

MINUTES

NORTH FORT BEND WATER AUTHORITY

July 28, 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 28th day of July, 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, Julia Frankovich, Kyle Jones, Ian Pietz, Whitney Milberger, and Tiffany Moore of BGE, Inc. ("BGE"); Dan McDonald and Ali McDonald of McDonald & Wessendorff Insurance ("MWI"); Taylor Watson and Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC ("Inframark"); Terrell Palmer of Post Oak Municipal Advisors LLC ("POMA"); David Oliver, Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Aimee Edwards of Binkley & Barfield, Inc.; Lawrence Goldberg of CivilTech Engineering, Inc.; Carlos Quintero of Freese and Nichols, Inc.; Mike Halde of HR Green, Inc.; Jeremy Austin of Halff Associates, Inc.; John Strange of JNS Consulting Engineers, Inc.; Kyle Kaspar of Jones & Carter, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Rich Patrick of Nino & Moore; Sylvester Johnson of RPS Infrastructure, Inc.; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Stephen Talecki of Cornerstones Municipal Utility District; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Craig Lewis of Fort Bend County Municipal Utility District No. 50; Randy Carter 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; Juanita Yarneau of Kingsbridge Municipal Utility District; and an additional member of the public, David Johnson.

Ms. Staine 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

Ms. Staine reported that there were no issues to report related to the COVID-19 epidemic.

COMMENTS FROM THE PUBLIC

Ms. Staine 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

The Board considered approving the minutes of its regular meeting held on June 23, 2021. After review and discussion, Director Hollingsworth moved to approve the minutes as written. Director Fay seconded the motion, which passed unanimously, except for Director Patton who was not present for the discussion or the vote.

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 recommended adding a second mobile hot spot to the Authority's data plan for use during community outreach activities.

Ms. Milberger reported on the use of the Authority's water conservation mobile teaching lab at the City of Fulshear's Farmers Market held July 10, 2021, including implementation of appropriate COVID-19 guidelines.

Ms. Milberger reminded the Board that the Authority is a Bronze Sponsor of the Texas Water Development Board's (the "TWDB") 2021 Water for Texas Conference scheduled for September 27-29, 2021, at the AT&T Executive Education and Conference Center in Austin, Texas.

Ms. Milberger reminded the Board that 4" X 4" water conservation educational displays are scheduled for placement in 13 community newsletters during July through November 2021.

Ms. Milberger reported on her attendance at meetings of the City of Fulshear and the Board of Directors of municipal utility districts located within the Authority.

Ms. Milberger reported on digital enhancements previously approved by the Board in an amount not to exceed \$2,000.00. She stated that Freeform, a website platform tool, was upgraded to auto-merge website communication registrations with Constant Contact for a one-time upgrade cost of \$60.00 and an annual total cost of \$159.00.

Ms. Milberger reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommends that the Board approve a proposal from Mighty Citizen for a photographer and videographer for the Authority's Water Force campaign and an illustrator for updating the Authority's Larry the Talking Sprinkler image in an amount not to exceed \$25,000.00.

Ms. Milberger reported that the Authority's CCR Committee recommends that the Authority join the Greater Houston Chapter of the Community Associations Institute ("CAI") to facilitate communications with homeowners associations for the annual membership fee of \$115.00.

Ms. Milberger reported that 45 applications were processed pursuant to the Authority's leak adjustment policy for the February 2021 freeze event prior to the July 1, 2021, deadline. She recommended informing 43 applicants that the Authority will be issuing payment to them at its August regular meeting and requesting additional supporting documentation from two of the applicants.

Ms. Milberger reported that 111 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during June 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program. She stated that an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 57 for participation in the WISE Guys Program is ready for Board signature.

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

Ms. Milberger reported on the status of Integrated Water Management Plans due for submission to the Authority by Fort Bend County Municipal Utility District No. 168, Charleston Municipal Utility District, and Brazoria-Fort Bend Counties Municipal

Utility District No. 3.

Ms. Milberger reported on the status of Fort Bend County Municipal Utility District No. 229's reclaimed water system pilot program that includes completion of an Integrated Water Management Plan.

Ms. Milberger reported on the status of BGE's preparation of modifications to the requirements for the proposed 2022 Larry's Toolbox Program.

Director Hollingsworth reported that Ms. Milberger and Mr. Froehlich did an exceptional job of representing the Authority and responding to public questions and comments during the virtual City of Fulshear City Council meeting held July 20, 2021.

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

- (1) authorize the addition of a second mobile hot spot to the Authority's data plan for use during community outreach activities;
- (2) authorize execution of the proposal from Mighty Citizen for a photographer and videographer for the Authority's Water Force campaign and an illustrator for updating the Authority's Larry the Talking Sprinkler image in an amount not to exceed \$25,000.00;
- (3) authorize joining CAI to facilitate communications with homeowners associations for the annual membership fee of \$115.00; and
- (4) authorize execution of an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 57 for participation in the WISE Guys Program.

Director Abrahamson seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. McDonald reported that pursuant to Director Hollingsworth's concerns regarding the significant increase in the renewal premium in the general liability insurance policy presented at the Authority's committee meetings, MWI was able to obtain a 25% discount from the carrier. He stated that the total renewal premium for the Authority's insurance policies scheduled to expire on August 2, 2021, has been reduced from the quoted \$281,654.84 to \$248,543.85. Mr. McDonald explained that the significant increase in the renewal premium over the expiring premium of \$193,860.55 is primarily due to increases in the property and general liability insurance policy

premiums caused by substantial increases in the Authority's property value from \$35,415,000.00 to \$40,173,000.00, and projected subcontractor costs from \$12,600,000.00 to \$29,600,000.00. Ms. Frankovich reported that BGE is completing an application on behalf of the Authority to obtain a quote for cyber liability insurance. Following review and discussion, Director Hollingsworth moved to approve the insurance renewal proposal. 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, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Mr. Watson recommended transferring the Authority's deposit accounts from BBVA USA to Regions Bank due to BBVA USA's merger with PNC Bank. A copy of MAC's memorandum to the Board regarding the recommended transfer is attached to the bookkeeper's report. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report, including payment of the invoices and transfer of the Authority's deposit accounts from BBVA USA to Regions Bank. Director Patton seconded the motion, which passed unanimously.

The Board did not conduct a hearing regarding any delinquent fees or rule violations.

TRANSITION OF AUTHORITY ESCROW ACCOUNTS INCLUDING TERMINATION OF ESCROW AGREEMENTS WITH COMPASS BANK AND BBVA BANK AND APPROVAL OF ESCROW AGREEMENTS WITH REGIONS BANK

Ms. Staine recommended transferring the Authority's six escrow accounts from Compass Bank and BBVA Bank (together, "BBVA Bank"), predecessors to BBVA USA, to Regions Bank due to BBVA USA's merger with PNC Bank. Following review and discussion, Director Hollingsworth moved to authorize (1) termination of the Authority's Escrow Agreements with BBVA Bank for the Authority's Fifth, Eighth, Ninth, Tenth, Twelfth, and Thirteenth Supplemental Indentures; (2) execution of Escrow Agreements with Regions Bank for the Authority's Fifth, Eighth, Ninth, Tenth, Twelfth, and Thirteenth Supplemental Indentures; and (3) transfer of the Authority's escrow accounts from BBVA USA to Regions Bank, subject to approval by the TWDB. Director Fay 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 on coordination with the City of Houston ("COH") to determine the cause for the discrepancy of approximately 64,000,000 gallons between the amount of water purchased versus sold by the Authority for June 2021.

Mr. Clayton reported that the manufacturer has not yet provided a report on its root cause analysis of the short to ground experienced by the motor for booster pump no. 1. He stated that he believes repair of the motor for booster pump no. 1 will be covered under warranty.

Mr. Clayton reviewed quotes for repair or replacement of the motor for booster pump no. 6 related to a short to ground experienced by the motor in the amounts of \$38,920.00 and \$78,619.00, respectively. He stated that the Authority's insurance policy has a deductible of \$25,000.00 and a claim has been filed for the incident. He stated that this is the first failure for booster pump no. 6 and the second failure for booster pump no. 1. Mr. Froehlich stated that BGE is reviewing the Bellaire Pump Station's electrical system for any issues related to the incidents.

Mr. Clayton reported that Fort Bend County Municipal Utility District No. 30's water plant no. 3 was commissioned and placed online.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented, including repair of the motor for booster pump no. 6 in the amount of \$38,920.00. Director Hollingsworth 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 that BGE submitted permit renewal applications to the Fort Bend Subsidence District (the "FBSD") and the Harris-Galveston Subsidence District for the 2021-2022 permit year.

Mr. Froehlich reported that the FBSD approved the Authority's revised over-conversion credit application for the permit terms 2016 through 2020, including the true-up fee and true-up over-conversion credit amounts related to discrepancies and duplications in the Authority's pumpage reporting online system. He stated that the reporting system discrepancies have been corrected. Mr. Froehlich reported that the FBSD approved the Authority's over-conversion credit application for 2,715.25 million gallons ("MG") for the 2019-2020 permit, which includes an adjustment of -70.26 MG for the true-up amounts for the 2016-2019 permit terms. He recommended payment to the FBSD for the 2019-2020 permit term fees in the amount of \$13,269.86.

Mr. Froehlich reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority.

Ms. Frankovich reported on items discussed during the July 21, 2021, meeting of the FBSD. She reported that the FBSD continues to analyze its disincentive fee. Ms. Frankovich stated that the FBSD's update to its Regulatory Plan continues to be delayed due to the delays in the release of the 2020 U.S. Census data needed to update its population demand projections. She discussed the FBSD's planned revised approach to conservation education.

Mr. Froehlich reported that ABHR distributed correspondence to provide notification of the billing procedures for the take or pay provisions of the Authority's Water Supply Commitment Letter Agreements ("WSCLA") with municipal utility districts as previously approved by the Board. He stated that Fort Bend County Municipal Utility District No. 134A has rescinded its request for an increase to its commitment amount included in its current WSLA.

Mr. Froehlich reported that Inframark submitted a response to the Texas Commission on Environmental Quality's request regarding the Authority's Emergency Preparedness Plan and its effectiveness as it relates to the Boil Water Notice issued during the February 2021 freeze event.

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 recommended that the Board approve Pay Estimate No. 4, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$317,945.70.

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 Nos. 146 and 194 ("FB 146 and 194"). Mr. Froehlich recommended that the Board approve Pay Estimate No. 2, submitted by McKinney for the project in the amount of \$174,181.50.

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. He stated that the contractor, JTR Constructors Inc., is addressing punchlist items for the project and a final inspection will be scheduled with the TWDB

when completed.

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 a final inspection was held on July 23, 2021, and the final pay estimate is anticipated to be received soon.

Mr. Froehlich reported on the status of the Authority's smart meter conversion project. He reported that Accurate Meter & Backflow, LLC ("Accurate") is installing the first phase of smart meters. He recommended approval of Pay Estimate No. 1 in the amount of \$111,420.00 submitted by Accurate for the project. He stated that ABHR has prepared a template for Right-of-Entry Agreements for access needed to complete the meter installations and BGE has distributed the agreements to the well owners included in the next three phases of the project.

Mr. Froehlich reported that a warranty inspection for the Old Richmond Road 16-inch Waterline Offset Project was held July 26, 2021.

Mr. Froehlich reported on the status of RPS Infrastructure, Inc.'s design of Main Segment 11A. He stated that COH's approval of the plans will be obtained after completion of the first phase of an updated transient analysis.

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. He stated that design plan approvals have been received from COH. He reported that BGE is working on obtaining design plan approvals from Fort Bend County and preparing an exhibit for a utility agreement with TxDOT. He reported that the start date for TxDOT's project has been delayed to early 2022.

Mr. Froehlich reported on the status of design by the following design consultants for the Authority's proposed 2025 surface water supply system (the "2025 System"): IDS Engineering Group for Main Segment 13B; Carollo Engineers, Inc. for Main Segment 19; and BGE for Main Segment 18A. He stated that once the necessary right-of-entry agreements are obtained, kickoff meetings will be held with Jones & Carter, Inc. for Main Segment 13Ci and the connection water line for Fort Bend County Municipal Utility District No. 229 and Binkley & Barfield, Inc. for Main Segments 13Cii and D. Mr. Froehlich reported on coordination with HR Green, Inc. to determine the best route for connecting to the two proposed water plants to add to the design for the connection water line for Fort Bend County Freshwater Supply District No. 2.

Mr. Froehlich reported that DNV GL USA, Inc. began performing the first phase of the transient analysis to include Segment 11A. He stated that the first phase will take approximately six weeks to complete, and the second phase for the remainder of the

2025 System will take approximately an additional ten weeks to complete after completion of the first phase.

Mr. Froehlich reported on proposed modifications to the Authority's reclaimed water system facilities related to the installation of increased filtration at Fort Bend County Municipal Utility District No. 146's ("FB 146") wastewater treatment plant. He stated that FB 146 has engaged its operator to complete the proposed modifications by the end of August 2021. He said that once the scope of work is confirmed, BGE will coordinate with ABHR to prepare a revised agreement for the proposed modifications to the Authority's reclaimed water system facilities, if necessary.

Mr. Froehlich reported on the status of a potential effluent reuse project with Fort Bend County Municipal Utility District No. 34 ("FB 34"). He stated that BGE has prepared a preliminary distribution system route and identified the landowners from which easements will be needed for the project. He stated that ABHR is preparing for discussions regarding the potential project with FB 34.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study, including BGE's review of the analysis of water quality changes and development of a plan for treatment, if needed. He reminded the Board that BGE recently recommended installing an orthophosphate treatment system at the Bellaire Pump Station. Mr. Froehlich reported that BGE now recommends deferring any chemical adjustments at the Bellaire Pump Station at this time pending review of additional recommendations from Corona Environmental Consulting pursuant to its study of corrosivity at the pump station.

Mr. Froehlich reported on the status of a System Environmental Determination Form and a Cultural Resources Study required for the Authority's proposed 2025 System. He recommended approval of a quote from Texas Pride Utilities for the two excavations needed to complete the geoarchaeological investigation on Main Segment 11A in the amount of \$34,400.00. He said that BGE is working to obtain quotes for other excavations needed for the remainder of the 2025 System. He stated that BGE is preparing to send Right-of-Entry Agreements to certain property owners for access to complete the necessary work in areas where the Authority does not have right-of-way.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that Texas Microgrid, LLC submitted an invoice for Grid Outage Fees for June 2021 in the amount of \$61.70. He stated that the electricity outage was experienced during a storm event.

Mr. Jones reminded the Board that the Authority's initial payments for the West Harris County Regional Water Authority's (the "WHCRWA") cash calls for Segments B1, B2, and B3 of the Authority's Surface Water Supply Project (the "SWSP") with the

WHCRWA had been delayed pending the WHCRWA's reconciliation of the program budget summary and cash call amounts. He reported that the revised cash calls have been received. He stated that the initial payment of \$76,268,459.48 is due October 12, 2021, and the second payment of \$36,686,486.63 is due one year later for Segments B1 and B2. He stated that the initial payment of \$34,777,445.23 is due October 12, 2021, and the second payment of \$14,904,619.39 is due one year later for Segment B3. Mr. Jones recommended that the Authority's Board authorize submission of a request for release of escrowed funds to the TWDB for payment of the WHCRWA's cash calls for the SWSP Segments B1 and B2 in the amount of \$76,268,459.48 and Segment B3 in the amount of \$34,777,445.23, and payment of the cash calls upon receipt of the TWDB's approvals.

Mr. Jones reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the SWSP, including Segments A, B1, B2, B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the Northeast Meter Station. He reviewed a chart of construction pay estimates for the projects and responded to Board members' questions.

Mr. Jones discussed the status of the Authority's negotiations related to an Amended and Restated Joint Facilities Agreement with the WHCRWA, including a meeting scheduled for August 13, 2021, to continue the negotiations.

Mr. Jones discussed a possible amendment to the WHCRWA's engineer's contract to address construction management activities related to the SWSP.

Mr. Pietz reported on the status of construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project. He stated that startup and testing are ongoing and operational matters with the pumps are being addressed.

Mr. Pietz 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 ("HWT"). He reported on the status of construction for Early Work Package Nos. 2, 4, and 6, and the Balance of Plant package. He reported that representatives of COH and the participating Authorities met with HWT's Joint Venture Board on July 21, 2021, to discuss outstanding project matters.

Mr. Froehlich reported that the TWDB is working on amendments to the Authority's Loan Forgiveness Agreements for funding received from the TWDB's Clean Water State Revolving Fund for the reclaimed water system projects for FB 146 and 194 and Grand Lakes to extend the schedules for completing construction of the projects to December 31, 2021.

Following review and discussion, Director Hollingsworth moved to approve the

engineer's report as presented, including:

- (1) approve payment to the FBSD for the Authority's 2019-2020 permit term fees in the amount of \$13,269.86;
- (2) approve Pay Estimate No. 4, submitted by McKinney for the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$317,945.70;
- (3) approve Pay Estimate No. 2, submitted by McKinney for the Authority's joint reclaimed water system project with FB 146 and 194 in the amount of \$174,181.50;
- (4) approve Pay Estimate No. 1, submitted by Accurate for the Authority's smart meter conversion project in the amount of \$111,420.00;
- (5) approve the quote from Texas Pride Utilities for the two excavations needed to complete the geoarchaeological investigation on Main Segment 11A in the amount of \$34,400.00;
- (6) approve payment of an invoice submitted by Texas Microgrid, LLC for Grid Outage Fees for June 2021 in the amount of \$61.70; and
- (7) authorize submission of a request for release of escrowed funds to the TWDB for payment of the WHCRWA's cash calls for the SWSP Segments B1 and B2 in the amount of \$76,268,459.48 and Segment B3 in the amount of \$34,777,445.23, and payment of the cash calls upon receipt of the TWDB's approvals.

Director Fay seconded the motion, which passed unanimously, except for Director Gay who was not present.

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

Mr. Oliver reported that there was 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 TWDB has indicated that it plans to provide the Financing Agreements related to the Authority's anticipated issuance of Water System Junior Lien Revenue Bonds, Series 2021A and Water System Revenue Bonds, Series 2021B through the TWDB's State Water Implementation Revenue Fund for Texas in August 2021. He stated that the deadline for submitting the Financing Agreements to the TWDB is anticipated to be September 15, 2021. He discussed the penalties to be included in the Financing Agreements that will be incurred if the bond sales are not

completed.

Mr. Oliver reported that the single audit report required pursuant to the Authority's Loan Forgiveness Agreements in connection with the funding received from the TWDB's Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects is anticipated for presentation at the August Finance and Policy Committee and regular Board meetings.

Mr. Oliver reminded the Board that the Authority's Series A Revenue Note was redeemed on July 1, 2021, and the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. was amended to extend the term of the Agreement for an additional two-year period. He reported that quarterly reporting requirements remain in place under the amended agreement.

WATER SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2021
("SERIES 2021 BONDS")

Mr. Palmer discussed the Authority's financing plan and procedures and activities to be undertaken to issue the Authority's Series 2021 Bonds, including the anticipated debt service savings to be achieved by refunding a portion of the Authority's Water System Revenue Bonds, Series 2011. He discussed a bond issuance schedule that included the proposed pricing of the bonds on August 24, 2021, and a closing date approximately one month later.

Mr. Palmer updated the Board on the current bond market and reviewed a Preliminary Official Statement for the Authority's Series 2021 Bonds. He discussed the ratings of the Authority's bonds issued by Standard and Poor's Financial Services LLC and Fitch Ratings, Ltd. He stated that the Authority's Series 2021 Bonds were included in the Authority's financing plan and rate forecast.

Mr. Oliver presented and reviewed a Resolution Authorizing the Issuance of the North Fort Bend Water Authority Water System Revenue and Revenue Refunding Bonds, Series 2021; Authorizing the Authorized Representative to Take Certain Actions on Behalf of the Authority; Authorizing the Form, Execution and Delivery of a Seventeenth Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject (the "Resolution"). Mr. Oliver discussed the documents for signature by the Directors and the necessary actions to be taken by the Authority's attorney and financial advisor in connection with the issuance of the Series 2021 Bonds.

Mr. Oliver presented and reviewed a Certificate Regarding Provision of Financial Advice (the "Certificate") certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Series 2021 Bonds and that the Board has relied on

POMA for financial advice.

Mr. Oliver discussed the duties of the Paying Agent/Registrar and Escrow Agent for the Authority's Series 2021 Bonds and stated that ABHR and POMA recommend appointing Regions Bank, N.A. as Paying Agent/Registrar and Escrow Agent for the Authority's Series 2021 Bonds.

Mr. Oliver recommended approving payment to the Texas Attorney General related to bond issue transcript review for the Series 2021 Bonds.

After review and discussion, Director Fay moved to (1) approve the Preliminary Official Statement for the Series 2021 Bonds, subject to final review; (2) adopt the Resolution; (3) authorize Director Houghton, with Director Patton as alternate, to act as the Authority's authorized representative to approve the sale of the Series 2021 Bonds, subject to a minimum net present value savings of 5.0% and principal amounts not to exceed \$175,000,000.00 on the refunding portion and \$80,000,000.00 on the new money portion of the Series 2021 Bonds, and perform any actions needed to effect the sale of the Series 2021 Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents; (4) authorize the Board to sign all documents relating to the bond sale; (5) authorize the attorney and financial advisor to take all necessary action in connection with the issuance of the Series 2021 Bonds; (6) authorize execution of the Certificate and direct that it be filed appropriately and retained in the Authority's official records; (7) authorize engagement of rating companies to perform credit rating analyses for the Series 2021 Bonds; (8) appoint Regions Bank as Paying Agent/Registrar and Escrow Agent for the Series 2021 Bonds; and (9) authorize payment to the Texas Attorney General for bond issue transcript review. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Gay who was not present.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

REPORT REGARDING LEGISLATIVE MATTERS

Mr. Oliver stated that ABHR's Capitol Report regarding the activities of the 87th Texas Regular Legislature and legislation that may impact the Authority is included on the Authority's document sharing site. He offered to answer any questions or additionally discuss items in the report.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:57 p.m. to (1) conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the WHCRWA, pursuant to Section 551.071, Texas Government Code; and (2) discuss the purchase, exchange, lease, or value of real

property pursuant to Section 551.072, Texas Government Code. Director Gay was not present in executive session. The Board determined that the attendance in this executive session of Mr. Froehlich, Mr. Jones, and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:54 p.m., the Board reconvened in open session. No action was taken by the Board.

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..... | 5 |
| Operator's report..... | 6 |
| Engineer's report..... | 6 |