

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

May 6, 2020

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session by teleconference, with access by telephone 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 6<sup>th</sup> day of May, 2020, and the roll was called of the members of the Board being present by telephone:

Peter Houghton	President
Robert Patton	Vice President
Melony Gay	Secretary
Vacant	Assistant Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Pat Hebert	Assistant Secretary

and all of the above were present except Director Hebert, thus constituting a quorum.

Also attending all or part of the teleconference were Donald W. Abrahamson, II, Director elect; Colette Garcia of McGrath & Co., PLLC; Mike Harrington of American Enerpower; Payson Tucker, Greg Bowen, Corey Amthor, and Bobak Fatemizadeh of Enchanted Rock, Ltd. ("Enchanted Rock"); Lindsay Kovar, Matt Froehlich, Kyle Jones, Julia Frankovich, and Whitney Milberger of BGE, Inc.; Pam E. Lightbody of Municipal Accounts & Consulting, L.P.; David Oliver, Christina Miller, Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP; and Dara Sigloch of Fort Bend County Municipal Utility District No. 182.

Mr. Oliver reviewed certain recommended protocols for conducting the Authority's meeting via teleconference. He announced that the meeting was being recorded.

#### AUDIT FOR FISCAL YEAR END DECEMBER 31, 2019

Ms. Garcia reviewed the Authority's draft audit for fiscal year end December 31, 2019. She discussed a post audit agreed upon procedures report being prepared by McCall Gibson Swedlund Barfoot PLLC. Following review and discussion, Director Gay moved to approve the audit for fiscal year end December 31, 2019, and direct that the audit be filed appropriately and retained in the Authority's official records, subject to final review and comment. Director Patton seconded the motion, which was approved by unanimous vote.

APPROVE SINGLE AUDIT REPORT FOR FISCAL YEAR END DECEMBER 31, 2019,  
FOR FUNDING FROM THE CLEAN WATER STATE REVOLVING FUND

Ms. Garcia reported that the Authority's single audit report for fiscal year end December 31, 2019, for funding from the Clean Water State Revolving Fund is due September 1, 2020. She stated the report will be ready for presentation at the June regular Board meeting.

UPDATE ON GENERATOR REPLACEMENT PROJECT, INCLUDING: (I)  
TERMINATION OF AND ENTRY INTO ELECTRICITY SUPPLY AGREEMENTS; (II)  
DEMAND RESPONSE PROGRAM ENROLLMENT; AND (III) INTEGRATED  
RELIABILITY ON CALL MASTER SERVICE AGREEMENT AND GROUND LEASE

Ms. Miller discussed the status of a proposed Integrated Reliability On Call Master Service Agreement and a Ground Lease (collectively, the "Agreement") with Enchanted Rock for installing, commissioning, and servicing natural gas generators and associated equipment to provide auxiliary power for the Bellaire Pump Station pumps in place of the current generators. She reminded the Board of previous discussions during Authority committee meetings regarding options for the renegotiation or possible termination of the Authority's Master Load Response Services Agreement with Enerwise Global Technologies, Inc. d/b/a CPower ("CPower") and the need for a possible amendment to the Authority's Electricity Supply Agreement with Constellation NewEnergy, Inc. ("Constellation"). She stated that entry into the Authority's proposed Agreement with Enchanted Rock requires the Authority's electricity provider to enter into a Displaced Power Agreement with Enchanted Rock. She reported that Constellation has not previously entered into a Displaced Power Agreement or similar agreement with Enchanted Rock and cannot easily accommodate the request. She stated that Constellation proposed charging a higher electricity rate and fees to the Authority to modify its system to comply with the requirement. Ms. Miller stated that the Authority's electricity consultant, Mike Harrington, facilitated discussions with Enchanted Rock, Constellation, and CPower to provide additional options for the Authority.

Mr. Harrington reported that the Authority's current electricity supply contract with Constellation contains an electricity price of \$0.03674 per kilowatt hour and a potential penalty for early termination if Constellation is unable to resell the electricity otherwise committed to the Authority to another party at the same or greater rate. He stated that representatives of Constellation verbally stated that the Authority's contract could be terminated without penalty because the market price for electricity is currently higher than the contract price for electricity.

Mr. Harrington stated that Constellation is willing to enter into a Displaced Power Agreement with Enchanted Rock and implement the necessary modifications to its administrative systems if the Authority enters into an electricity supply contract with Constellation for a seven-year term for \$0.041 per kilowatt hour. He reported on his

evaluation of electricity market rates and stated that Reliant Energy Retail Services, LLC ("Reliant") is currently offering an electricity supply contract for a 109-month term for \$0.0372 per kilowatt hour. He stated that based on historical Authority usage, Reliant's current rate is \$17,000.00 per year less than Constellation's rate. Mr. Harrington recommended that the Authority terminate its current electricity supply contract with Constellation for no penalty and enter into an electricity supply contract with Reliant.

Ms. Miller explained that Enchanted Rock provided the list of electricity companies that have entered into Displaced Power Agreements with Enchanted Rock. Mr. Tucker confirmed that 80% of electricity providers purchase power from Enchanted Rock and discussed the market for procurement of backup electricity. He stated that the proposed Agreement between the Authority and Enchanted Rock obligates Enchanted Rock to provide the Authority with the electricity it requires even in the event that there is a termination of the Displaced Power Agreement between Enchanted Rock and the power provider.

Following discussion, Director Gay moved to authorize termination of the Authority's Electricity Supply Agreement with Constellation and execution of an electricity supply contract with Reliant for a 109-month term for the approximate rate of \$0.0372 per kilowatt hour. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea." The Board concurred that Director Patton would execute the electricity supply contract on behalf of the Authority.

Mr. Harrington reported that the Authority's Master Load Response Services Agreement with CPower for participation in its Demand Response Program expires May 31, 2022. He stated that the Authority collects approximately \$15,000.00 per year for participation in the program. He stated that the Authority's proposed Agreement with Enchanted Rock does not allow for the Authority to continue participating in CPower's Demand Response Program. He stated that Enchanted Rock is unable to replace the services provided by CPower until September, 2021. He reported that he spoke with representatives of CPower who confirmed that the Authority would be able to participate in CPower's Demand Response Program during the summer months of 2020, and then decline participation in the remaining two program intervals until expiration of the contract without penalty from CPower without incurring a penalty under the Master Load Response Services Agreement.

Ms. Miller reported that Enchanted Rock's schedule for providing backup generator power to the Authority and supplemental power generation to the grid is January, 2021, and September, 2021, respectively, if the proposed Agreement with Enchanted Rock can be finalized soon. Following discussion, Director Gay moved to authorize (1) declining participation in CPower's Demand Response Program after January, 2021, through the expiration of the Authority's Master Load Response Services Agreement with CPower; and (2) inclusion of a provision in the proposed Agreement with Enchanted Rock stating that the Authority will not exercise participation in

CPower's Demand Response Program after January, 2021. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

Ms. Miller reported on the status of preparing the Agreement with Enchanted Rock and related documentation and stated that the Agreement is anticipated to be ready for Board consideration at the May 27, 2020, regular meeting.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:25 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the West Harris County Regional Water Authority, pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Ms. Kovar, Mr. Froehlich, and Mr. Jones 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 7:24 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.

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Secretary, Board of Directors

(SEAL)