia Frankovich, Kyle Jones, Whitney Milberger, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Terrell Palmer of Post Oak Municipal Advisors, LLC; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Karl Peters of Kingsbridge Municipal Utility District; Jeff Masek of AECOM; and Lawrence D. Goldberg of Woolpert Inc.

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 Dale Clayton of Inframark, LLC; Ian Pietz of BGE; Jorge Garcia of Odyssey Engineering Group; Matthew Matula of Quiddity Engineering, LLC; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 8; Sharon Valiante, Director of Public Works for City of Fulshear ("COF"); Lance Hall, Assistant Director of Public Works for COF; Steve 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; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; John Pertgen of Kingsbridge Municipal Utility District; Mike Halde of HR Green, Inc.; 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 April 26, 2023, and special meeting held on May 3, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Hollingsworth seconded the motion, which passed unanimously.

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 participation in constituent events, the Texas American Water Works Association Water Conservation Webcast Series, and the Association of Water Board Directors summer conference.

Ms. Milberger reported that the Authority received the following awards from the Texas Chapter of the American Public Works Association: (1) the Public Works Project of the Year Award in the Small Cities/Rural Communities Category for the Authority's Grand Lakes reclaimed water distribution system project; (2) the Exceptional Performance in Journalism Award; and (3) the Sustainability Practice Award. She stated that the awards ceremony will be held on June 28, 2023, in Waco, Texas.

Ms. Milberger reported that submissions for the Authority's Spring 2023 Art Contest are being accepted for middle and high school students residing within the Authority through May 31, 2023. She stated that the contest is focused on illustrating the importance of water, subsidence prevention, and conservation matters. Information and materials for the contest are available on the Authority's website at www.nfbwa.com/artcontest.

Ms. Milberger reported that the Authority's newsletter for the general public, titled "Connect the Drops," was launched on May 10, 2023. She reported that the Water Provider Newsletter for all participants in the Authority's Groundwater Reduction Plan ("GRP") was launched on May 22, 2023.

Ms. Milberger reported that 93 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during April 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 Water Provider Conservation Program ("WPC Program"). She reported that bill inserts were printed and mailed to the participants in the Authority's 2023 WPC Program. She stated that the toolkit for the WPC Program is included on the Authority's website.

Ms. Milberger reviewed the following schedule for participant meetings for the WPC Program: (i) 11:00 a.m. - 1:00 p.m. on Tuesday, May 30, 2023; and (ii) 6:00 p.m. - 8:00 p.m. on Wednesday, May 31, 2023. She stated that registration for the meetings was included on the Authority's website.

No action was taken by the Board.

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. Mr. Watson additionally distributed a quarterly investment report from HilltopSecurities, a copy of which is attached. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report as presented. 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 that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board approve a quote from Edustrial Solutions for inspecting 109 fire hydrants in the total amount of \$10,164.25.

Following review and discussion, Director Fay moved to approve the operator's report as presented, including the quote from Edustrial Solutions for inspecting 109 fire hydrants in the total amount of \$10,164.25. Director Abrahamson 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 that COF appointed a new director to the Board of Directors of the Fort Bend Subsidence District ("FBSD"). He stated that FBSD's Annual Groundwater Report for 2022 is anticipated to be posted on FBSD's website on May 25, 2023.

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 on conditional approvals provided for two new well requests to serve an apartment complex located near the intersection of Westheimer Parkway and Viewridge Drive. He additionally reported on preparation of acknowledgments of proposed tract annexations by Fort Bend County Municipal Utility District Nos. 2 and 41.

Mr. Froehlich reported that discussions with the engineer for the Village of Pleak regarding interim solutions for water supply will be discussed with the Authority's CPD Committee.

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 Segments 13C and 16B. A chart summarizing the status of property acquisition matters is attached to the engineer's report.

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 Notice to Proceed is anticipated to be issued to Main Lane Industries, Ltd. when the pipe is delivered for the project during June or July 2023.

Mr. Froehlich reminded the Board that a contract for the construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 was awarded to T Construction, LLC in the amount of \$385,115.00, subject to execution of a Standard Utility Agreement ("SUA") with the Texas Department of Transportation for reimbursement of the Authority's engineering and construction costs for the extension project. He reported that the SUA remains outstanding.

Mr. Froehlich reported on the status of construction of the Authority's proposed 2027 surface water supply system (the "2027 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. ("Reddico"), had been instructed to stop work until FWSD 2 secures funding for constructing its water plant no. 1 and related connection line. He stated that FWSD 2's engineer reported that the funding issues have been resolved and construction is anticipated to begin soon. He stated that BGE will coordinate with Reddico to restart work.

Mr. Froehlich reported that construction of an offset of the Authority's existing water line around a proposed storm sewer line required by Fort Bend County's planned improvements to Old Richmond Road is complete. He stated that a final pay estimate is anticipated to be submitted for the June meeting of the Board.

Mr. Froehlich reported on the status of the design of water lines for the 2027 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. He reported that BGE is preparing variance requests for Segments 18A and 19 for submission to the City of Houston ("COH"). Mr. Froehlich reported that Fort Bend County has determined that the previously requested submission of a letter of no objection from CenterPoint for Main Segment 19 is not necessary.

Mr. Froehlich reported on the status of a proposed joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 34 and 35 ("FB 34 and 35"). He stated that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended countering FB 34 and 35's proposed terms with the Authority's original terms consistent with past projects. He stated that the Authority's CCR Committee directed BGE to continue evaluating other potential projects for review.

Mr. Froehlich reported that completion of work on the 2027 System Environmental Determination Form and Cultural Resources Study is deferred pending access to property located at the southwest corner of FM 1093 and FM 359.

Mr. Froehlich reported that field investigations for the geologic fault study for the 2027 System are underway and the Phase 1 report is under review by BGE.

Mr. Froehlich reported Farwest Corrosion Control Company has completed

replacing the Authority's 50 flush-to-grade cathodic protection system test stations along Main Segments 1A and 1B with post-mounted test stations.

Mr. Froehlich reported on the status of a request by the developer of a commercial site for an offset to Main Segment 4B to provide clearance for a proposed drainage swale. He stated that a proposed agreement drafted by ABHR which provides for the developer's payment of the Authority's expenses for the offset has been forwarded to the developer.

Mr. Froehlich reported that ABHR is revising draft 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 the status of Fort Bend County Municipal Utility District No. 58's ("FB 58") request for the future restoration of hike and bike trails inadvertently constructed on the Authority's easement in Main Segment 17B. He stated that ABHR is coordinating with FB 58's attorney and options will be discussed with FB 58's Board.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that Flesch Engineering, LLC will begin performing a structural inspection of the Bellaire Pump Station next month.

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 West Harris County Regional Water Authority ("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 three meter stations. Copies of a chart and summaries of the status of construction, including any contractor claims, are included in the attached engineer's report. Mr. Jones additionally reported on Dispute Review Board matters, including the Dispute Review Board's opinion issued Saturday, May 6, 2023, for the Grand Oaks claim related to developer installed electrical utilities.

Mr. Jones reported that the final comments for the proposed Amended and Restated Joint Facilities Agreement between the Authority and WHCRWA for the Surface Water Supply Project have been made and two exhibits are being finalized by the engineering teams.

Mr. Pietz reported that BGE reviewed and will notify COH that the Authority has no comments on the Fiscal Year 2019, 2020, and 2021 True-ups received for the East Water Purification Plant (the "EWPP"). He stated that BGE will provide comments on the draft Fiscal Year 2022 True-up for the EWPP to COH. He reported that the Authority's and WHCRWA's consultants met with representatives of COH regarding a

significant increase in COH's Fiscal Year 2024 Preliminary Water Rate for the EWPP based on the draft O&M budget for the EWPP.

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. He reported on the status of construction and testing, as applicable, for the Influent Pump Station, North Plant, Central Plant, and the Balance of Plant. Status summaries are included in the attached engineer's report. 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 behind schedule in August 2023. He stated that the original contract completion date for Phase 1 was February 20, 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is anticipated to be completed in the summer of 2025.

Mr. Froehlich reported on Texas Water Development Board's ("TWDB") annual site visit to discuss active funding commitments held on May 17, 2023.

Mr. Froehlich reported that TWDB's approval of the Engineering Feasibility Report for the 2027 System required for funding is deferred pending completion of the required Environmental Determination Form and the Cultural Resources Study for the 2027 System.

Following review and discussion, Director Fay moved to approve the engineer's report as presented. Director Abrahamson seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller reported on the Texas Supreme Court Opinion reversing the court of appeals in the *Hidalgo County Water Improvement District No. 3 v. Hidalgo County Water Irrigation District No. 1* matter. She stated that the opinion holds that sovereign immunity does not apply in eminent-domain proceedings and the Hidalgo County Water Irrigation District No. 1 is not immune from the condemnation suit.

There was no update regarding the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

LEGISLATIVE UPDATE

Ms. Miller reported on the status of certain proposed bills with potential impact to the Authority during the 88th Regular Session of the Texas Legislature.

FINANCING PLAN MATTERS

Ms. Miller additionally reported on TWDB's annual site visit to discuss active

funding commitments held on May 17, 2023. She stated that TWDB was notified that the Authority anticipates using the unused funds from funding received from TWDB's Clean Water State Revolving Fund to pay debt service for the bonds issued through the fund.

Ms. Miller reported on the Authority's obligations related to its Note Purchase Agreement with JPMorgan Chase Bank, N.A. She stated that Certificates of No Default are due for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports.

Mr. Palmer recommended that the Authority allow the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. to expire as scheduled on August 11, 2023.

Following review and discussion, Director Hollingsworth moved to (1) authorize execution of the Certificates of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports; and (2) allow the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. to expire as scheduled on August 11, 2023. Director Abrahamson seconded the motion, which passed unanimously.

APPROVE FILING OF ANNUAL REPORT

Ms. Miller reported on filing requirements related to the Authority's updated financial, operating, and certain other data included in the Annual Report prepared in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Following review and discussion, Director Abrahamson moved to approve the updated Annual Report and direct that the report be filed appropriately and retained in the Authority's official records. Director Rusk seconded the motion, which passed unanimously.

Ms. Miller reviewed McCall Gibson Swedlund Barfoot PLLC's post audit agreed upon procedures report for the Authority's financial statements. Following review and discussion, Director Fay moved to approve the report and authorize execution of the representation letter. Director Abrahamson seconded the motion, which passed unanimously.

PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the Authority's procedures for continuing disclosure compliance. Ms. Miller stated that no changes to the procedures are required at this time.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

APPLICATIONS FOR RENEWAL OF CYBER LIABILITY INSURANCE POLICY

The Board reviewed applications for obtaining a renewal quote for the Authority's cyber liability insurance policy. Following review and discussion, Director Abrahamson moved to authorize execution of (1) the CyberRisk Renewal Application; and (2) the Multi-Factor Authentication Supplement. Director Darden seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reported that Ms. Milberger is scouting locations for holding in-person Board meetings for the Authority. The Board concurred to hold a regular meeting at 6:00 p.m. on June 28, 2023, at a location to be determined.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:55 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 Authority's attorney.

RECONVENE IN OPEN SESSION

At 7:00 p.m., the Board reconvened in open session. Director Abrahamson moved to decline the settlement offer related to the *Ernest Adimora-Nweke vs. Property Acquisition Services, Inc., et al.* matter as discussed. Director Fay seconded the motion, which passed unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:01 p.m., pursuant to Section 551.072, Texas Government Code, to discuss the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 7:02 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)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum Regarding Water Conservation and Reuse	2
Bookkeeper's report.....	3
Investment Report.....	3
Operator's report.....	3
Engineer's report.....	4