

MINUTES

NORTH FORT BEND WATER AUTHORITY

March 25, 2020

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session by teleconference, with access by telephone available to the public, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott's emergency disaster declaration dated March 13, 2020 (the "Disaster Declaration"), on the 25th day of March, 2020, and the roll was called of the members of the Board being present by telephone:

Peter Houghton	President
Robert Patton	Vice President
Melony Gay	Secretary
Vacant	Assistant Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Pat Hebert	Assistant Secretary

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

Also attending all or part of the teleconference were Donald W. Abrahamson, II and Dana Hollingsworth, Director elects; Lindsay Kovar, Matt Froehlich, Ian Pietz and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody and Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Dale Clayton of Inframark, LLC ("Inframark"); David Oliver, Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Katherine Mears of RPS North America; Madison Manger of Coats Rose PC; Mike Abshire, Mark Van Dyck, David Johnson, and Sonyan Stephens of Big Oaks Municipal Utility District; Matt Bognar of Cinco Municipal Utility District No. 3; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Kafi Dalcour of Fort Bend County Municipal Utility District No. 116; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; Glenn Gesoff of Grand Lakes Municipal Utility District No. 4; and John Pertgen and Carl Peters of Kingsbridge Municipal Utility District.

Mr. Oliver reviewed certain recommended protocols for conducting the Authority's meeting via teleconference. He announced that the meeting was being recorded and that consultant reports presented at the meeting were posted online and available to the public in the form of an "agenda packet" prior to the start of the meeting at www.districtdirectory.org/agendapackets/nfbwa and the Authority's website <https://www.nfbwa.com/meetings/>.

DECLARE EMERGENCY

Mr. Oliver reported on Governor Abbott's Disaster Declaration, authorizing political subdivisions of the State of Texas to use all available resources to facilitate and expedite the use and deployment of resources to enhance preparedness and response to the novel coronavirus (COVID-19). He stated in response to the Governor's declaration, an emergency may be declared within the Authority for the duration of this declared disaster and for the limited purposes authorized by Governor Abbott. After discussion, Director Hebert moved to declare an emergency within the Authority for the duration of this declared emergency/disaster and for the limited purposes authorized by the Governor as a result of the novel coronavirus (COVID-19). Director Gay seconded the motion. A roll call of the Board was taken and the motion passed unanimously, with all directors voting "yea."

CONSIDER OPERATIONS AND SERVICE REQUIREMENTS RELATING TO COVID-19 EPIDEMIC; MEMORANDUM REGARDING PREPARATION FOR POTENTIAL EFFECTS OF COVID-19 ("MEMORANDUM"); AND ADOPT RESOLUTION REGARDING DELEGATION OF AUTHORITY DUE TO AN EMERGENCY

The Board discussed the necessity of continuing Authority operations and services during the state of disaster and the likely inability of a majority of the Board to convene and sign checks to pay Authority expenses relating to Authority services and Authority contracts during the declared disaster. Mr. Oliver reviewed the Memorandum and a Resolution Regarding Delegation of Authority Due to an Emergency (the "Resolution"). A copy of the Memorandum is attached. Mr. Oliver noted the Resolution reflects delegations of authority to take certain actions on behalf of the Board or the Authority, including delegation to the bookkeeper to sign approved, authorized checks on behalf of the Authority in accordance with Section 49.151 of the Texas Water Code.

Mr. Clayton and Ms. Kovar reported that COVID-19 was not impacting the Authority's operations or water quality at this time.

Following review and discussion, Director Hebert moved to (1) adopt the Resolution and direct it be filed appropriately and retained in the Authority's official records; and (2) authorize ABHR or any other consultants of the Authority to issue essential business travel letters to employees of any service or construction contractors performing work in the Authority. The motion was seconded by Director Gay. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting in favor.

COMMENTS FROM THE PUBLIC

In response to Mr. Bognar's inquiry regarding the safety of the Authority's water, Ms. Kovar stated that the Authority and Inframark have posted information and

a variety of resources on their websites to assist with answering questions related to the impact of COVID-19 on drinking water. She stated that the website postings include a statement issued by the Center for Disease Control that the COVID-19 virus has not been detected in drinking water, and conventional water treatment methods that use filtration and disinfection, such as those utilized in the Authority's system, should remove or inactivate the virus that causes COVID-19. Mr. Oliver stated that the Authority will continue to actively monitor any developments and update the posted information as needed.

APPROVE MINUTES

The Board considered approving the minutes of the meetings held February 26, 2020, and March 4, 2020. After review and discussion, Director Gay moved to approve the minutes as written. Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, LARRY'S TOOLBOX WATER CONSERVATION PROGRAM, AND ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

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

Ms. Kovar reported that community outreach events are currently cancelled or in the process of being rescheduled due to public health considerations.

Ms. Kovar reported that 51 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during February, 2020. She stated that the Authority's irrigation system evaluation consultant, Vepo, LLC, is suspending evaluations due to the impact of COVID-19 at this time. She stated that the Authority's website continues to accept scheduling requests for future evaluations.

Ms. Kovar reported on implementation of the Authority's Larry's Toolbox water conservation program. She recommended approval of an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 134E for participation in the WISE Guys Program initiative for the 2020 Larry's Toolbox water conservation program.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts and a chart tracking reuse usage amounts.

Ms. Kovar recommended approving the annual report on implementation of the Authority's Water Conservation Plan and authorizing submittal to the Texas Water Development Board (the "TWDB").

Following review and discussion, Director Gay moved to:

- (1) authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 134E; and
- (2) approve the annual report on implementation of the Authority's Water Conservation Plan and authorize submittal to the TWDB.

Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

RESOLUTION CHANGING AND APPOINTING INVESTMENT OFFICER, DISCLOSURE STATEMENTS FOR BOOKKEEPER AND INVESTMENT OFFICER, AND DISTRICT REGISTRATION FORM

Mr. Oliver reviewed a Resolution Changing and Appointing Investment Officer due to the Authority's change in bookkeepers from AVANTA Services to MAC. He stated that the bookkeeper and investment officer submitted disclosure statements and the Authority's District Registration Form has been updated. Following review and discussion, Director Hebert moved to (1) adopt a Resolution Changing and Appointing Investment Officer appointing Mark Burton and Ghia Lewis as the Authority's Investment Officers; (2) accept the annual disclosure statements of the bookkeepers and Investment Officers and direct that the statements be filed with the Texas Ethics Commission and retained in the Authority's official records; and (3) authorize execution of the Authority's District Registration Form and direct that the form be filed with the Texas Commission on Environmental Quality and retained in the Authority's official records. Director Gay seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

DEPOSITORY PLEDGE AGREEMENTS

Mr. Oliver reported that as a component of the bookkeeping services transition, updated Depository Pledge Agreements have been prepared with Amegy Bank, BBVA Compass Bank, Central Bank, Independent Bank, Prosperity Bank, Regions Bank, and Wells Fargo Bank. Following review and discussion, Director Hebert moved to authorize execution of the Depository Pledge Agreements. Director Gay seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

RESOLUTION AUTHORIZING THE INVESTMENT AND TRANSFER OF FUNDS

Mr. Oliver reviewed a Resolution Authorizing the Investment and Transfer of Funds. He stated that the resolution provides that the Authority's Investment Officers may invest, reinvest, and place in accounts the funds of the Authority on such terms as the Board authorizes. Following review and discussion, Director Gay moved to adopt

the Resolution Authorizing the Investment and Transfer of Funds. Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting “yea.”

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

Ms. Lightbody presented the bookkeeper’s report, including checks for payment, fund and wire transfers, monthly receipts, voided and reissued checks, a summary of investments, a quarterly investment report, and a statement of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper’s report is attached. Ms. Lightbody reviewed a list of checks for payment of fourth quarter water rate rebate payments to 42 participants in the Authority’s 2019 Larry’s Toolbox water conservation program in the amount of \$222,844.06. Ms. Lightbody additionally reviewed payments of various cash calls as previously authorized by the Board. Following review and discussion, Director Gay moved to approve the bookkeeper’s report as presented. Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting “yea.”

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 stated that Inframark performed an annual review of the Authority’s Drought Contingency Plan and has no recommended changes to the plan.

Following review and discussion, Director Gay moved to approve the operator’s report as presented. Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting “yea.”

ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board conducted an annual review of the Authority’s Drought Contingency Plan. Following review and discussion, Director Hebert moved to continue implementation of the plan without changes. Director Gay seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting “yea.”

ADOPT UPDATED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board reviewed an updated Crisis Management Media Relations Plan. Following review and discussion, Director Hebert moved to adopt the updated Crisis Management Media Relations Plan. Director Gay seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting

“yea.”

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY’S GROUNDWATER REDUCTION PLAN

Mr. Froehlich presented the engineer’s report, a copy of which is attached. Mr. Froehlich reported that the Fort Bend Subsidence District’s Joint Regulatory Plan Review Stakeholder meeting scheduled for March 31, 2020, has been cancelled and is anticipated to be rescheduled for a future date.

Mr. Froehlich discussed a Risk and Resilience Assessment (“Assessment”) for the Authority prepared by BGE to comply with the America’s Water Infrastructure Act of 2018 (the “Act”). He stated that, pursuant to the Act, the Authority must certify to the Environmental Protection Agency (“EPA”) that the Authority has completed the Assessment by March 31, 2020.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, AND PROJECTS

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for the Authority’s Main Segments 16B and 17.

Mr. Froehlich reported on the status of the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, “Grand Lakes”), consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated that no pay estimates were submitted by JTR Constructors Inc. for construction of the wastewater plant improvements at this time. He reported that the plans for the reclaimed water distribution system were resubmitted for agency re-review.

Mr. Froehlich reported on the status of construction of the Authority’s surface water line connection for Fort Bend County Municipal Utility District No. 30’s Water Plant No. 3. He stated that no pay estimates were submitted by D.L. Elliott Enterprises, Inc. at this time.

Mr. Froehlich reported on the status of obtaining agency approvals of the plans and specifications for 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 the TWDB issued a Finding of No Significant Impact (“FNSI”) for the project based on its review of potential environmental impacts. He stated the FNSI is currently under a 30-day public review and comment period.

Mr. Froehlich reported that RPS Infrastructure, Inc. has begun design of the Authority’s Main Segment 11A.

Mr. Froehlich reported that Fort Bend County’s and the City of Houston’s comments on the design of a project to lower the Authority’s existing 16-inch surface water

connection line to Kingsbridge Municipal Utility District and Fort Bend County Municipal Utility District No. 2, as required by Fort Bend County's improvement project for Old Richmond Road, are being addressed.

Mr. Froehlich reported that BGE's comments were incorporated into the plans for Fort Bend County's improvement project for Clodine Road along the Authority's Main Segment 4B. He stated that BGE issued a letter of no objection for the project.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich updated the Board on a proposed contract with Enchanted Rock Solutions, LLC for installing, commissioning, and servicing six natural gas generators and associated equipment to provide power for all the Bellaire Pump Station pumps operating at full capacity in place of the current generators. He stated that ABHR is finalizing the contract documents and determining options for handling the Authority's existing demand response contracts.

Mr. Froehlich reported that reconfiguration of the replacement redundant server at the Bellaire Pump Station and restoration of its software reporting capabilities is complete. He stated that the redundant server is online and the operator is receiving reports. He stated that minor punch list items regarding the reconfiguration and restoration are being addressed by the contractor.

Mr. Froehlich reported that the TWDB approved the use of escrowed bond funds for payment of a cash call issued by West Harris County Regional Water Authority (the "WHCRWA") for fiscal year 2020 second quarter expenses for the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA in the amount of \$2,707,021.00.

Mr. Froehlich reported that BGE is preparing an application for submission to the TWDB for the use of escrowed bond funds for payment of Cash Call No. 1 issued by the WHCRWA for SWSP Segment C construction costs in the amount of \$53,900,000.00. He stated that payment of the cash call will be held pending TWDB and Board approval.

Mr. Froehlich updated the Board on the status of right-of-way acquisition and design of the water line segments and pump stations for SWSP. He stated that the groundbreaking event for the project scheduled for April 13, 2020, has been postponed.

Mr. Froehlich discussed the status of the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement with the WHCRWA. He reported that the WHCRWA provided its proposed approach for the continued operation and maintenance of the facilities upon completion of construction for future negotiation discussions.

Mr. Froehlich reported on the status of the Coastal Water Authority's Luce

Bayou Interbasin Transfer Project, including the construction schedules for the Capers Ridge Pump Station, canal projects, and the dual 96-inch raw water lines.

Mr. Pietz reported on the status of the City of Houston's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He stated that the project is deemed critical and there are currently no plans to stop construction. He reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package.

Following review and discussion, Director Gay moved to approve the engineer's report as presented, including (1) approve the Assessment and authorize filing of the certification of the Assessment with the EPA; and (2) direct that the Assessment be filed confidentially in the Authority's official records and the confirmation of certification be filed in the Authority's official records. Director Hebert seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

AUTHORITY FINANCING PLAN

Mr. Oliver stated there were no updates related to the Authority's funding received from the State Water Implementation Revenue Fund for Texas or the Authority's revenue note placement program for interim financing. He noted that, in relation to the Authority's funding received from the Clean Water State Revolving Fund, Mr. Froehlich previously provided an update on the TWDB's issuance of a FNSI for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194.

CONTRACTS

Mr. Oliver reported that Jeanne McDonald is retiring and closing her law firm. He stated that Joel Cleveland, the attorney assisting the Authority in the negotiations related to the Amended and Restated Joint Facilities Agreement, has joined The Muller Law Group, PLLC and prepared an engagement letter for legal services to provide continued assistance with the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement with the WHCRWA. Following review and discussion, Director Hebert moved to authorize execution of an engagement letter with The Muller Law Group, PLLC. Director Gay seconded the motion. A roll call vote of the Board was taken and the motion passed unanimously, with all directors voting "yea."

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

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.

/s/ Melony Gay
Secretary, Board of Directors

(SEAL)

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