

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

June 24, 2020

The Board of Directors (the “Board”) of the North Fort Bend Water Authority (the “Authority”) met in regular session by teleconference and videoconference, with access by telephone and video 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 24<sup>th</sup> day of June, 2020, and the roll was called of the members of the Board being present by either telephone or video:

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

and all of the above were present, except Directors Houghton and Hollingsworth, thus constituting a quorum.

Also attending all or part of the teleconference and/or the videoconference were 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”); Terrell Palmer and Francine Stefan of Post Oak Municipal Advisors LLC; Christina Miller, Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP (“ABHR”); Maddison Manger and Rene Ely of Coats Rose PC; John Strange of JNS Consulting Engineers, Inc.; Richard Whitt of Ninyo & Moore; Mike Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Matt Bognar of Cinco Municipal Utility District No. 3; Steven Haas of Cinco Municipal Utility District No. 8; Aaron Groff, Mayor of the City of Fulshear; Steve Taleki of Cornerstones Municipal Utility District; Betty Stewart of Fort Bend County Municipal Utility District No. 2; 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; Mike Thornhill of the West Harris County Regional Water Authority; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; Chuck Matheson and Mashhood Shah of Grand Lakes Municipal Utility District No. 4; John Pertgen and Carl Peters of Kingsbridge Municipal Utility District; and additional

members of the public, including Jean-Michel Beique, Richard Guzman, Jeannette Hal, David Huang, David Johnson, David Ross, Susan Ruske, Mike Shelton, and Abate Wolde-Kirkos.

Ms. Miller reviewed certain recommended protocols for conducting the Authority's meeting via teleconference and videoconference. 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](http://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 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 May 27, 2020. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Gay 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 second e-newsletter that was distributed after the Board's May 27, 2020, meeting to supplement the Authority's communications during the COVID-19 pandemic was positively received. She stated that the open rate for the Authority's second e-newsletter was 15% higher than the first e-newsletter. She stated that the third 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 reported that the Authority's Finance and Policy Committee and the Communication, Conservation, and Reuse Committee (jointly, the "Committees") recommended that the Board authorize approval of placing 4" X 4" water conservation educational displays in 13 community newsletters in July, August, November, and December, 2020, in the total amount of \$7,260.80.

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 it is anticipated that BGE will host the Authority's Board meetings when in-person meetings resume until Willow Fork Country Club resumes public events.

Ms. Kovar reported on coordination with Enchanted Rock, LLC ("Enchanted Rock") on an article for the Authority's newsletter regarding the project to install, commission, and service natural gas generators and associated equipment to provide auxiliary power for the Bellaire Pump Station pumps in place of the current generators. She stated that, at Enchanted Rock's request, BGE and ABHR are coordinating with Enchanted Rock on a press release regarding the generator project, including a statement from Director Houghton.

Ms. Kovar reported that the Authority's Committees recommended that the Board authorize execution of a First Amendment to the Authority's Master Services Agreement with Mighty Citizen to include (1) the Authority's responsibility to annually offset Mighty Citizen's actual costs for cyber liability insurance in an amount not to exceed \$800.00; and (2) Mighty Citizen's responsibility for any additional obligations related to obtaining and maintaining cyber liability insurance.

Ms. Kovar reported that 168 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during May 2020. Ms. Kovar reported that the Authority's Committees recommended that the Board authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 134D for participation in the WISE Guys Program initiative for the 2020 Larry's Toolbox water conservation program.

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 Committees recommended that the Board approve first quarter rebate payments for participants in the Authority's 2019 Larry's Toolbox water conservation program that earned the required nine points

necessary to receive a reduced 2020 water rate in the total amount of \$179,769.02.

Ms. Kovar reported that the Authority's Committees recommended that the Board approve a Consulting Service Agreement with Willow Point Municipal Utility District and WaterLogic, Inc., 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 \$25,722.00.

Ms. Kovar reported that the Authority's Committees recommended that the Board approve a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 119 and WaterLogic, Inc., 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 \$22,830.00.

Ms. Kovar reported that the Committees recommended approval of a Water Conservation and Reuse Analysis Agreement with Fort Bend County Municipal Utility District No. 50 and R.G. Miller Engineers ("R.G. Miller") for the previously approved proposal for an engineering feasibility study of a reclaimed water system for a proposed pilot program testing opportunity for a small development of approximately 20 acres in the amount of \$20,000.00.

Following review and discussion, Director Patton moved to:

- (1) Approve placing 4" X 4" water conservation educational print displays in 13 community newsletters in July, August, November, and December, 2020, in the total amount of \$7,260.80;
- (2) Authorize execution of a First Amendment to the Authority's Master Services Agreement with Mighty Citizen;
- (3) Authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 134D for participation in the WISE Guys Program initiative for the 2020 Larry's Toolbox water conservation program;
- (4) Approve first quarter rebate payments for participants in the Authority's 2019 Larry's Toolbox water conservation program that earned the required nine points necessary to receive a reduced 2020 water rate in the total amount of \$179,769.02;
- (5) Authorize execution of a Consulting Service Agreement with Willow Point Municipal Utility District and WaterLogic, Inc., 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

\$25,722.00;

- (6) Authorize execution of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 119 and WaterLogic, Inc., 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 \$22,830.00; and
- (7) Authorize execution of a Water Conservation and Reuse Analysis Agreement with Fort Bend County Municipal Utility District No. 50 and R.G. Miller in the amount of \$20,000.00.

Director Fay 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 receipts, checks for payment, fund and wire transfers, a supplemental cash flow report, account balances, and a year-to-date actual versus budget comparison. A copy of the bookkeeper's report is attached. Ms. Lightbody reported that the Authority's construction bank account has been closed for more efficient recordkeeping. Ms. Lightbody discussed investment of the Authority's funds, including implementation of a sweep bank account for the Authority's funds held in escrow at Amegy Bank for cash calls issued by the City of Houston ("COH") for its Northeast Water Purification Plant Expansion Project.

Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the bills. Director Abrahamson seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

#### 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 Fay moved to approve the updated Annual Report and direct that the report be filed appropriately and retained in the Authority's official records. Director Patton seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

#### PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the Authority's Procedures for continuing disclosure

compliance. Ms. Miller stated that no changes are required at this time.

#### 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 explained that the Authority's 100.67% water accountability was the result of discrepancies in the Authority's and the COH's meter reading schedules. Mr. Clayton responded to questions regarding joint facility expenses related to manual operation of the Bellaire Pump Station facility due to a programmable logic control failure.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented. 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 ("GRP")

Mr. Froehlich presented the engineer's report, a copy of which is attached. 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. He reported that BGE provided the Authority's committees with updated population and demand projections that are lower than previously projected.

Mr. Froehlich updated the Board on a potential Water Supply Agreement with Fort Bend County Fresh Water Supply District No. 2. He stated that the Authority has not received a formal request for the agreement.

Mr. Froehlich reported that a proposed GRP Participation Agreement with Fort Bend County Municipal Utility District No. 24 is pending response from FB 24's attorney.

Mr. Froehlich reported that a proposed GRP Participation Agreement for a non-contiguous tract of land to be annexed into Fort Bend County Municipal Utility District No. 168 is pending receipt of a no objection letter from the COH.

Mr. Froehlich reported that BGE is reviewing additional information related to an inquiry from Brazoria-Fort Bend Counties Municipal Utility District No. 3 for a possible GRP Participation Agreement with the Authority.

Mr. Froehlich reported on coordination 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. Mr. Froehlich reviewed and recommended approval of Change Order No. 2 to the contract with JTR Constructors Inc. ("JTR") for construction of the wastewater plant improvements for the Grand Lakes reclaimed water project to increase the duration of contract in the amount of \$0. The Board determined that Change Order No. 2 is beneficial to the District.

Mr. Froehlich recommended approval of Pay Estimate No. 9, submitted by JTR for construction of the wastewater plant improvements for the Grand Lakes reclaimed water project, in the amount of \$198,458.10.

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 ("FB 30") Water Plant No. 3. He recommended approval of Pay Estimate No. 5, submitted by D.L. Elliott Enterprises, Inc., in the amount of \$80,775.00.

Mr. Froehlich reported on the status 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. Mr. Froehlich stated that the project will temporarily impact the delivery of surface water to both municipal utility districts. He stated that a pre-construction meeting will be held with Reddico Construction Company, Inc. once plans are fully approved.

Mr. Froehlich reported that Farwest Corrosion Control Company will begin the necessary repairs identified in the 2019 annual cathodic protection system evaluation and additional testing in the next few weeks.

Mr. Froehlich reported that the warranty inspection for the reclaimed water facility for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") is scheduled for June 26, 2020.

Mr. Froehlich reported on the status of the plans and specifications 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 Texas Water Development Board (the "TWDB") for final review to authorize advertisement for bids.

Mr. Froehlich reported on the status of the plans and specifications for the reclaimed water distribution system for the Authority's joint reclaimed water distribution system project with FB 146 and FB 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. He stated that BGE is coordinating with Cinco Municipal Utility District No. 1 regarding an encroachment with an existing water line easement and Fort Bend County Drainage District regarding a drainage channel improvement project along the segment route.

Mr. Froehlich reported on the planned widening of FM 723 at Bellaire Boulevard by the Texas Department of Transportation ("TxDOT"). He stated that the Authority's Main Segment 8B crosses the intersection and will not need to be relocated. He explained that the steel casing will need to be extended to the new FM 723 right-of-way. He reported on BGE's coordination with TxDOT on a reimbursement agreement and maintenance of the Authority's easement rights within the new right-of-way. He recommended that BGE prepare the design and that the Authority hire a contractor to complete extension of the steel casing instead of TxDOT. He requested authorization for BGE to prepare the plans and specifications for the project.

#### REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on coordination with Enchanted Rock on the schedule and final design of the project to install, commission, and service 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.

Mr. Froehlich reported that BGE is reviewing a structural analysis report regarding the cracking on the walls of the Bellaire Pump Station.

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 WHCRWA revised the cash call schedule and does not plan to issue quarterly cash calls to the Authority for the remainder of the year.

Mr. Froehlich updated the Board on the status of design, construction, and property acquisition, 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. He stated the negotiations are currently focused on the operation and maintenance provisions of the agreement and revisions to the construction provisions of the agreement.

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. He stated that construction of all segments of the canal system is complete.

Ms. Kovar updated the Board on the 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.

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

- (1) approve Change Order No. 2 in the amount of \$0, submitted by JTR, as an increase to the duration of the contract for construction of the wastewater plant improvements for the Grand Lakes reclaimed water system project, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation;
- (2) approve Pay Estimate No. 9, submitted by JTR for construction of the wastewater plant improvements for the Grand Lakes reclaimed water system project, in the amount of \$198,458.10;
- (3) approve Pay Estimate No. 5, 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 \$80,775.00; and
- (4) authorize BGE to prepare the plans and specifications for modifications to extend the steel casing for Main Segment 8B under the new FM 723 right-of-way.

Director Fay 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

Ms. Miller reminded the Board of the Authority's 2020 Financing Plan, including the anticipated schedules for issuance of senior and junior lien bonds through the TWDB's State Water Implementation Revenue Fund for Texas and a bond issue to refund the Authority's Water System Revenue Bonds, Series 2010A and Series 2010B.

Ms. Miller reminded the Board that the Authority's revenue note placement

program for interim financing currently has a \$1,000,000.00 Series A Revenue Note outstanding with a maturity date of August 12, 2020. She said that the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. allows for 364-day continuations upon written notice. She stated that the Authority's financial advisor, Terrell Palmer, recommends keeping the note placement program active at this time. Ms. Miller recommended submitting a Notice of Continuation to extend the note until August 11, 2021. She stated that continuing the note does not prevent the Authority from paying it off early or adding additional authorized amounts under the Note Purchase Agreement. Following review and discussion, Director Gay moved to authorize execution and submission of a Notice of Continuation to extend the note until August 11, 2021. 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 FB 146 and 194.

#### CONTRACTS

Ms. Miller stated there were no additional contracts for the Board's consideration.

#### REALTY INTEREST ACQUISITION

Ms. Miller presented and reviewed with the Board three Water Line Easements and a Side Letter Agreement for the parcels listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easements and side letter agreement. Director Patton 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 did not convene in executive session. Ms. Miller reported that comments and information related to the Joint Facilities Agreement were forwarded to the WHCRWA.

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

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Secretary, Board of Directors

(SEAL)

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