

MINUTES

NORTH FORT BEND WATER AUTHORITY

May 26, 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 26th day of May, 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 for Directors Houghton, Fay, and Abrahamson, thus constituting a quorum.

Also attending all or part of the teleconference and/or the videoconference were Matt Froehlich, Julia Frankovich, Ian Pietz, Whitney Milberger, Kyle Jones, and Tiffany Moore of BGE, Inc. (“BGE”); 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; Aaron Carpenter, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP (“ABHR”); Aimee Edwards of Binkley & Barfield, Inc.; Neil Barnsdale of Carollo Engineers; Lawrence Goldberg of CivilTech Engineering, Inc.; Will Johnson of Coats Rose PC; 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; Jack McClure of Cinco Southwest Municipal Utility District No. 1; Stephen Talecki of Cornerstones Municipal Utility District; Linda Yorlano and Chris Bell 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; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; 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 an additional

member of the public, David Johnson.

Mr. Carpenter 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/>.

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

In response to Mr. Talecki's request for an update on Main Segment 11A, Mr. Froehlich stated that he will provide an update during his report later in the meeting.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on April 28, 2021, and its special meeting held on May 5, 2021. After review and discussion, Director Gay moved to approve the minutes as written. Director Hollingsworth 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 will have an exhibitor's booth at the Association of Water Board Directors summer conference scheduled for June 17-19, 2021, as previously approved by the Board.

Ms. Milberger reported 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 reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Authority participate in

the Goldwater Conservation Project, sponsored by the City of Houston's ("COH") Public Works Department. She stated that the project has no participation costs and provides a communication and conservation tool for tracking and quantifying conservation savings, assessing progress towards achieving conservation goals, and evaluating different water savings and cost scenarios.

Ms. Milberger reported that the Authority's redesigned website is scheduled to launch in late June 2020. She stated that Mighty Citizen will begin implementing care package services for the website once launched, including hosting, content management system, databases, and applications, for \$5,630.00 per month for six months as previously approved by the Board.

Ms. Milberger reported that the Authority's CCR Committee recommended that the Authority approve and authorize execution of Mighty Citizen's proposed Partner Program Retainer Agreement related to development of the Authority's image, community awareness, and educational marketing campaigns for a budgeted amount of \$177,040.00 to \$245,680.00.

Ms. Milberger reported that 147 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during April 2021. She reported on the distribution of prizes pursuant to the WISE Guys Program Giveaway Incentive Program.

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 BGE received Fort Bend County Municipal Utility District No. 229's fifty percent submittal for its reclaimed water system pilot program that includes completion of an Integrated Water Management Plan.

Ms. Milberger reported on kickoff meetings held with the engineers for Fort Bend County Municipal Utility District No. 168 and Charleston Municipal Utility District for their Integrated Water Management Plans due for submission to the Authority by September 20, 2021 and September 22, 2021, respectively.

Ms. Milberger reported that BGE is drafting modifications to the guidelines for the proposed 2022 Larry's Toolbox Program as discussed during the May 5, 2021, special meeting of the Board.

Following review and discussion, Director Gay moved to approve the Water Conservation and Reuse report, including approve and authorize execution of Mighty Citizen's proposed Partner Program Retainer Agreement related to development of the Authority's image, community awareness, and educational marketing campaigns for a

budgeted amount of \$177,040.00 to \$245,680.00. Director Patton seconded the motion, which passed unanimously.

Ms. Frankovich reported that the Authority's CCR Committee recommended pursuing an overall effluent reuse water supply strategy for the Authority, including the goal of investing up to \$10,000,000.00 over five years to obtain five million additional gallons per day of effluent reuse water supply in existing and future developed areas. She reviewed the proposed strategy, including potential effluent reuse projects for evaluation.

CONTRACTS

Mr. Carpenter reported that the CCR Committee directed ABHR to prepare an Irrigation System Evaluations Cost Sharing Agreement with Fort Bend County Municipal Utility District No. 57 ("FB 57") for the 2021 Larry's Toolbox Program. He reported that ABHR is counsel for FB 57 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 Irrigation System Evaluations Cost Sharing Agreement with FB 57. Following review and discussion, Director Gay moved to authorize execution of a legal conflict waiver for ABHR's preparation of an Irrigation System Evaluations Cost Sharing Agreement with FB 57. Director Hollingsworth 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 Gay moved to approve the bookkeeper's report, including payment of the bills. Director Hollingsworth seconded the motion, which passed unanimously.

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

APPROVE FILING OF ANNUAL REPORT

Mr. Carpenter reported on filing requirements related to the Authority's updated financial, operating, and certain other data included in the Annual Report prepared in accordance with the Authority's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Following review and discussion, Director Gay moved to approve the updated Annual Report and direct that the report be filed

appropriately and retained in the Authority's official records. Director Hollingsworth seconded the motion, which passed unanimously.

PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the Authority's procedures for continuing disclosure compliance. Mr. Carpenter stated that no changes are required at this time.

OPERATION OF AUTHORITY FACILITIES

Mr. Clayton presented the operator's report and reported on the operations of the Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached. Mr. Clayton reported that the abnormally high water accountability included in the operator's report was caused by a difference in the timing of the meter readings by COH and Inframark.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee recommended approval of a quote for upgrading the Authority's supervisory control and data acquisition ("SCADA") system in the total amount of \$69,020.00. He stated that the quote includes the installation of a flow cutoff software program at 29 of the Authority's remote well sites to maximize tracking of the flow of surface water supply from COH.

Mr. Clayton reported that information will be gathered by July 2021 to submit with the Authority's insurance claims for the additional repairs made to the Authority's facilities attributable to the February 2021 freeze event.

Mr. Carpenter reported that applications have been received from a few retail water providers located within the Authority pursuant to the Authority's leak adjustment policy for the February 2021 freeze event. He reminded the Board that the deadline for applications is July 1, 2021. In response to Director Hollingsworth's request, Ms. Milberger stated that she will send a reminder of the deadline to the retail water providers located within the Authority.

Following review and discussion, Director Gay moved to approve the operator's report as presented, including the quote for upgrading the Authority's SCADA system in the total amount of \$69,020.00. Director Hollingsworth seconded the motion, which passed unanimously.

ANNUAL FILING OF CRITICAL LOAD SPREADSHEET

The Board reviewed the Authority's critical load spreadsheet, which had been previously provided to the Authority's operator, engineer, and bookkeeper for review. Mr. Carpenter stated that the critical load information on the Authority's facilities is

required to be reviewed at least annually and provided to certain entities, which include the Authority's electricity provider, the Public Utility Commission, and other governmental entities. After review and discussion, Director Gay moved to approve the critical load spreadsheet, authorize providing it to the appropriate entities, and direct that a copy be retained in the Authority's official records. 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 there was no update on the revised application for over-conversion credits for the October 1, 2019 - September 30, 2020, permit period submitted to the Fort Bend Subsidence District ("FBSD") on behalf of the Authority due to duplicate data found in the Authority's current pumpage reporting online system.

Mr. Froehlich discussed FBSD's analysis of its disincentive fee and stated that FBSD's update to its Regulatory Plan is delayed due to the delays in the release of the 2020 U.S. Census data needed to update its population demand projections. He reported that the next FBSD stakeholder meeting is scheduled to be held on June 8, 2021.

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.

Mr. Froehlich reported that a GRP Participation Agreement with Brazoria-Fort Bend Counties Municipal Utility District No. 3 ("B-FBC MUD 3") for the originally requested commitment amount of 202 million gallons per year 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 recommended that the Board approve Pay Estimate No. 2, submitted by McKinney Construction, Inc. ("McKinney") for the project in the amount of \$310,279.87.

Mr. Froehlich reported that 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 is underway by McKinney.

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 pursuant to a contract with JTR Constructors Inc. ("JTR"). He reported that electrical work is complete. Mr. Froehlich reviewed and recommended approval of Change Order No. 3 to the contract with JTR for additional site work to increase the contract in the amount of \$13,128.00. The Board determined that Change Order No. 3 is beneficial to the Authority.

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 coordination is underway with the contractor, D.L. Elliot Enterprises, Inc., to complete testing, start up, and final inspection.

Mr. Froehlich reported that BGE has received Farwest Corrosion Control Company's final testing report confirming that the implemented repairs for the Authority's cathodic protection system are functioning as planned and providing protection.

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 bids received by FB 146 for the project were higher than anticipated. He said that FB 146 is revising and/or phasing the scope and will either rebid the project or coordinate with its operator to complete the modifications. He said that once the scope of work is confirmed, BGE will coordinate with ABHR to prepare a revised agreement if necessary for the proposed modifications to the Authority's reclaimed water system facilities.

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 COH's approval for the plans. He discussed solicitation of proposals for performing transient analyses required by COH for the segment and the Authority's 2025 surface water supply system.

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 BGE is addressing agency comments to the plans, obtaining plan approvals, and coordinating necessary agreements 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 a potential effluent reuse project with Fort Bend County Municipal Utility District Nos. 34 and 35 ("FB 34 and 35"). He stated that BGE is developing several options for distribution system routes and identifying the landowners from which easements will be needed for the project. He stated that ABHR is scheduling discussions regarding the potential project with FB 34 and 35.

Mr. Froehlich reported on the status of the second phase of the Authority's water blending study, including BGE's planned review of the analysis of water quality changes.

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 continues. He stated that Fort Bend County's erosion control project on Buffalo Bayou is complete and BGE is obtaining quotes from contractors for the excavation needed to complete the assessment along Buffalo Bayou required by the Texas Historical Commission. 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.

Mr. Froehlich reported on kickoff meetings held with the following design consultants for the Authority's proposed 2025 surface water supply system: IDS Engineering Group for Main Segment 13B; Carollo Engineers, Inc. for Main Segment 19; and HR Green, Inc. for the connection water line for Fort Bend County Freshwater Supply District No. 2. He stated that BGE's internal kickoff meeting for Main Segment 18A will be scheduled soon. He stated that 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 once the necessary right of entry agreements are obtained.

Mr. Froehlich reported that CP&Y, Inc.'s final report of the results of an inspection of the Authority's surface water supply system was submitted to Regions Bank, Trustee for the Authority's Water System Revenue Bonds and Junior Lien Water System Revenue Bonds, as required. He stated that BGE will coordinate with Inframark on proposed repairs to the system as identified in the final report.

Mr. Froehlich updated the Board on the status of the Authority's smart meter conversion project. He reported that BGE sent notices to the first group of surface water recipients scheduled for smart meter installations at their water plant facilities.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that an invoice for the West Harris County Regional Water Authority's (the "WHCRWA") portion of the costs for the generator replacement

project at the Bellaire Pump Station has been forwarded to the WHCRWA.

Mr. Jones reported that the WHCRWA has provided written notification to the Authority that the due dates of the Authority's Initial Payments for the WHCRWA's cash calls for Segments B1/B2 and B3 of the Authority's Surface Water Supply Project (the "SWSP") with the WHCRWA has been delayed by 30 days. He stated that the submission of requests for the release of escrowed funds to the TWDB for payment of the WHCRWA's cash calls will be held pending reconciliation of the program budget summary and cash call amounts.

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, and the Central Pump Station. He reported that a commemorative event for the SWSP was held on May 6, 2021. In response to Director Patton's inquiry, Mr. Jones stated that an update on the 18 new parcels added to the real estate backlog for Segment B1/B2 will be provided when received from the WHCRWA.

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 the Joint Facilities Committee met on May 13, 2021, to discuss outstanding business points related to the draft agreement. He stated that the Joint Facilities Committee concurred that follow-up discussions with insurance counsel regarding risk management and technical discussions regarding the exhibit outlining the Pro Rata Share for each Joint Facility should occur concurrently with the legal teams' continued efforts to refine language and terms of the agreement.

Mr. Jones reported on a meeting held on May 7, 2021 to discuss outside counsel's review of BGE's comments to the Construction Management Plan for the SWSP previously provided to the WHCRWA. He discussed a possible amendment to the contractor's agreement to include a general scope and a bulleted list of anticipated construction management activities.

Mr. Pietz reported on the status of construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project. He reported that the pumps are not operating as designed. He stated that one pump is being removed and sent to the manufacturer to determine whether the remaining pumps can be repaired at the site. He stated that the ribbon cutting ceremony for the project has been rescheduled to June 15, 2021.

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. He reported on the status of construction for Early Work Package Nos. 2, 4, and 6, and the Balance of Plant package.

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

- (1) Authorize execution of a GRP Participation Agreement with B-FBC MUD 3;
- (2) approve Pay Estimate No. 2, submitted by McKinney for the Authority's joint reclaimed water system project with Grand Lakes in the amount of \$310,279.87; and
- (3) approve Change Order No. 3 in the amount of \$13,128.00 as an increase to the contract with JTR, based upon the Board's finding that the change order is beneficial to the Authority and the engineer's recommendation.

Director Hollingsworth seconded the motion, which passed unanimously.

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

Mr. Carpenter updated the Board on the amicus brief filed in *San Jacinto River Authority v. City of Conroe and City of Magnolia*. He stated that, as previously reported, the cities provided a response to the brief and requested oral arguments. He stated that the Board will be kept apprised of any developments in the matter.

FINANCING PLAN MATTERS

Mr. Palmer recommended amending the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. to extend the term of the agreement for an additional two-year period. Mr. Carpenter reported that a Second Amendment to Note Purchase Agreement and First Amendment to Fee Letter Relating to Note Purchase Agreement are ready for execution.

Mr. Carpenter reported on the Authority's obligations related to its Note Purchase Agreement with JPMorgan Chase Bank, N.A. He stated that Certificates of No Default are due for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly and annual financial reports.

Following review and discussion, Director Gay moved to authorize execution of (1) the Certificates of No Default; (2) the Second Amendment to Note Purchase Agreement; and (3) the First Amendment to Fee Letter Relating to Note Purchase Agreement. Director Hollingsworth seconded the motion, which passed unanimously.

REALTY INTEREST ACQUISITION

Mr. Carpenter reviewed one Water Line Easement for Parcels 13B.01 and 13B.06, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement as presented.

Director Hollingsworth seconded the motion, which passed unanimously.

LEGISLATIVE MATTERS

Mr. Carpenter 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 did not convene in executive session.

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

(SEAL)



/s/ Melony Gay
Secretary, Board of Directors

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