

MINUTES

NORTH FORT BEND WATER AUTHORITY

November 19, 2020

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session on the 19th day of November 2020, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 1st Floor, Lubbock Conference Room, Houston, Texas. Access to members of the public was provided solely by teleconference and videoconference, pursuant to Texas Government Code Section 551.125 and Governor Greg Abbott's emergency disaster declaration dated March 13, 2020, and the roll was called of the members of the Board being present:

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 in person or via videoconference except Director Houghton, thus constituting a quorum. Directors Patton, Gay, Fay, and Hollingsworth attended the meeting in person, and Directors Darden and Abrahamson attended the meeting via teleconference and/or videoconference.

Also present at the meeting in person were Matt Froehlich, Whitney Milberger, and Mark Diaz of BGE; and David Oliver and Christina Miller of Allen Boone Humphries Robinson LLP ("ABHR"). Attending all or part of the meeting via teleconference and/or videoconference were Lindsay Kovar, Julia Frankovich, Kyle Jones, Ian Pietz, and Tiffany Moore of BGE; Taylor Watson, Cynthia Colondres, and Pam E. Lightbody of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer and Francine Stefan of Post Oak Municipal Advisors LLC; Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; Abd-El-Meguid of CONSOR Engineers; John Lacy of Costello, Inc.; Sid Babali of JPMorgan Chase & Co.; Kyle Kaspar of Jones & Carter, Inc.; John Strange of JNS Consulting Engineers, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Rich Patrick of Ninyo & Moore; Michael Abshire of Big Oaks Municipal Utility District; Matthew Bognar of Cinco Municipal Utility District No. 3; David Drake of Cinco Municipal Utility District No. 7; Stephen Talecki of Cornerstones Municipal Utility District; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Craig Lewis of Fort Bend County Municipal Utility District No. 50; 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; 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 James Braun, Justin Cottrell, David Johnson, Abate Tadesse, and Phu Truong.

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 and the Authority's website at <https://www.nfbwa.com/meetings/>.

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

Mr. Clayton and Mr. Froehlich 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 or videoconference the opportunity to make public comment. There were no public comments.

APPROVE MINUTES

Ms. Miller reviewed a revision to the minutes of the Board meeting held October 28, 2020. After review and discussion, Director Hollingsworth moved to approve the minutes as revised. Director Gay seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND LARRY'S TOOLBOX PROGRAM

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

Ms. Milberger 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 stated that Authority representatives have been attending virtual events upon request.

Ms. Milberger reported that there were 74 responses to the Authority's survey and 161 participants in the webinars held for the supplemental initiatives for the Authority's 2020 Larry's Toolbox Water Conservation Program (the "Larry's Toolbox

Program”).

Ms. Milberger reported on Mighty Citizen’s Implementation Roadmap and preparation of a Creative Brief for the Authority’s marketing and public communications program.

Ms. Milberger reported that representatives from BGE participated in an American Water Works Association’s webinar panel on behalf of the Authority on November 17, 2020, to discuss the generator replacement project at the Bellaire Pump Station.

Ms. Milberger reported that a representative from BGE will attend the December 7, 2020, meeting of the Board of Fort Bend County Municipal Utility District No. 170, on behalf of the Authority, to discuss the Authority’s ongoing infrastructure projects.

Ms. Milberger reported on a request from the Fort Bend County Judge’s Office for completion of a survey to identify park and green space acreage within the Authority as part of the county’s efforts to compile a comprehensive report for its Master Park Plan and geographic information system.

Ms. Milberger discussed planned outreach to increase her attendance at monthly meetings of municipal utility districts and cities included in the Authority’s Groundwater Reduction Plan (“GRP”) during January through March 2021.

Ms. Milberger reported that 190 irrigation system evaluations were completed through the Authority’s W.I.S.E. Guys Irrigation System Evaluation Program (“WISE Guys Program”) during October 2020. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program.

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

Ms. Milberger reported on BGE’s coordination with district engineers related to retrofitting the irrigation systems for the Authority’s joint reclaimed water system projects with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, “Grand Lakes”) and Fort Bend County Municipal Utility District Nos. 146 and 194 (“FB 146 and FB 194”).

Ms. Milberger reported on BGE’s review of Fort Bend County Municipal Utility District No. 50’s draft feasibility report for the proposed reclaimed water system pilot program. She reported that the Authority’s form of GRP Participation Agreement has been updated to require participants to conduct and complete a water conservation and reuse study.

Ms. Milberger reported that the enrollment period for the Authority's 2021 Larry's Toolbox Program is underway and the first application was received earlier in the day.

Directors Hollingsworth and Patton commended BGE for the informative webinars held during the month.

Following review and discussion, Director Gay moved to approve the Water Conservation and Reuse report. Director Fay seconded the motion, which passed unanimously.

FINANCIAL STATEMENTS FOR FISCAL YEAR END DECEMBER 31, 2020

Ms. Miller reminded the Board of the procedures for preparation of the Authority's annual audit and financial statements and review of the audited financial statements. She stated that the Authority's Finance and Policy Committee recommended approval of McGrath & Co., PLLC's ("McGrath") estimated fees for preparing the audit and financial statements for fiscal year end December 31, 2020, pursuant to its current engagement letter with the Authority, in the amount of \$40,000.00. She stated that the Finance and Policy Committee also recommended approval of McGrath's estimated fees for preparing the Single Audit (the "Single Audit") as required for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and FB 194, in an amount not to exceed \$10,000.00.

Ms. Miller stated that the Authority's Finance and Policy Committee recommended approval of McCall Gibson Swedlund Barfoot PLLC's ("MGSB") engagement letter for performance of agreed upon procedures for the Authority's audit for fiscal year end December 31, 2020 and supporting documentation prepared by McGrath in an amount not to exceed \$10,000.00.

Following review and discussion, Director Gay moved to authorize (1) McGrath to prepare the Authority's annual audit and financial statements for fiscal year end December 31, 2020 and the Single Audit; and (2) execution of the engagement letter with MGSB to perform agreed upon procedures for the Authority's annual audit and supporting documentation prepared by McGrath for the fiscal year end December 31, 2020. Director Fay seconded the motion, which passed unanimously.

CONTRACTS

Ms. Miller reported that the Finance and Policy Committee recommended approval of an Agreement for Investment Advisory Services with Hilltop Securities Asset Management, LLC to include an extended term and a change in the fee structure of the current agreement due to expire November 28, 2020. Following review and discussion, Director Fay moved to authorize execution of the agreement. Director Hollingsworth seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS, BUDGET FOR FISCAL YEAR END DECEMBER 31, 2021, AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, fund and wire transfers, a supplemental cash flow report, account balances, current period and year-to-date actual versus budget comparisons, and a schedule of debt service payments. A copy of the bookkeeper's report is attached.

Ms. Lightbody reviewed a proposed budget for fiscal year end December 31, 2021.

Following review and discussion, Director Gay moved to (1) approve the bookkeeper's report, including payment of the bills; and (2) adopt the budget for fiscal year end December 31, 2021. Director Hollingsworth seconded the motion, which passed unanimously.

ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board conducted an annual review of the Authority's Investment Policy. Ms. Miller reported that the Finance and Policy Committee recommended adoption of an Amended Investment Policy. She reviewed recommended changes to the Authority's Investment Policy related to eligible investment pools, ratings, extended investment periods, and funds held by the Authority's Trustee and in escrow. After review and discussion, Director Fay moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy. Director Hollingsworth seconded the motion, which passed unanimously.

AUTHORIZED DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

Ms. Miller reported that the Authority's Finance and Policy Committee recommended that the Board approve the bookkeeper's updated list of authorized depository institutions and qualified broker dealers, which includes all banks where the Authority maintains deposits and investments. After review and discussion, Director Gay moved to adopt a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker Dealers with Whom the Authority May Engage in Investment Transactions. Director Fay seconded the motion, which passed unanimously.

NOTICE OF PROPOSED ADOPTION OF AMENDED RATE ORDER

Ms. Miller discussed distribution of a Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases which states that, at the Authority's December 17, 2020, meeting, the Board intends to consider adoption of an Amended

Rate Order implementing a GRP Fee in the amount of \$4.25 per 1,000 gallons of groundwater pumped and a Surface Water Fee in the amount of \$4.60 per 1,000 gallons of water delivered by the Authority, which correspondingly increases the Imported Water Fee, effective January 1, 2021. Following discussion, Director Gay moved to authorize distribution of the Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases. Director Patton seconded the motion, which passed unanimously.

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached.

Mr. Clayton reported that the pump for booster pump no. 1 will be pulled and inspected to determine what repairs are needed due to tripping of the overload electrical breaker caused by the pump. He stated that the motor for booster pump no. 1 was recently repaired.

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

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GRP

Mr. Froehlich presented the engineer's report, a copy of which is attached.

Mr. Froehlich reported on BGE's planned attendance at a stakeholders meeting scheduled by the Fort Bend Subsidence District on December 10, 2020, regarding review of its Joint Regulatory Plan.

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 stated the engineer's report incorrectly references July instead of August for the amounts of surface water delivered and reclaimed water utilized.

Mr. Froehlich reported that the Authority's Finance and Policy Committee recommended execution of an Amended and Restated Water Supply Letter Agreement with Fort Bend County Municipal Utility District No. 133 ("FB 133"), including an increased Daily Commitment Amount of surface water to be supplied by the Authority.

Mr. Froehlich reported that ABHR has updated the Authority's form of GRP Participation Agreement. He stated GRP Participation Agreements have been sent to

legal counsel for Brazoria-Fort Bend Counties Municipal Utility District No. 3 and Fort Bend County Municipal Utility District No. 168 ("FB 168"). He reported that a letter of no objection was received from the City of Houston ("COH") for FB 168's proposed participation in the Authority's GRP.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters.

Mr. Froehlich reported on the status of the Authority's contracts with McKinney Construction, Inc. for construction of the reclaimed water distribution systems for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and FB 194. He stated that the Texas Water Development Board's (the "TWDB") approval of the contract awarded for the Grand Lakes reclaimed water system project was received and a pre-construction meeting will be scheduled soon. He stated the contract awarded for the FB 146 and FB 194 joint reclaimed water system project will be routed for signature, after approval of bond and insurance documentation and the TWDB's approval.

Mr. Froehlich recommended approval of Pay Estimate No. 14, submitted by JTR Constructors, Inc. for construction of the wastewater plant improvements for the Grand Lakes reclaimed water system project, in the amount of \$67,835.43.

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 stated that construction is approximately 97% complete. Mr. Froehlich stated that the contractor, D.L. Elliot Enterprises, Inc., is awaiting permanent power from CenterPoint Energy to complete testing and start up.

Mr. Froehlich reported that the final inspection report for the cathodic protection system repairs and testing by Farwest Corrosion Control Company is anticipated to be received within the next week.

Mr. Froehlich reported that BGE is coordinating with Inframark on a small repair related to a third quarter rectifier inspection.

Mr. Froehlich discussed coordination with ABHR on an agreement with FB 146 and FB 194 related to proposed modifications to the Authority's reclaimed reuse filter system for the Authority's joint reclaimed water system project with FB 146 and FB 194.

Mr. Froehlich reported on the status of RPS Engineering Incorporated's ("RPS") design of Main Segment 11A. He stated that RPS is awaiting comments from COH prior to submitting 95% plans for BGE's review.

Mr. Froehlich reported on BGE's design of the project to extend the steel casing on Main Segment 8B at FM 723 due to the Texas Department of Transportation's project to widen FM 723 at Bellaire Boulevard.

Mr. Froehlich reported on the preparation of a 2025 System Environmental Determination Form, including the status of responses to agency concurrence letters submitted by BGE. He reported that the Texas Antiquities Permit was approved by the Texas Historical Commission. He stated that BGE is planning an archaeological survey and geoarchaeological assessment along Buffalo Bayou.

Mr. Froehlich reported that BGE plans to discuss the results of an updated initial feasibility study for a potential effluent reuse system for Fort Bend County Municipal Utility District No. 34 at the Authority's December committee meetings.

Mr. Froehlich that the second phase of the Authority's water blending study is underway.

Mr. Froehlich discussed BGE's preparation of a schedule for distributing notifications of the Authority's water system disinfection requirements for the 2025 surface water system conversion to impacted entities.

Mr. Froehlich reported on the status of updates to the routing studies for Main Segments 13, 16, and 17. He stated that BGE is awaiting feedback to the routing analysis request submitted to CenterPoint Energy for Main Segment 16.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported that a renewal application for the storm water quality permit for the Bellaire Pump Station due to expire on November 21, 2020, was submitted to COH.

Mr. Froehlich reported that three bids for the disposal of the existing generators at the Bellaire Pump Station as surplus property in a public sale were received on November 19, 2020. He stated that Worldwide Power Products, LLC is the highest bidder in the amount of \$355,000.00 and following additional review and presentation to the Joint Facilities Committee, a recommendation for award of a contract for the sale of the generators is anticipated to be made at the special meeting of the Board scheduled for December 2, 2020.

Mr. Froehlich reported that, while no water quality issues are currently being experienced, out of an abundance of caution, a schedule for water sampling to monitor corrosivity has been implemented at the Bellaire Pump Station and at the interconnection with Fort Bend County Municipal Utility District No. 134A.

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 on the status of design, permitting, contract award, construction, and property acquisition, as appropriate, for SWSP Segments A, B1/B2, B3, C1, and C2, Kinder Morgan Segments, Segment 3 subsegments, the Repump Station, the Central Pump Station, and meter stations. Mr. Froehlich reported that construction contract counsel, Munsch Hardt Kopf & Harr PC, is reviewing BGE’s comments to the Construction Management Plan provided to the WHCRWA.

Mr. Froehlich and Ms. Miller discussed the status of the Authority’s negotiations related to an Amended and Restated Joint Facilities Agreement with the WHCRWA.

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 and the dual 96-inch raw water lines.

Ms. Kovar reviewed drone video footage of the project site and updated the Board on COH’s Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. Ms. Kovar discussed BGE’s monitoring of COH’s procedures related to a Request for Council Action for funding of the project. She reported on the status of construction for Early Work Package Nos. 2, 4, and 6, the Influent Pump Station, and the Balance of Plant package. She discussed coordination with COH on the process for appropriating money for the project for next year and preparation of a proposed change order.

In response to Director Patton’s inquiry, Mr. Froehlich explained the scope of work for the second phase of the Authority’s water blending study.

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

- (1) authorize execution of an Amended and Restated Water Supply Letter Agreement with FB 133; and
- (2) approve Pay Estimate No. 14, submitted by JTR Constructors, Inc. for construction of the wastewater plant improvements for the Authority’s joint reclaimed water system project with Grand Lakes, in the amount of \$67,835.43.

Director Fay seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY IN SAN JACINTO RIVER AUTHORITY V. CITY OF CONROE AND CITY OF MAGNOLIA

Ms. Miller reported that the North Harris County Regional Water Authority (the “NHCRWA”), with the Authority’s participation as amicus party, prepared and filed an amicus brief in *San Jacinto River Authority v. City of Conroe and City of Magnolia*. She

stated that a copy of the brief is included on the Authority's document sharing site and the Board will kept apprised of any developments in the matter.

FINANCING PLAN MATTERS

Mr. Palmer discussed the status of the current bond market. He discussed the interest rates for the Authority's \$39,590,000 Water System Junior Lien Revenue Bonds, Series 2020 ("Series 2020 Bonds") and \$143,125,000 Water System Revenue Bonds, Series 2020A ("Series 2020A Bonds") that were sold to the TWDB through the TWDB's State Water Implementation Revenue Fund for Texas program on October 7, 2020. Ms. Miller reported the Series 2020 Bonds and Series 2020A Bonds closed on November 18, 2020.

Mr. Palmer reported that a previously distributed summary of the results of the sale of the Authority's \$41,530,000 Water System Revenue Refunding Bonds, Series 2020B Bonds ("Series 2020B Bonds") indicates an 18.14% net present value savings of \$8,539,325.00, providing a tangible impact on the Authority's fees and rates. Ms. Miller reported that the Series 2020B Bonds are scheduled to close December 17, 2020.

Ms. Miller discussed the Authority's obligations related to its revenue note placement program for interim financing pursuant to the Note Purchase Agreement with JPMorgan Chase Bank, N.A. She stated that a Certificate of No Default has been prepared for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly unaudited financial reports. Following discussion, Director Gay moved to authorize execution of the certificate. Director Hollingsworth seconded the motion, which passed unanimously.

There were no updates related to the funding received through the TWDB from the Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and FB 194.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

MEETING SCHEDULE

Ms. Miller reported that a special meeting of the Board is scheduled for December 2, 2020, to discuss routing study updates for the Authority's 2025 surface water conversion system.

Ms. Miller reminded the Board that the Authority's November and December regular Board meetings are normally held on Thursdays one week before the regular meeting dates due to the Thanksgiving and Christmas holidays. She stated the December 23, 2020, regular meeting is rescheduled to Thursday, December 17, 2020.

Ms. Miller noted that the Authority's combined Finance and Policy and Communication, Conservation, and Reuse Committees are scheduled to meet on December 8, 2020, prior the Authority's Design and Capital Planning Committee meeting scheduled for December 14, 2020.

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

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