

MINUTES

NORTH FORT BEND WATER AUTHORITY

February 24, 2021

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 24th day of February, 2021, 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 Director Houghton, thus constituting a quorum.

Also attending all or part of the teleconference and/or the videoconference were Matt Froehlich, Lindsay Kovar, Julia Frankovich, Kyle Jones, Ian Pietz, Whitney Milberger, and Tiffany Moore of BGE, Inc. ("BGE"); Taylor Watson and Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Francine Stefan of Post Oak Municipal Advisors, LLC; David Oliver, Christina Miller, Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Roel Huerta of AECOM; Meera Victor of Carollo Engineers, Inc.; John Lacy of Costello, Inc.; Mike Halde of HR Green, Inc.; Jeremy Austin of Halff Associates, Inc.; Kyle Kaspar of Jones & Carter, Inc.; John Strange of JNS Consulting Engineers, Inc.; Craig Kalkomey of LJA Engineering, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Roger Van Hauen of Masuen Consulting, LLC; Calvin Browne of Municipal District Services, LLC; Rich Patrick of Ninyo & Moore; Jennifer Elms of Odyssey Engineering Group; Sylvester Johnson and Katherine Mears of RPS Infrastructure, Inc.; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; David Drake of Cinco Municipal Utility District No. 7; Steve Haas of Cinco Municipal Utility District No. 8; Stephen Talecki of Cornerstones Municipal Utility District; Lisa Dudley and Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Susan Ruske of Fort Bend County Municipal Utility District No. 35; Craig Lewis of Fort Bend County Municipal Utility District No. 50; Kafi Dalcour of Fort

Bend County Municipal Utility District No. 116; Brian Joseph and Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Randy Carter and Philip Huseman 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 Ron Boatman, David Johnson, Alexa Jiang Li, Johann Malherbe, Cheryl Morse, Andre Rez, Sean Tarman, and Barbara Wolf.

Mr. Oliver reviewed certain recommended protocols for conducting the Authority's meeting via teleconference and videoconference. 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 at <https://www.nfbwa.com/meetings/>.

COMMENTS FROM THE PUBLIC

Director Patton addressed the public regarding the recent freeze event and its widespread impact on residents of retail water providers located within the Authority due to burst and leaking pipes causing water damage and the threat of significantly higher water bills. He stated that the Board has not yet met to discuss how to respond to the impact of the freeze event and treatment of requests for waiver of the Authority's fees for impacted residents. He stated that he anticipates that the Authority will develop a policy soon to provide emergency relief from the Authority's fees for impacted residents of retail water providers within the Authority.

Mr. Oliver offered any members of the public attending the meeting by telephone or videoconference the opportunity to make public comment. In response to Mr. Talecki's question regarding the status of the connection water line to Cinco Municipal Utility District No. 1, Mr. Froehlich stated that an update will be provided during the engineering report.

Mr. Pertgen addressed the Board to thank Director Patton for initially addressing the Authority's anticipated approach to the impact of the recent freeze event.

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.

APPROVE MINUTES

The Board considered approving the minutes of the regular Board meeting held

January 27, 2021. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Fay seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND LARRY'S TOOLBOX WATER CONSERVATION PROGRAM ("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 the Authority's first quarterly newsletter for 2021 was distributed and had open and click rates of 21% and 8%, respectively.

Ms. Milberger reported that BGE and Director Gay met with representatives of the City of Fulshear ("COF") on February 3, 2021, to discuss the Authority's and COF's current and future infrastructure projects. She stated that BGE will hold future quarterly meetings with the COF beginning in June 2021.

Ms. Milberger reported on the status of Mighty Citizen's development of the Authority's communication and public outreach campaign.

Ms. Milberger reported that 80 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during January 2021. 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. She stated that the chart of alternative water projects will be updated to reflect the current status of the projects.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommends that the Board approve an engineering proposal from Jones & Carter, Inc. for conducting a feasibility study for a proposed reclaimed water system pilot program that includes completion of an Integrated Water Management Plan for Fort Bend County Municipal Utility District No. 229 ("FB 229") in the amount of \$44,500.00. She requested Directors' comments to the previously distributed Form Integrated Water Management Plan.

Ms. Milberger reported that BGE is reviewing the draft report resulting from Fort Bend County Municipal Utility District No. 50's reclaimed water system pilot program.

Ms. Milberger reported on implementation of the 2021 Larry's Toolbox Program.

She reviewed the schedules for webinars to provide information regarding the program to consultants.

Following review and discussion, Director Fay moved to approve the Water Conservation and Reuse report, including approval of an engineering proposal from Jones & Carter, Inc. for conducting a feasibility study for a proposed reclaimed water system pilot program that includes completion of an Integrated Water Management Plan for FB 229 in the amount of \$44,500.00. Director Hollingsworth seconded the motion, which passed unanimously.

CONTRACTS

Mr. Oliver reported that the CCR Committee directed ABHR to prepare and transmit an amendment to the Authority's Reclaimed Water Agreement with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") for proposed modifications to the Authority's reclaimed water system facilities to increase filtration at FB 146's wastewater treatment plant. He reported that ABHR is counsel for FB 146 and FB 194 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 amendment to the Authority's Reclaimed Water Agreement with FB 146 and FB 194. Following review and discussion, Director Hollingsworth moved to authorize execution of a legal conflict waiver for ABHR's preparation of an amendment to the Authority's Reclaimed Water Agreement with FB 146 and FB 194. Director Fay seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND CONDUCT 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, a schedule of debt service payments, and a quarterly investment report. A copy of the bookkeeper's report is attached. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report, including payment of the bills. Director Abrahamson 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 summarized the operations of the Authority's facilities during the recent freeze event beginning on February 14, 2021, including communications with the retail water providers including the City of Fulshear and municipal utility districts

within the Authority. He stated that the Authority's facilities are currently operating normally, and the generators worked as designed during the event. The Board thanked Mr. Clayton for Inframark's outstanding efforts during the freeze event.

In response to Director Hollingsworth's questions, Mr. Froehlich stated that 24 municipal utility districts within the Authority receive surface water supply through 33 water plant connections. He stated that the Authority has adopted a Policy on Minimum Well Capacity in preparation for emergency events. He reported that in most instances the retail water providers within the Authority were able to use their wells to provide water supply to their residents after the Authority's surface water supply was no longer being received from the City of Houston ("COH"). He stated there were a few municipal utility districts within the Authority that experienced varying issues with their systems, including generator issues and broken pipes.

Mr. Froehlich stated that the Authority is currently receiving water supply from COH's East Water Purification Plant. He stated that the Authority's joint Surface Water Supply Project (the "SWSP") with the West Harris County Regional Water Authority ("WHCRWA") will provide a second and direct source of surface water supply and redundancy in the Authority's system when completed and online. Discussion ensued regarding scheduling an After-Action meeting with COH, the area regional water authorities, operators of retail water providers within the Authority's boundaries, and other stakeholders to collaborate on mitigation actions for future emergency events.

Mr. Clayton explained that the 100.06% water accountability was the result of discrepancies in the Authority's and COH's meter reading schedules. Following review and discussion, Director Hollingsworth moved to accept the operator's report. Director Gay seconded the motion, which passed unanimously.

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 ("FBSD") monthly Board meeting and stated that a FBSD stakeholders meeting is scheduled to be held on March 3, 2021.

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 stated that, as previously reported, GRP Participation Agreements have been sent to legal counsel for Brazoria-Fort Bend Counties Municipal Utility District No. 3 ("BF 3") and Fort Bend County Municipal Utility District No. 168 for

review. He reported that ABHR is preparing a revised agreement in response to comments received from legal counsel for BF 3.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters for Main Segments 13, 16, and 17. Charts summarizing the status of property acquisition matters are attached to the engineer's report. Mr. Froehlich stated that final reports for the routing studies performed for Main Segments 13 and 16 are anticipated to be ready for Board review at a March special or regular meeting.

Mr. Froehlich reported on the status of construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, "Grand Lakes"). He stated that a Notice to Proceed was issued to McKinney Construction, Inc., effective February 1, 2021.

Mr. Froehlich reported on the status of construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194. He reported that BGE submitted approved Change Order No. 1 to the Authority's contract with McKinney Construction, Inc. for the project to the Texas Water Development Board (the "TWDB"). He stated that a Notice to Proceed with construction of the project will be issued upon receipt of the TWDB's approval. He recommended approval of a Consent to Encroachments document for the Authority's Water Line Easement Parcel 146R.21 from the landowner, STNL PS Meadow Ranch, LLC.

Mr. Froehlich reported that construction of the wastewater treatment plant improvements for the Authority's joint reclaimed water system project with Grand Lakes pursuant to a contract with JTR Constructors Inc. ("JTR Constructors") was 98% complete. He reported that proposals were received from the contractor, JTR Constructors, and Neil Technical Services, Inc. ("NTS") for replacing a weatherhead as required by CenterPoint Energy in the amounts of \$54,233.00 and \$19,260.00, respectively. He recommended that the Authority enter into a Service Agreement with NTS to replace the weatherhead.

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 and the contractor, D.L. Elliot Enterprises, Inc., is awaiting permanent power from CenterPoint Energy to complete testing and start up.

Mr. Froehlich reported on the status of Farwest Corrosion Control Company's performance of repairs for the Authority's cathodic protection system. He reported that

additional repairs were identified during testing and inspections in the amount of \$23,000.00 and recommended performing the changed scope of repairs under the originally authorized amount for the project. He stated that BGE is evaluating the cost and feasibility of replacing the existing flush-to-grade test stations with marker post test stations.

Mr. Froehlich reported on BGE's coordination with the engineer and attorney for FB 146 and planned coordination with ABHR for the preparation of an agreement for proposed modifications to the Authority's reclaimed water system facilities related to the installation of increased filtration at FB 146's wastewater treatment plant.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that BGE obtained Director Houghton's execution of a letter required by COH confirming that the Authority will own, operate, and maintain the proposed facilities in perpetuity so that the installation of an all-weather access road will not be necessary for plan approval.

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. He stated that the BGE is addressing COH's comments to the plans.

Mr. Froehlich reported on the status of a System Environmental Determination Form and a Cultural Resources Study required for the Authority's proposed 2025 surface water supply system. He stated that work on the wetlands delineation required by the United States Army Corps of Engineers is underway. He requested the Authority's authorization to obtain right-of-entry agreements from the affected property owners upon finalization of the form in coordination with ABHR. Mr. Froehlich stated that a geoarchaeological assessment along Buffalo Bayou required by the Texas Historical Commission will begin once Fort Bend County completes its current erosion control project. He reported that BGE is preparing a request for an amendment to its services agreement with the Authority due to the required wetlands delineation and other tasks not included in the original scope of the agreement.

Mr. Froehlich reported that development of a comprehensive plan for proposed effluent reuse projects within the Authority is underway. He stated that evaluation of a potential effluent reuse project with Fort Bend County Municipal Utility District Nos. 34 and 35 will be presented at the CCR Committee's March meeting.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study. He stated that BGE is reviewing water quality data received from COH's technical consultant for the Northeast Water Purification Plant ("NEWPP") and preparing a Phase 2 Executive Summary, Technical Memorandum No. 11.

Mr. Froehlich reported on BGE's preparation of a schedule for notifying the impacted municipal utility districts of required conversion to chloramine disinfection systems for the Authority's proposed 2025 surface water supply system.

Mr. Froehlich reported that BGE has begun reviewing and updating the routing studies for Main Segments 14 and 15.

Mr. Froehlich reported on coordination with the design consultants for certain segments of the Authority's proposed 2025 surface water supply system on agreements for professional services.

Mr. Froehlich reported that a kickoff meeting was held with CP&Y, Inc. for performance of an inspection of the Authority's surface water supply system as required pursuant to the Authority's Indenture of Trust with Regions Bank as Trustee for the Authority's Water System Revenue Bonds and Junior Lien Water System Revenue Bonds. He stated that a Notice to Proceed with the inspection is anticipated to be issued March 1, 2021.

Mr. Froehlich reported that one bid was received from Accurate Meter & Backflow, LLC ("AM&B") for the Authority's smart meter conversion project that includes adoption of the Badger Meter® software for the installation of automated smart meter readers on the Authority's well, surface water, and reuse meters. Mr. Froehlich recommended that the Board award the contract to AM&B for the project in the total amount of \$1,812,900.00, including a base bid amount of \$1,652,025.00. The Board concurred that, in its judgment, AM&B 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 payment to AM&B for additional meter auditing services for effluent meters in the amount of \$250.00.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported on BGE's coordination with Texas Microgrid, LLC, an affiliate of Enchanted Rock, Ltd. ("ER") on installing, commissioning, and servicing natural gas generators and associated equipment to provide auxiliary power for the Bellaire Pump Station pumps in place of the previous generators. He reported that ER completed installation of the generators and began testing them on February 5, 2021. He stated that closeout activities for the installation and commissioning portions of the project are ongoing. Mr. Jones stated that, as previously reported, the new generators were relied upon and worked well during the recent freeze event.

Mr. Jones reported on the status of the SWSP. He reported on changes made to the excess liability insurance provisions of the construction contracts for SWSP

Segments B1/B2 and B3. He stated that changes to insurance provisions for Segment A will be considered in the future.

Mr. Jones reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the SWSP, including Segments A, B1/B2, B3, and C1/C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, and the Central Pump Station.

Mr. Jones discussed the status of the Authority's negotiations related to an Amended and Restated Joint Facilities Agreement with the WHCRWA. He reported that ABHR and BGE are currently reviewing a revised draft of the agreement received from the WHCRWA on January 17, 2021, which included comments to design and construction and operations and maintenance provisions.

Mr. Jones reported that outside construction legal counsel, Munsch Hardt Kopf & Harr PC, is reviewing BGE's comments to the Construction Management Plan provided to the WHCRWA.

Mr. Jones reported that the second quarter cash call for Segment B1/B2 will be delayed due to conflicts with Harris County Flood Control District's detention basins that were not previously identified during plan review. He stated that BGE is reviewing the quarterly cash call for general program management received in the amount of \$6,251,876.00.

Mr. Pietz reported on the status of construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project. He reported that the Capers Ridge Pump Station is approximately 96% complete and startup and testing are estimated to be complete in April 2021. He reported that the dual 96-inch raw water pipelines are approximately 98% complete and final completion and punchlist items are estimated to be complete in March 2021.

Mr. Pietz reviewed drone video footage of the project site and updated the Board on COH's NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). He reported on a meeting held with HWT's Joint Venture Board on January 20, 2021, to discuss the progress and management of the NEWPP Expansion Project. He stated that future meetings with HWT's Joint Venture will be held bimonthly. He 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. Mr. Pietz reported that the excess funds in the escrow account for Early Work Package No. 1 will be closed-out and distributed to the participants per their respective pro rata shares of the funds.

Mr. Froehlich reported on BGE's coordination with Inframark on preparing the Authority's Water Usage Survey and Water Conservation Plan Annual Report.

Mr. Froehlich requested authorization to notify the TWDB's Region H Water Planning Group to update the Authority's non-voting member to Matt Froehlich.

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

- (1) authorize execution of a Consent to Encroachments document for Parcel 146R.21 from the landowner, STNL PS Meadow Ranch, LLC;
- (2) authorize execution of a Service Agreement with NTS to replace the weatherhead for the wastewater treatment plant improvements portion of the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$19,260.00;
- (3) authorize a change in scope to Farwest Corrosion Control Company's repairs project for the Authority's cathodic protection system in the amount of \$23,000.00;
- (4) authorize sending right-of-entry requests the property owners impacted by the Cultural Resources Study required for the Authority's proposed 2025 surface water supply system, upon finalization of the form in coordination with ABHR;
- (5) award the contract for the Authority's smart meter conversion project to AM&B in the amount of \$1,812,900.00, based upon Mr. Froehlich'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 payment to AM&B for additional meter auditing services for effluent meters in the amount of \$250.00; and
- (7) authorize notifying the TWDB's Region H Water Planning Group to update the Authority's non-voting member to Matt Froehlich

Director Abrahamson seconded the motion, which passed unanimously.

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

Mr. Oliver stated there is no update on the amicus brief filed in *San Jacinto River Authority v. City of Conroe and City of Magnolia*. He stated that the Board will be kept apprised of any developments in the matter.

FINANCING PLAN MATTERS

Mr. Oliver reported that the Authority's changes to its Multi-Year Commitment Annual Loan Closing Schedule for the projects funded by the State Water

Implementation Revenue Fund for Texas ("SWIRFT") were submitted to the TWDB for approval. He discussed the SWIRFT funding process.

ARBITRAGE REBATE REPORTS FOR SERIES 2009, 2010A, AND 2010B BONDS

Mr. Oliver reported that the Authority is not required to remit payment to the Internal Revenue Service per the previously distributed arbitrage rebate and yield restriction liability reports for the Authority's Series 2009, 2010A, and 2010B Bonds prepared by OmniCap Group, LLC.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed one Water Line Easement and one side letter for Parcel 19.08 owned by Grand Enclave Homeowners Association, Inc., as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement and side letter as presented. Director Hollingsworth seconded the motion, which passed unanimously.

LEGISLATIVE MATTERS

Mr. Oliver stated that ABHR is monitoring the status of proposed bills with potential impact to the Authority during the 87th Regular Session of the Texas Legislature.

CONVENE EXECUTIVE SESSION

The Board did not convene in executive session.

COMMENTS FROM THE PUBLIC (CONTINUED)

In response to Director Patton's inquiry, Mr. Talecki stated his question had been addressed.

In response to Mr. Drake's question, Mr. Oliver explained the requirements and procedures for the Authority and retail water providers located within the Authority related to the issuance of Boiled Water Notices after issuance of a Boiled Water Notice by COH.

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

(SEAL)



/s/ Melony Gay
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Memorandum Regarding Water Conservation and Reuse	3
Bookkeeper's report.....	4
Operator's report.....	4
Engineer's report.....	5
Realty Interests Chart	11