

MINUTES

NORTH FORT BEND WATER AUTHORITY

March 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 March, 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, thus constituting a quorum.

Also attending all or part of the teleconference and/or the videoconference were Matt Froehlich, Lindsay Kovar, Julia Frankovich, 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; Christina Miller, Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Brea Campbell of Environmental Development Partners, LLC; Mike Halde of HR Green, Inc.; John Strange of JNS Consulting Engineers, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Calvin Browne of Municipal District Services, LLC; Sylvester Johnson of RPS Infrastructure, Inc.; Michael Abshire, Sonyan Stephens, and Mark Van Dyck of Big Oaks Municipal Utility District; David Drake of Cinco Municipal Utility District No. 7; Allison Low Bogner of Cinco Municipal Utility District No. 3; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; Stephen Talecki 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 ("FB 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 and Philip Huseman of Fort Bend County Municipal Utility District No. 142; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; John Pertgen and Carl Peters of Kingsbridge Municipal Utility District;

and additional members of the public, including Neil Barnsdale, James Cokinos, Lawrence Goldberg, Jeanette Hall, David Johnson, and Joshua Netardus.

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

COMMENTS FROM THE PUBLIC

Ms. Hall addressed the Board regarding her efforts to notify FB 50 and the Authority of a leaking backflow preventer at a Walmart store located within FB 50's boundaries beginning on February 21, 2021, and requested that the leak be stopped. Ms. Miller stated that the Walmart store has been notified of the leak contained on private property and the repair has been scheduled.

APPROVE MINUTES

The Board considered approving the minutes of the regular Board meeting held February 24, 2021, and the special Board meeting held March 3, 2021. After review and discussion, Director Gay moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present for the discussion or the vote.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, LARRY'S TOOLBOX WATER CONSERVATION PROGRAM ("LARRY'S TOOLBOX PROGRAM"), AND ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

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

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommends that the Board authorize purchasing an exhibitor's booth at the Association of Water Board Directors' ("AWBD") summer conference in the amount of \$1,500.00.

Ms. Milberger reported that BGE is scheduled to give a presentation regarding the Authority's current and future infrastructure projects to members of the City Council of the City of Fulshear in June 2021.

Ms. Milberger reported that the Texas Commission on Environmental Quality's ("TCEQ") rules require that the Authority review its water conservation plan and submit an annual report on implementation of the water conservation plan prior to May 1, 2021. She reported that the Authority's CCR Committee recommends that the Board authorize submission of the annual report on implementation of the water conservation plan to the TCEQ and the Texas Water Development Board (the "TWDB") as required.

Ms. Milberger reported on the status of Mighty Citizen's development of the public communication, education, and outreach plan for the Authority. She stated that the website is planned to be launched in June 2021, and reported on BGE's and ABHR's review of various elements of the website. She reported that Director Abrahamson attended a Sprint 3 meeting held on March 11, 2021.

Ms. Milberger reported that 20 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during February 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program and positive feedback received from prize recipients.

Ms. Milberger reviewed updates made to the charts indicating the status of effluent reuse and alternate water credit projects/contracts and tracking reuse usage amounts, copies of which are attached to the Memorandum Regarding Water Conservation and Reuse matters.

Ms. Milberger reported that development of a comprehensive plan for proposed effluent reuse projects within the Authority is underway. Ms. Frankovich reported that after receiving a summary of BGE's analysis of a potential effluent reuse project with Fort Bend County Municipal Utility District Nos. 34 and 35 ("FB 34 and 35"), the Authority's CCR Committee recommended that the Authority's consultants begin negotiations with the parties of a potential effluent reuse project with FB 34 and 35.

Ms. Milberger reported that a Water Conservation and Reuse Analysis Agreement with Fort Bend County Municipal Utility District No. 229 ("FB 229") and Jones & Carter, Inc. ("JCI") is ready for signature. She stated that the agreement includes the previously approved engineering proposal from JCI for conducting a feasibility study for a reclaimed water system pilot program and completion of an Integrated Water Management Plan for FB 229 in the amount of \$44,500.00.

Ms. Milberger stated that the report resulting from FB 50's reclaimed water system pilot program has been finalized. She reported that BGE and the engineer for

FB 50 held a meeting to review the completed Integrated Water Management Plan. She discussed the benefits of performing the pilot program to assist with streamlining the report and modifying the Form Integrated Water Management Plan and process.

Ms. Milberger reported on implementation of the 2021 Larry's Toolbox Program. She reported that a webinar to provide information regarding the program to consultants is scheduled at 2:00 p.m. on April 7, 2021. She reported that the Authority's CCR Committee recommends that the Board authorize printing and mailing 112,000 bill inserts for the 2021 Larry's Toolbox Program in an amount not to exceed \$8,500.00.

Ms. Milberger reported that the Authority's CCR Committee recommends that the Board authorize fourth quarter rebate payments to 44 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 \$266,478.00.

Following review and discussion, Director Gay moved to approve the Water Conservation and Reuse report, including:

- (1) authorize purchasing an exhibitor's booth at the AWBD summer conference in the amount of \$1,500.00;
- (2) authorize submission of the annual report on implementation of the water conservation plan to the TCEQ and the TWDB as required;
- (3) authorize execution of a Water Conservation and Reuse Analysis Agreement with FB 229 and JCI;
- (4) authorize printing and mailing 112,000 bill inserts for the 2021 Larry's Toolbox Program in an amount not to exceed \$8,500.00; and
- (5) authorize fourth quarter rebate payments to 44 participants in the Authority's 2019 Larry's Toolbox Water Conservation Program in the total amount of \$266,478.00.

Director Patton seconded the motion, which passed unanimously, except for Director Houghton who was not present for the discussion or the vote.

CONTRACTS

The Board concurred to defer this item.

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, and a schedule of debt service payments. A copy of the bookkeeper's report is attached.

Mr. Watson reported that wire transfers have been prepared for payment of a quarterly cash call received from the West Harris County Regional Water Authority (the "WHCRWA") for general program management related to the Surface Water Supply Project (the "SWSP") in the amount of \$6,251,876.00, due April 11, 2021. Following review and discussion, Director Fay moved to approve the bookkeeper's report, including payment of the bills. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present for the discussion or the vote.

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, during the February 2021 freeze event, Fort Bend County Municipal Utility District No. 190 ("FB 190") opted to decline delivery of water from the Authority while the Authority was operating under a boil water notice. He stated that the Authority's valve malfunctioned and delivered approximately 500,000 gallons of excess surface water to FB 190. He stated that the excess water delivery caused FB 190's ground storage tank to overflow and FB 190 to dump an additional 500,000 gallons of water. He reported that the valve has since been repaired and he has been in communications with the operator of FB 190.

Mr. Clayton discussed additional repairs made to the Authority's facilities attributable to the freeze event and the related costs for the repairs included on a previously distributed preliminary inventory of the Authority's damaged facilities. He reported that parts have been ordered for one of two damaged 30-inch inflow valves at the Bellaire Pump Station in the approximate amount of \$11,000.00. He stated that the cost for the parts for the second valve is anticipated to be approximately the same amount.

Mr. Clayton reported that approximately 5,800,000 gallons of surface water delivered to the Authority by the City of Houston ("COH") did not register on the Authority's inflow meters during the freeze event because they were frozen. He stated that the estimated unmetered amount of water has been reported to COH for inclusion on its next invoice to the Authority.

Following review and discussion, Director Hollingsworth moved to accept the operator's report, including authorize payment for the parts needed to repair the two 30-inch inflow valves at the Bellaire Pump Station. Director Abrahamson seconded the motion, which passed unanimously, except for Director Houghton who was not present for the discussion or the vote.

ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Ms. Miller reported that the TCEQ's rules require that the Authority complete an annual review of its Drought Contingency Plan by May 1, 2021. Mr. Clayton stated that there were no recommended changes to the Authority's Drought Contingency Plan at this time.

ADOPT UPDATED CRISIS MANAGEMENT MEDIA RELATIONS PLAN

The Board reviewed an updated Crisis Management Media Relations Plan. Following review and discussion, Director Fay moved to adopt the updated Crisis Management Media Relations Plan. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Houghton who was not present for the discussion or the vote.

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 that BGE and ABHR attended the Fort Bend Subsidence District's (the "FBSD") stakeholder meeting held March 3, 2021, and that during such meeting he shared the Authority's interest in potentially selling conversion credits. He reported on coordination with the FBSD on submission of a revised application for over-conversion credits for the October 1, 2019 - September 30, 2020, permit period due to an insignificant amount of duplicate data found in the Authority's current pumpage reporting online system.

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 on the status of GRP Participation Agreements with Brazoria-Fort Bend Counties Municipal Utility District No. 3 ("BF 3") and Fort Bend County Municipal Utility District No. 168 ("FB 168"). He stated that BGE is reviewing a revised requested committed amount of water to be included in the Authority's GRP submitted by BF 3. He stated that the GRP Participation Agreement with FB 168 containing the committed amount of 74,000,000 gallons is ready for execution.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Froehlich reported on the status of property acquisition matters for Main Segment 13. Charts summarizing the status of property acquisition matters are attached to the engineer's report.

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"). Mr. Froehlich reported that the contractor, McKinney Construction, Inc., has mobilized.

Mr. Froehlich reported on the status of construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District No. 146 ("FB 146") and Fort Bend County Municipal Utility District No. 194. He reported that the contractor, McKinney Construction, Inc., will mobilize once the pipe is delivered.

Mr. Froehlich reported on the status of construction of the wastewater treatment plant improvements for the Authority's joint reclaimed water system project with Grand Lakes, including coordination with Neil Technical Services, Inc. on replacing a weatherhead. He recommended approval of Pay Estimate No. 16, submitted by JTR Constructors, Inc. in the amount of \$243,777.11.

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 additional repairs for the Authority's cathodic protection system. He stated that BGE continues to evaluate 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 the design consultant is working on obtaining agency approvals for the plans.

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 ("TxDOT") project to widen FM 723 at Bellaire Boulevard (the "Main Segment 8B Casing Extension Project"). He stated that BGE is addressing agency comments to the plans and obtaining plan approvals. He reported that BGE is coordinating necessary agreements with TxDOT. Mr. Froehlich requested authorization to advertise for bids for the project.

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 discussed coordination with ABHR on finalizing right-of-entry agreements to be sent to the affected property owners. He 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. Mr. Froehlich requested an amendment to BGE's services agreement with the Authority for performing the wetlands delineation and other tasks not included in the original scope of the agreement in an amount not to exceed \$10,000.00.

Mr. Froehlich reported that the Board will be kept updated on the status of a potential effluent reuse project with FB 34 and 35.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study.

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 continues to review and update 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 CP&Y, Inc. has mobilized and is performing 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.

Mr. Froehlich reported on the Authority's smart meter conversion project. He stated that BGE is working with ABHR on a process for obtaining rights-of-entry for the project.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on BGE's coordination with Texas Microgrid, LLC, an affiliate of Enchanted Rock, Ltd. 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 the generators are installed and operational. He stated that installation of three replacement transformers

is scheduled for three days in April 2021. He stated that the costs for the project have been finalized and an invoice for WHCRWA's share of the costs is being prepared.

Mr. Froehlich reported on the status of the Authority's joint Surface Water Supply Project with the WHCRWA. He requested approval for submission of a request for release of escrowed funds to the TWDB for payment of the WHCRWA's quarterly cash call dated February 11, 2021, in the amount of \$6,251,876.00, and payment of the cash call upon receipt of the TWDB's approval.

Mr. Froehlich 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. Froehlich 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. Froehlich 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. Froehlich reported that BGE has reviewed COH's O&M true-up analyses and proposed credit amounts for the Authority's over-payment of operations and maintenance expenses in the amounts of \$402,155.08 for fiscal year 2017, \$721,453.71 for fiscal year 2018, and 1,047,054.89 for fiscal year 2019. He stated that the total amount of \$2,170,663.68 may be applied as credits against the Authority's future monthly water billings from COH. Mr. Froehlich recommended approval of COH's O&M true-up analyses.

Mr. Froehlich 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 99% 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 Northeast Water Purification Plant ("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 March 17, 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. Mr. Pietz 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. Froehlich reported that the Authority's Water Usage Survey was submitted to the TWDB.

Mr. Froehlich reported that notification was provided to the TWDB's Region H Water Planning Group to update the Authority's non-voting member to Matt Froehlich.

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

- (1) authorize execution of a GRP Participation Agreement with FB 168;
- (2) approve Pay Estimate No. 16, 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 \$243,777.11;
- (3) authorize advertisement for bids for the Main Segment 8B Casing Extension Project;
- (4) authorize execution of an amendment to BGE's services agreement with the Authority for performing the wetlands delineation and other tasks not included in the original scope of the agreement in an amount not to exceed \$10,000.00;
- (5) authorize submission of a request for release of escrowed funds to the TWDB for payment of the WHCRWA's quarterly cash call dated February 11, 2021, in the amount of \$6,251,876.00, and payment of the cash call upon receipt of the TWDB's approval; and
- (6) authorize approval of COH's O&M true-up analyses for fiscal years 2017, 2018, and 2019 in the aggregate amount of \$2,170,663.68.

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

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

FINANCING PLAN MATTERS

Ms. Miller reported that the Authority's financial advisor is anticipated to discuss renewal of the Authority's Note Purchase Agreement with JPMorgan Chase

Bank, N.A. during the Authority's April 2021 committee and Board meetings.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed two Water Line Easements and one side letter for Parcels 17A.15 and 17A.17, as listed on the attached Realty Interests Chart. Following review and discussion, Director Fay moved to authorize execution of the Water Line Easements and side letter as presented. Director Hollingsworth seconded the motion, which passed unanimously.

LEGISLATIVE MATTERS

Ms. Miller reported on the status of certain proposed bills with potential impact to the Authority during the 87th Regular Session of the Texas Legislature.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:03 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under (1) the Joint Facilities Agreement with the WHCRWA; and (2) the Second Supplement to the Water Supply Contract with COH, pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Mr. Froehlich was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested his presence in the executive session.

RECONVENE IN OPEN SESSION

At 6:36 p.m., the Board reconvened in open session. Director Gay moved to designate Director Houghton as the Board's representative in negotiations with COH regarding the possible lease of water to COH. Director Patton seconded the motion, which was approved by unanimous vote, except for Directors Houghton, Darden, and Abrahamson who were not present for the vote.

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	2
Bookkeeper's report.....	4
Operator's report.....	5
Engineer's report.....	6
Realty Interests Chart	11