

MINUTES

NORTH FORT BEND WATER AUTHORITY

May 27, 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 27th day of May, 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, except Director Hebert, 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.; Roy Aristizabal of Inframark, LLC ("Inframark"); Payson Tucker, Greg Bowen, and Costa Papasaderis of Enchanted Rock, LLC ("Enchanted Rock"); Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Renee Ely of Coats Rose PC; Carlos Quintero of Freese and Nichols, Inc.; Mike Halde of HR Green, Inc.; Kyle Kaspar of Jones & Carter, Inc.; John Strange of JNS Consulting Engineers, Inc.; Richard Whitt and Rich Patrick of Ninyo & Moore; Katherine Mears and David Wong of RPS North America; Mike Abshire, 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 and Chris Bell 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; and John Pertgen and Carl Peters of Kingsbridge Municipal Utility District.

Ms. Miller reviewed certain recommended protocols for conducting the Authority's meeting via teleconference. She 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/>.

DIRECTOR APPOINTMENT MATTERS

The Board considered approval of the Sworn Statements and Oaths of Office for Directors Fay, Patton, Abrahamson, and Hollingsworth and the Bonds for Directors Abrahamson and Hollingsworth.

The Board considered reorganizing the Directors' officer positions and filing an updated District Registration Form reflecting the newly appointed Directors and updated officer positions with the Texas Commission on Environmental Quality (the "TCEQ") as follows:

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

Ms. Miller reviewed requirements for each elected or appointed public official related to completing a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551, Government Code, within 90 days of taking the oath of office.

Ms. Miller reviewed a memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Ms. Miller additionally reviewed a List of Local Government Officers that the Authority is required to maintain pursuant to Chapter 176 of the Texas Local Government Code.

After review and discussion, Director Gay moved to (1) approve the Sworn Statements, Bonds, and Oaths of Office and direct that the Oaths of Office be filed with the Secretary of State and the documents be retained in the Authority's official records; (2) reorganize the Board as discussed and authorize execution and filing of an updated District Registration Form with the TCEQ; and (3) approve and authorize execution of the List of Local Government Officers and direct that the list be retained in the Authority's official records. Director Fay seconded the motion. A roll call vote of the

Board was taken, and the motion passed unanimously, with all directors voting “yea.”

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

Ms. Kovar reported that COVID-19 concerns were not impacting the Authority’s operations or water quality.

COMMENTS FROM THE PUBLIC

Ms. Miller 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 regular Board meeting held April 22, 2020, and the special Board meeting held May 6, 2020. After review and discussion, Director Gay moved to approve the minutes as written. Director Fay 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 representatives from BGE and ABHR provided an introductory presentation to Directors Abrahamson and Hollingsworth on April 30, 2020.

Ms. Kovar reported that the Authority’s e-newsletter that was distributed after the Board’s April 22, 2020, meeting to supplement the Authority’s communications during the COVID-19 pandemic was positively received and attracted more attention to the Authority’s website. She stated that the second installment of the e-newsletter will provide information related to actions taken by the Board during the meeting for distribution to the Authority’s constituents.

Ms. Kovar reminded the Board that the Authority’s Consulting Service Agreement with Glass House Strategy will be terminated, effective May 31, 2020. She reported that BGE will begin managing social media outlets for Larry the Talking

Sprinkler on June 1, 2020.

Ms. Kovar reported that Mighty Citizen is currently conducting “Stakeholder Interviews” with selected municipal utility districts in the Authority to solicit feedback regarding the Authority’s current public education and communication materials to assist with strategies for future communications. She discussed scheduling Mighty Citizen’s public communications workshop, Discovery Session 2 of 2, with the Board for the June 9, 2020, joint meeting of the Authority’s Finance and Policy Committee and the Communication, Conservation, and Reuse Committee (jointly, the “Committees”).

Ms. Kovar reported that the Committees considered Mighty Citizen’s request for a waiver of the \$500,000.00 in cyber liability coverage required pursuant to the Master Services Agreement (the “MSA”) between Mighty Citizen and the Authority. She stated that the Committees recommended that the Board keep the cyber liability coverage required per the MSA and approve an amendment to the MSA that includes the Authority’s obligation to pay the additional cost incurred by Mighty Citizen for carrying such coverage and Mighty Citizen’s obligation to pay and implement any required training. Ms. Kovar stated that ABHR is preparing the recommended amendment for future consideration by the Board.

Ms. Kovar reported that the Committees recommended that the Board authorize Darkspire Media to host the Larry the Talking Sprinkler website for an annual fee of \$240.00.

Ms. Kovar reported that the Willow Fork Country Club is cancelling all public events for the remainder of the calendar year due to COVID-19 concerns. She stated that ABHR and BGE are coordinating to find a meeting location for use when in-person meetings resume.

Ms. Kovar reported that no irrigation system evaluations were completed through the Authority’s W.I.S.E. Guys Irrigation System Evaluation Program (“WISE Guys Program”) during April 2020, due to the COVID-19 pandemic. She stated the program resumed on May 5, 2020,

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. She reported that notice of completion of the construction of Fort Bend County Municipal Utility District No. 118’s alternate water project was received on May 26, 2020. She stated that the project is operational.

Ms. Kovar reported on implementation of the Authority’s Larry’s Toolbox water conservation program. She reported that 112,000 bill inserts are being printed for the Resident Irrigation System Evaluation and Resident Water Conservation Rebate initiatives for the 2020 Larry’s Toolbox Water Conservation Program as authorized by

the Board.

Ms. Kovar reported that the Committees recommended approval of a proposal for a Feasibility Study for a Reclaimed Water System for a proposed pilot program testing opportunity with Fort Bend County Municipal Utility District No. 50 ("FB 50") in the amount of \$20,000.00. She stated that the study of a small development of approximately 20 acres within FB 50's boundaries will assist the Authority in developing a possible framework for a water conservation program for new development. She stated that an agreement between the Authority and FB 50 will need to be drafted by ABHR after approval of the proposal.

Following review and discussion, Director Gay moved to:

- (1) authorize Darkspire Media to host the Larry the Talking Sprinkler website for an annual fee of \$240.00; and
- (2) approve the proposal for a Feasibility Study for a Reclaimed Water System for a proposed pilot program testing opportunity with FB 50.

Director Patton 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, a statement of revenues and expenditures for the Enterprise Fund, and a quarterly investment report. A copy of the bookkeeper's report is attached. Ms. Lightbody reported that 67 checks issued by the Authority for the Authority's WISE Guys Program in the total amount of \$1,005.00 were voided and included in the 2019 escheat submitted to the Texas State Comptroller's Office.

Ms. Lightbody discussed the purchase of securities for the Authority's funds held in escrow at Amegy Bank ("Amegy") for cash calls issued by the City of Houston ("COH") for its Northeast Water Purification Plant Expansion Project. She reported that, upon the recommendation of the Authority's investment advisor, Hilltop Securities Asset Management, the Committees recommended that the Board authorize the establishment of a sweep bank account for the Authority's funds held in escrow at Amegy and a safekeeping or custody account for the Authority's funds held in escrow at BBVA Compass Bank for other projects funded by bonds issued through the Texas Water Development Board's (the "TWDB") State Water Implementation Revenue Fund for Texas.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the bills and establishment of the accounts

for the Authority's funds as discussed. Director Fay 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. Aristizabal 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. Aristizabal reviewed a proposal for repair or replacement of the damaged motor for booster pump no. 5 at the Bellaire Pump Station (the "BPS") in the amounts of \$32,705.00 and \$69,2929.00, respectively. Ms. Miller reported that the Authority's Capital Planning and Design Committee (the "CPD Committee") recommended that the Board repair the damaged motor and requested that Inframark submit an insurance claim for the damage.

Following review and discussion, Director Gay moved to approve the operator's report as presented, including repair of the damaged motor for booster pump no. 5 at the BPS in the amount of \$32,705.00. Director Hollingsworth seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's Critical Load Spreadsheet listing the facilities operated by the Authority that receive electricity. Ms. Miller stated that the Critical Load Spreadsheet was updated by the Authority's consultants and is required to be filed annually with the appropriate entities, including CenterPoint Energy and Harris and Fort Bend Counties, for emergency purposes. After review and discussion, Director Gay moved to authorize the annual filing of the Authority's Critical Load Spreadsheet. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

LEGAL CONFLICTS WAIVERS

Ms. Miller reported that ABHR is counsel for Fort Bend County Municipal Utility District No. 30 ("FB 30") 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 Temporary Water Supply Letter Agreement with FB 30. Following review and discussion, Director Gay moved to authorize execution of a legal conflict waiver related to ABHR's preparation of a proposed Temporary Water Supply Letter Agreement with FB 30. Director Abrahamson 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 reported on the Fort Bend Subsidence District's (the "FBSD") Joint Regulatory Plan Review Stakeholder meeting held May 20, 2020. He stated that the FBSD's consultant provided a project update and anticipated schedule for plan review completion. Ms. Kovar reported that the FBSD is holding its annual Groundwater Report Public Hearing at 2:30 p.m. on May 28, 2020.

Mr. Froehlich reported on matters related to the Authority's GRP, including monthly groundwater and surface water use by municipal utility districts receiving surface water from the Authority.

Mr. Froehlich reported that BGE and ABHR attended a conference call with the engineer and attorney for Fort Bend County Fresh Water Supply District No. 2 ("FWSD 2") to discuss a potential Water Supply Agreement with the Authority. He stated that FWSD 2 currently receives its water supply from Kingsbridge Municipal Utility District and plans to build two water plants for its own supply.

Mr. Froehlich reported that the CPD Committee concurred to deny a request for retail purchase of the Authority's water through a fire hydrant located on Main Segment 5 from a contractor working on a construction project intended to ultimately receive water from FB 30. He stated that the CPD Committee agreed to consider a request received from FB 30 to assist FB 30 with providing water to the contractor. Mr. Froehlich recommended approval of a Temporary Water Supply Letter Agreement with FB 30 for providing the water to the contractor.

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 BGE will coordinate with Inframark to develop an Emergency Response Plan for the Authority to comply with the America's Water Infrastructure Act of 2018 (the "Act"). He stated that, pursuant to the Act, the Authority must certify completion of the Emergency Response Plan to the Environmental Protection Agency 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 No. 8, submitted by

JTR Constructors Inc. for construction of the wastewater plant improvements, in the amount of \$718,442.28.

Mr. Froehlich reported on the status of construction for the Authority's surface water line connection for FB 30's Water Plant No. 3. He reported that manufacturing and delivery of the control panel is delayed due to the COVID-19 pandemic and is expected to be delivered at the end of June 2020. He recommended approval of Pay Estimate No. 4, submitted by D.L. Elliott Enterprises, Inc., in the amount of \$124,380.00.

Mr. Froehlich reported on the status of addressing agency comments for the plans for the distribution system for the Grand Lakes reclaimed water project. He stated that the design consultant, Costello, Inc. ("Costello"), is preparing the Engineering Design Report and the plans, contracts, and the report will be submitted to the TWDB for final review to authorize advertisement for bids. Mr. Froehlich reported that the Authority's CPD Committee recommended approval of a Third Amendment to the Authority's Agreement for Professional Design Consulting Services with Costello for resubmitting plans to reviewing agencies in the amount of \$49,849.00. He stated that \$11,375.00 of the amount is attributable to plan review fees.

Mr. Froehlich reported on the status of 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 design consultant, Costello, is preparing the Engineering Design Report and the plans, contracts, and the report will be submitted to the TWDB for final review to authorize advertisement for bids.

Mr. Froehlich reported on the status of RPS Engineering Incorporated's design of Main Segment 11A.

Mr. Froehlich reported that agency review comments were addressed and plan approvals will be submitted 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 (the "Water Line Offset"), as required by Fort Bend County's improvement project for Old Richmond Road. Mr. Froehlich stated that three bids were solicited and two bids were received for construction of the Water Line Offset. Mr. Froehlich recommended that the Board award the contract to Reddico Construction Company, Inc. ("Reddico") in the amount of \$36,465.00. The Board concurred that, in its judgment, Reddico was a responsible bidder who would be most advantageous to the Authority and would result in the best and most economical completion of the project.

Mr. Froehlich recommended approval of a proposal from Farwest Corrosion Control Company for repairs identified in the 2019 annual cathodic protection system evaluation and additional testing in the amount of \$78,675.00. He stated that the repair work will be subcontracted through Inframark.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich stated that BGE's previously distributed Memorandum regarding Auxiliary Power Options for the BPS summarizes the difficulties of competitively bidding for auxiliary power services required for the BPS and BGE recommends that the Authority negotiate contract documentation with Enchanted Rock as the sole source for feasibly obtaining such services.

Mr. Froehlich reminded the Board that cracking on the walls of the BPS was being monitored over the past year. He recommended that Flesch Engineering reinspect the walls and prepare a structural investigation report in an amount not to exceed \$8,500.00. He stated that the inspection work will be subcontracted through BGE.

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 based on discussion at the May 19, 2020, Joint Facilities Committee meeting, the WHCRWA does not plan to issue a cash call to the Authority for SWSP third quarter expenses later in the month. Mr. Froehlich reminded the Board 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 total amount of \$53,900,000.00. He stated that payment of the cash call is pending Board approval. He reported that the WHCRWA has received approval of the plans for construction of SWSP Segment C from COH.

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 COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. She reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package. She reported that a Certificate of Completion was issued for Early Work Package No. 1 and discussed a partial refund to the Authority for the completed early work package. She discussed the possibility of supply delays for the project related to COVID-19.

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

- (1) approve Temporary Water Supply Letter Agreement with FB 30;
- (2) approve Pay Estimate No. 8, submitted by JTR Constructors Inc. for construction of the wastewater plant improvements for the Grand Lakes reclaimed water system project, in the amount of \$718,442.28;
- (3) approve Pay Estimate No. 4, submitted by D.L. Elliott Enterprises, Inc. for construction of the Authority's surface water line connection for FB 30's Water Plant No. 3, in the amount of \$124,380.00;
- (4) approve the Third Amendment to the Authority's Agreement for Professional Design Consulting Services with Costello for the distribution system for the Grand Lakes reclaimed water project in the amount of \$49,849.00;
- (5) award the contract for construction of the Water Line Offset to Reddico in the amount of \$36,465.00, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor;
- (6) authorize Inframark's utilization of the subcontractor, Farwest Corrosion Control Company, for repairs identified in the 2019 annual cathodic protection system evaluation and additional testing in the amount of \$78,675.00; and
- (7) authorize BGE's utilization of the subcontractor, Flesch Engineering, for preparing a structural investigation report for the walls of the BPS in an amount not to exceed \$8,500.00.

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

GENERATOR REPLACEMENT PROJECT, INCLUDING APPROVE INTEGRATED RELIABILITY ON CALL MASTER SERVICES AGREEMENT AND GROUND LEASE WITH TEXAS MICROGRID, LLC DBA ENCHANTED ROCK; AND AUTHORIZE CHANGE IN USE OF AUTHORITY BOND PROCEEDS

Ms. Miller reported on the preparation of proposed contract documentation with Enchanted Rock for installing, commissioning, and servicing six natural gas generators and associated equipment to provide power for all the BPS pumps operating at full capacity in place of the current generators. She reported that an electricity supply contract with Reliant Energy Retail Services, LLC ("Reliant") was signed per Board authorization at its special meeting held on May 6, 2020. She stated that it has been confirmed that the Authority can begin declining participation in the Demand Response Program in which the Authority is currently enrolled after January, 2021, through the

expiration of the Authority's Master Load Response Services Agreement with Enerwise Global Technologies, Inc. d/b/a CPower.

Ms. Miller discussed BGE's previously distributed Memorandum regarding Auxiliary Power Options for the BPS determining that Enchanted Rock is a sole source provider of the auxiliary power needed for the BPS.

Ms. Miller reviewed an Integrated Reliability on Call Master Services Agreement (the "Agreement") and Ground Lease with Texas Microgrid, LLC dba Enchanted Rock for six generators and access to the generators for a total installation cost of \$1,181,784.00. She stated that the Agreement includes six payments from the Authority during construction, with the first payment of \$118,178.00 to be authorized in conjunction with execution of the Agreement.

Ms. Miller reported that the Authority originally utilized bond proceeds from its \$142,400,000 Water System Revenue Bonds, Series 2009 Bonds ("Series 2009 Bonds") to pay for the land on which the BPS is located. She stated that the pro rata share of the costs, including costs of issuance, for the portion of the BPS site where the generators are intended to be located is \$23,661.73. Ms. Miller recommended authorizing a change in the use of the proceeds from the Series 2009 Bonds. She recommended utilizing \$23,661.73 of the proceeds for an alternate capital project and funds from the Improvement Fund for the cost of the land that includes the generator footprint. She recommended clarifying that the WHCRWA's contribution paid for a portion of the cost of the land that includes the generator site was utilized for the remainder of the BPS site and is not attributable to the cost of the land that includes the generator footprint.

Following review and discussion, Director Gay moved to (1) declare Enchanted Rock the sole source provider of the auxiliary power needed for the BPS; (2) authorize execution of the Agreement and Ground Lease with Texas Microgrid, LLC dba Enchanted Rock; (3) authorize a change in use of the proceeds from the Authority's Series 2009 Bonds to utilize \$23,661.73 of the proceeds for an alternate capital project and funds from the Improvement Fund for the cost of the land that includes the generator footprint; and (4) confirm that the WHCRWA's financial contribution was not allocated for the cost of the land that includes the generator footprint. Director Patton seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

Ms. Miller discussed the next steps in the generator replacement project, including invoicing the WHCRWA for its share of the project, declaring the current generators as surplus property, and selling the current generators after installation of the new generators.

FINANCING PLAN MATTERS

Ms. Miller 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.

Ms. Miller discussed the Authority's obligations related to its revenue note placement program for interim financing in an amount not to exceed \$150,000,000 pursuant to the Note Purchase Agreement with JPMorgan Chase Bank, N.A. She recommended execution of 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. Following review and discussion, Director Gay moved to authorize execution of the Certificates of No Default. Director Patton seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

Ms. Miller reported on coordination with 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.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:16 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 7:39 p.m., the Board reconvened in open session. Director Gay moved to authorize payment of Cash Call No. 1 issued by the WHCRWA for SWSP Segment C construction costs in the amount of \$37,700,000.00, subject to BGE's confirmation that the WHCRWA has received plan approval from the COH for the segment. Director Darden seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

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>
<u>Memorandum regarding required conflict of interest disclosure</u>	2
<u>Memorandum Regarding Water Conservation and Reuse</u>	3
<u>Bookkeeper's report</u>	5
<u>Operator's report</u>	6
<u>Engineer's report</u>	7