

MINUTES

NORTH FORT BEND WATER AUTHORITY

April 22, 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, on the 22nd day of April, 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, Directors elect; Lindsay Kovar, Matt Froehlich, Kyle Jones Whitney Milberger, and Tiffany Moore of BGE, Inc. (“BGE”); Pam E. Lightbody, Taylor Watson, and Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC (“Inframark”); Joel Cleveland of The Muller Law Group, PLLC; David Oliver, Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP (“ABHR”); Kyle Kaspar of Jones & Carter, Inc.; Madison Manger of Coats Rose PC; Katherine Mears and David Wong of RPS North America; Daniel Menendez of Huitt-Zollars, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; John Strange of JNS Consulting Engineers, Inc.; Carlos Quintero of Freese and Nichols, Inc.; Mike Abshire, David Johnson, Sonyan Stephens, and Mark Van Dyck of Big Oaks Municipal Utility District; Matt Bogнар of Cinco Municipal Utility District No. 3; Steven Haas of Cinco Municipal Utility District No. 8; Steve Taleki of Cornerstones Municipal Utility District; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Craig Lewis of Fort Bend County Municipal Utility District No. 50; Kafi Dalcour of Fort Bend County Municipal Utility District No. 116; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Randy Carter of Fort Bend County Municipal Utility District No. 142; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; Mashhood Shah 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/>.

OPERATIONS AND SERVICE REQUIREMENTS RELATING TO COVID-19 EPIDEMIC AND RATIFICATION OF ANY EMERGENCY ACTIONS

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

COMMENTS FROM THE PUBLIC

Mr. Oliver offered any members of the public attending the meeting by telephone the opportunity to make public comment. There being no members of the public requesting to make public comment, the Board moved to the next agenda item.

APPROVE MINUTES

The Board considered approving the minutes of the meeting held March 25, 2020. After review and discussion, Director Gay moved to approve the minutes as written. Director Darden 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, AND LARRY'S TOOLBOX WATER CONSERVATION PROGRAM

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

Ms. Kovar reported that there were no community outreach events, presentations, or utilization of the Authority's water conservation mobile teaching lab during the past month due to public health considerations. She reviewed dates for upcoming community events that have not been cancelled.

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee (the "CCR Committee") recommends that the Board authorize distribution of a monthly e-newsletter to keep the Authority's constituents updated during the time period in which COVID-19 concerns prevent the Board from conducting in-person meetings. She indicated that prior to distribution, the newsletter would be updated with Board actions taken at the regular monthly Board meeting each month. She recommended that the Authority subscribe to Constant Contact for a monthly fee of \$45.00 for distribution of the monthly e-newsletter.

Ms. Kovar reported that the Authority's CCR Committee recommends that the Board authorize purchasing water conservation outreach items to include bookmarks, showerheads, deluxe hose nozzles, shower timers, moisture meters, dye tablets, and coloring sheets in a total amount not to exceed \$13,500.00.

Ms. Kovar reported that the Authority's CCR Committee recommends that the Board authorize purchasing fun badge ribbons for the 2020 Association of Water Board Directors conference in an amount not to exceed \$200.00.

Ms. Kovar reported that the Authority's CCR Committee recommends that the Board authorize execution of a notice of termination for the Authority's Consulting Service Agreement with Glass House Strategy, effective May 31, 2020.

Ms. Kovar reported that 53 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during March 2020, and five Rachio Irrigation Controllers will be mailed to the monthly raffle winners.

Ms. Kovar noted that charts indicating the status of effluent reuse or alternate water credit projects/contracts and tracking reuse usage amounts are attached to the Memorandum Regarding Water Conservation and Reuse matters.

Ms. Kovar reported on implementation of the Authority's Larry's Toolbox water conservation program. She reported that the Authority's CCR Committee recommends that the Board authorize purchasing five trophies to honor Fort Bend County Municipal Utility District No. 151 for achieving the most points as a participant in the 2019 Larry's Toolbox Water Conservation Program in an amount not to exceed \$250.00.

Ms. Kovar reported that the Authority's CCR Committee recommends that the Board authorize execution of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 58 and Masuen Consulting, LLC for a proposal for implementing the 2020 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$43,080.00.

Ms. Kovar reported that the Authority's CCR Committee recommends that the Board authorize preparing, printing, and mailing 112,000 bill inserts for the Resident Irrigation System Evaluation and Resident Water Conservation Rebate initiatives for the 2020 Larry's Toolbox Water Conservation Program in an amount not to exceed \$8,000.00.

Ms. Kovar recommended issuing a variance to allow participants in the 2020 Larry's Toolbox Water Conservation Plan Conservation Information initiative to place a conservation information bill message on their October bills in place of May. She explained that many municipal utility districts are currently utilizing bill space for

messages and updates related to COVID-19 concerns and providing important public health alerts.

Following review and discussion, Director Gay moved to:

- (1) authorize distribution of the first monthly e-newsletter;
- (2) subscribe to Constant Contact for a monthly fee of \$45.00 for distribution of the monthly e-newsletter;
- (3) authorize purchasing water conservation outreach items in an amount not to exceed \$13,500.00;
- (4) authorize purchasing fun badge ribbons in an amount not to exceed \$200.00;
- (5) authorize execution of a notice of termination for the Authority's Consulting Service Agreement with Glass House Strategy, effective May 31, 2020;
- (6) authorize purchasing five trophies to honor Fort Bend County Municipal Utility District No. 151 for achieving the most points as a participant in the 2019 Larry's Toolbox Water Conservation Program in an amount not exceed \$250.00;
- (7) authorize execution of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 58 and Masuen Consulting, LLC for a proposal for implementing the 2020 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$43,080.00;
- (8) authorize preparing, printing, and mailing 112,000 bill inserts for the Resident Irrigation System Evaluation and Resident Water Conservation Rebate initiatives for the 2020 Larry's Toolbox Water Conservation Program in an amount not to exceed \$8,000.00; and
- (9) authorize a variance to allow participants in the 2020 Larry's Toolbox Water Conservation Plan Conservation Information initiative to place a conservation information bill message on their October bills in place of May.

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, a summary of investments, and a statement

of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached. Ms. Lightbody reported that the Authority's investment advisor, Hilltop Securities Asset Management ("Hilltop"), recommended transferring the Authority's maturing securities into the Authority's deposit bank account at this time as opposed to being reinvested because of very low interest rates. She stated investment options will continue to be monitored. Director Houghton requested that a representative from Hilltop attend the next Finance and Policy Committee meeting to discuss the recommendation. 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 reported that he is soliciting quotes for replacing booster pump no. 5 at the Bellaire Pump Station and obtaining a root cause analysis to determine the reason for the short-circuit damage to the motor.

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."

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 updated the Board on the status of proposed GRP Participation Agreements with Fort Bend County Municipal Utility District Nos. 24 and 168.

Mr. Froehlich reported that a certificate of completion for the Authority's Risk and Resilience Assessment was submitted to the Environmental Protection Agency ("EPA") on March 31, 2020, in compliance with the America's Water Infrastructure Act of 2018 (the "Act"). He stated that BGE will coordinate with Inframark to develop an Emergency Response Plan for the Authority. He stated that, pursuant to the Act, the Authority must certify to the EPA that the Authority has completed the Emergency Response Plan by September 30, 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 recommended approval of Pay Estimate Nos. 6 and 7, submitted by JTR Constructors Inc. for construction of the wastewater plant improvements, in the amounts of \$155,122.65 and \$294,908.49, respectively. He reported on the status of agency re-view and addressing agency comments for the plans for the reclaimed water distribution system.

Mr. Froehlich recommended approval of a Facilities Extension Agreement with CenterPoint ("CenterPoint") for removing and relocating three power poles within the Grand Lakes reclaimed water system project site in the amount of \$24,012.00.

Mr. Froehlich reported on the status of construction for the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3. He recommended approval of Pay Estimate No. 3 in the amount of \$38,988.50 submitted by D.L. Elliott Enterprises, Inc.

Mr. Froehlich reported on the status of obtaining agency reapprovals and addressing agency comments for the plans and specifications for the Authority's joint reclaimed water distribution system project with Fort Bend County Municipal Utility District Nos. 146 and 194. He stated that the 30-day public review and comment period for the Texas Water Development Board's (the "TWDB") Finding of No Significant Impact for the project's potential environmental impacts has ended, and the TWDB will issue a final determination after evaluating all comments.

Mr. Froehlich reported on the status of RPS Engineering Incorporated's design of Main Segment 11A. He recommended approval of a proposal from BGE for utilizing the subcontractor, V&A Consulting Engineers, Inc., for cathodic protection design and construction phase services for the project in the amount of \$23,130.00.

Mr. Froehlich reported on addressing agency review comments and preparation of construction contract documents for 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. He requested authorization to solicit bids for the construction contract for the project.

Mr. Froehlich reported that BGE completed the 2019 annual cathodic protection system evaluation and is obtaining a proposal for the recommended repairs.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich updated the Board on the proposed contract documentation 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 updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the West Harris County Regional Water Authority (the "WHCRWA"). He reported that the TWDB authorized the use of escrowed bond funds for payment of the WHCRWA's cash call to the Authority for SWSP Segment C in the amount of \$53,900,000.00. He stated that payment of the cash call is pending Board approval.

Mr. Froehlich reported that the Groundbreaking Ceremony for SWSP has been postponed until further notice.

Mr. Froehlich updated the Board on the status of design and construction, as appropriate, for SWSP Segments A, B, B3, and C, Kinder Morgan Segments, Segment 3, Repump Station, and the Central Pump Station.

Mr. Froehlich discussed the status of the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement with the WHCRWA, including scheduled negotiations regarding the WHCRWA's proposed approach for the continued operation and maintenance of the facilities upon completion of construction.

Mr. Froehlich reported on the status of the construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the Capers Ridge Pump Station, canal system, and the dual 96-inch raw water lines.

Ms. Kovar updated the Board on the City of Houston's (the "COH") Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. She stated that the project is considered essential under Harris County's and the COH's respective Orders related to COVID-19, so construction continues. She discussed the possibility of supply delays. She reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package. Ms. Kovar discussed implementation of procedures to lessen disruption to neighboring communities while people are staying at home due to governmental orders and guidelines related to COVID-19.

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

- (1) approve Pay Estimate Nos. 6 and 7, submitted by JTR Constructors Inc. for construction of the wastewater plant improvements for the Grand Lakes reclaimed water system project, in the amounts of \$155,122.65 and \$294,908.49, respectively;

- (2) authorize execution of a Facilities Extension Agreement with CenterPoint for removing and relocating three power poles within the Grand Lakes reclaimed water system project site in the amount of \$24,012.00;
- (3) approve Pay Estimate No. 3, submitted by D.L. Elliott Enterprises, Inc. for construction of the Authority's surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3 in the amount of \$38,988.50;
- (4) authorize execution of a proposal from BGE for utilizing the subcontractor, V&A Consulting Engineers, Inc., for cathodic protection design and construction phase services for Main Segment 11A in the amount of \$23,130.00; and
- (5) authorize solicitation of bids for the 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.

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

ORDER ADOPTING ELECTRONIC BIDDING RULES AND ORDER ADOPTING ELECTRONIC SIGNATURE RULES FOR CONSTRUCTION CONTRACTS

Mr. Oliver reviewed an Order Adopting Section 49.2731 Electronic Bidding Rules to permit the receipt of bids under Section 49.273 of the Texas Water Code through electronic transmission and an Order Adopting Electronic Signature Rules for Construction Contracts to set forth rules surrounding the receipt of electronic signatures on construction contracts.

Following review and discussion, Director Gay moved to adopt an Order Adopting Section 49.2731 Electronic Bidding Rules. Director Hebert seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

Director Gay also moved to adopt an Order Adopting Electronic Signature Rules for Construction Contracts. Director Hebert seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

RENEWAL OF LETTER OF CREDIT WITH CENTRAL BANK

Mr. Oliver reported that the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000.00 in favor of CenterPoint is currently due to expire on June 4, 2020. He discussed the requirements of maintaining the Letter of Credit as long as the Authority is performing construction activities on CenterPoint property. He stated that the Authority's Finance and Policy Committee recommended renewing the Letter

of Credit to June 4, 2021, for a fee of \$10,000.00. Following review and discussion, Director Gay moved to authorize renewing the Letter of Credit to June 4, 2021, for a fee of \$10,000.00, to include execution of (1) Amendment No. 10 to the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000.00; (2) an Application and Agreement for Irrevocable Standby Letter of Credit; and (3) a Disbursement Sheet. Director Hebert seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

FINANCING PLAN MATTERS

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.

Mr. Oliver reported that schedule amendment requests have been submitted to the TWDB for the Authority's Loan Forgiveness Agreements for funding received from the Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects with Grand Lakes and Fort Bend County Municipal Utility District Nos. 146 and 194.

CONTRACTS

Mr. Oliver reported that ABHR is counsel for Fort Bend County Municipal Utility District No. 50 ("FB 50") 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 Water Conservation and Reuse Analysis Agreement with FB 50.

Mr. Oliver stated that, as previously reported by Ms. Kovar, BGE recommends termination of the Authority's Consulting Service Agreement with Glass House Strategy, effective May 31, 2020, and transitioning fully to Mighty Citizen for marketing and media consulting services.

Following review and discussion, Director Gay moved to (1) authorize execution of a legal conflict waiver related to ABHR's preparation of a proposed Water Conservation and Reuse Analysis Agreement with FB 50; and (2) authorize termination of the Authority's Consulting Service Agreement with Glass House, effective May 31, 2020. Director Hebert 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

Mr. Oliver reviewed one Water Line Easement and two Consents to Conveyance/Encroachment of Aerial and Electric Easements in favor of CenterPoint for the parcels listed on the attached Realty Interests Chart. Mr. Oliver reported that ABHR had minor revisions to the consent language included in the easement documents in

favor of CenterPoint. Following review and discussion, Director Gay moved to authorize execution of the easement and consents, subject to incorporation of ABHR's comments into the consent language included in the easement documents in favor of CenterPoint. Director Hebert seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:14 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the WHCRWA, pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar, Mr. Froehlich, and Mr. Jones 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 8:07 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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