

MINUTES

NORTH FORT BEND WATER AUTHORITY

August 26, 2020

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 August, 2020, and the roll was called of the members of the Board being present by either telephone or video:

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| 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 Lindsay Kovar, Matt Froehlich, Julia Frankovich, Kyle Jones, Whitney Milberger, and Tiffany Moore of BGE, Inc. (“BGE”); Pam E. Lightbody, Taylor Watson, and Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC (“Inframark”); Terrell Palmer and Francine Stefan of Post Oak Municipal Advisors LLC; David Oliver, Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP (“ABHR”); John Lacy of Costello, Inc.; Belen Valdovinos of Fugro Consultants, Inc.; Kyle Kaspar of Jones & Carter, Inc.; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Rich Patrick of Ninyo & Moore; Katherine Mears of RPS North America; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Matthew Bognar of Cinco Municipal Utility District No. 3; Steven Haas of Cinco Municipal Utility District No. 8; Richard McLarty of Cinco Southwest Municipal Utility District No. 3; Morgan Stagg and Steve Talecki of Cornerstones Municipal Utility District; Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano and Christopher Bell of Fort Bend County Municipal Utility District No. 30; 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; Randy Carter of Fort Bend County Municipal Utility District No. 142; Dara Sigloch of Fort Bend County Municipal Utility District No. 182; Chuck Matheson and Mashhood Shah of Grand Lakes Municipal Utility District No. 4; John Pertgen of Kingsbridge Municipal Utility District; Mike

Thornhill of the West Harris County Regional Water Authority; and additional members of the public, including Carlos Arriola, Jeremy Austin, Reynaldo Fernandez, Jorge Garcia, Glenn Gesoff, David Huang, David Johnson, John Kent, Trish Ricklefsen, Susan Ruske, Martin Vila, and Jack Wells.

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 <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. Miller offered any members of the public attending the meeting by telephone or videoconference the opportunity to make public comment. There were no members of the public requesting to make public comment.

APPROVE MINUTES

The Board considered approving the minutes of the Board meetings held July 16, 2020, and July 22, 2020. After review and discussion, Director Patton moved to approve the minutes as written. Director Abrahamson seconded the motion, which passed unanimously.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS, AND LARRY'S TOOLBOX WATER CONSERVATION PROGRAM

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

Ms. Milberger reported that there were no community outreach events, presentations, or utilization of the Authority's water conservation mobile teaching lab during the past month due to public health considerations. She stated that Authority representatives have been attending virtual events upon request.

Ms. Milberger discussed planned outreach to increase her attendance at monthly meetings of municipal utility districts located within the Authority during January through March, 2021.

Ms. Milberger reported that the Authority is coordinating with the Fort Bend Subsidence District ("FBSD") on an educational video for the upcoming school year that includes use of the Authority's Larry the Talking Sprinkler.

Ms. Milberger reviewed a list of 13 community newsletters in which Authority informational displays will be placed during the month of September 2020.

Ms. Milberger reported that the open rate for the Authority's third e-newsletter was 23% and the industry standard open rate was 21%. She stated that the fifth installment of the e-newsletter will provide information related to actions taken by the Board during the meeting for distribution to the Authority's constituents.

Ms. Milberger reported that 112 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during July 2020. She reported on the distribution of prizes to three winners each month pursuant to the WISE Guys Program Giveaway Incentive Program.

Ms. Milberger noted that charts indicating the status of effluent reuse or alternate water credit projects/contracts and tracking reuse usage amounts are attached to the Memorandum Regarding Water Conservation and Reuse matters.

Ms. Milberger reported on implementation of the Authority's 2020 Larry's Toolbox Water Conservation Program (the "Program"). She reported on her participation in the recording of an educational video of her discussing the Authority's water conservation programs, native and adaptive plants, and fertilization at Enchanted Gardens for Fort Bend County Municipal Utility District No. 35's recently held online Zoom community event.

Ms. Milberger discussed difficulties experienced by the Program's participants in meeting Program goals including completion of certain initiatives due to the impact of COVID-19. She reported that the Authority's Communication, Conservation, and Reuse ("CCR") Committee recommended approval of supplemental initiatives to be added to the Authority's ongoing Program to offer additional ways in which participants could meet their Program requirements while increasing the Authority's public education and outreach efforts, including (1) director responses to a survey distributed by the Authority; (2) engineer, operator, and attorney attendance at interactive webinars to be scheduled by the Authority; and (3) director attendance at interactive webinars to be scheduled by the Authority. Ms. Milberger stated that each of the initiatives will provide one point for the Program upon a program participants' successful completion.

Ms. Milberger discussed planned modifications to the Authority's 2021 Larry's Toolbox Water Conservation Program to add commercial customers and require submission of proof for the required number of installed rain barrels, smart irrigation controllers, and low flow toilets.

Ms. Milberger reported that the Authority's CCR Committee recommended approval of a Consulting Service Agreement with Fort Bend County Municipal Utility District No. 41 and WaterLogic, Inc. for a proposal for implementing the 2020 Program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative in the amount of \$7,016.00.

Following review and discussion, Director Gay moved to approve the Water Conservation and Reuse report, including approval of (1) the supplemental initiatives to be added to the Authority's ongoing Program and distribution of information regarding the initiatives to Program participants; and (2) execution of the Consulting Service Agreement with Fort Bend County Municipal Utility District No. 41 and WaterLogic, Inc. in the amount of \$7,016.00. Director Fay seconded the motion, which passed unanimously.

Ms. Milberger responded to Director Houghton's questions regarding implementation of the Program's supplemental initiatives.

FINANCIAL AND BOOKKEEPING MATTERS AND 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, a year-to-date actual versus budget comparison, 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 Patton moved to approve the bookkeeper's report, including payment of the bills. Director Abrahamson seconded the motion, which passed unanimously..

Ms. Milberger responded to Director Houghton's questions regarding the Authority's budget and a proposal from Mighty Citizen for communication services.

NOTICE OF 2021 PRELIMINARY FEES

Ms. Miller reminded the Board that the Authority normally distributes a preliminary notice of the anticipated Groundwater Reduction Plan ("GRP") Fee and Surface Water Fee for the next calendar year prior to the end of September to assist municipal utility districts located within the Authority in developing their budgets for the next fiscal year. Mr. Palmer discussed his analysis of the Authority's financing plan and explained the Authority's revenue requirements related to issuing bonds. He recommended increasing the Authority's GRP Fee and Surface Water Fee \$0.30 for the Authority's 2021 fiscal year. Ms. Miller discussed Willdan Financial Services' preparation of an updated water rate analysis and financial forecast anticipated to be completed within four to six weeks.

Ms. Miller reviewed a proposed notice that states the Board anticipates

increasing the GRP Fee to \$4.25 per 1,000 gallons of water pumped and the Surface Water Fee to \$4.60 per 1,000 gallons of surface water received, which correspondingly increases the Imported Water Fee, effective January 1, 2021. Following review and discussion, Director Gay moved to authorize distribution of the notice to all well owners in the Authority and Authority GRP participants. Director Hollingsworth 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 reviewed a quote from Burke's Mechanical for repair or replacement of booster pump motor no. 1 located at the Bellaire Pump Station in the amounts of \$25,940.00 and \$69,292.00, respectively. He recommended including rewinding of the pump motor in the amount of \$10,000.00 if the motor repair option is selected. Mr. Clayton and Mr. Froehlich responded to Board members' questions regarding the damage to the motor caused by a power surge, items included in the proposed repair proposal, and whether the damage was covered by the Authority's insurance. Mr. Clayton discussed the installation of detectors to analyze the incoming electricity to the motors due to recent programmable logic control failures.

Mr. Clayton reviewed quotes from Farwest Corrosion Control Company to (1) install cathodic protection at Main Segment 7C.2 and perform identified cathodic protection repairs at Main Segment 16 in the amount of \$4,108.09; and (2) relocate two test stations outside of proposed driveways at the commercial development on Harlem Road at West Bellfort Boulevard in the amount of \$4,801.66.

Mr. Clayton requested authorization to perform the annual remote well meter readings pursuant to a quote from Inframark in the amount of \$5,500.00.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented and to authorize (1) Burke Mechanical to replace booster pump motor no. 1 in the amount of \$69,292.00, if covered by the Authority's insurance, or alternatively to repair and wind the motor in the total amount of \$35,940.00; (2) Farwest Corrosion Control Company to install, repair, and relocate cathodic protection facilities in the total amount of \$8,909.75; and (3) Inframark to perform annual remote well meter readings in the amount of \$5,500.00. Director Fay 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 the FBSD held a public hearing regarding renewal of the Authority's well permit and no comments were received. He stated the FBSD met earlier in the day and the Authority's permit will be renewed.

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 Fort Bend County Municipal Utility District No. 133's ("FB 133") request for an increase to the Daily Commitment Amount included in its Water Supply Letter Agreement with the Authority in the amount of 50,000 gallons per day for a total of 380,000 gallons per day. He stated that ABHR has prepared and transmitted a draft amendment to the agreement to FB 133's attorney for review and comment.

Mr. Froehlich reported that a proposed GRP Participation Agreement between the Authority and Fort Bend County Municipal Utility District No. 24 ("FB 24") has been executed by FB 24.

Mr. Froehlich reported that ABHR is preparing a draft GRP Participation Agreement for 552,750 gallons per day to transmit to Brazoria-Fort Bend Counties Municipal Utility District No. 3.

Mr. Froehlich reported that ABHR is reviewing attorney comments to a draft GRP Participation Agreement with Charleston Municipal Utility District ("Charleston M.U.D.") and additional information has been requested from the attorney for Charleston M.U.D.

Mr. Froehlich reported on coordination with Inframark to develop an Emergency Response Plan for the Authority to comply with the America's Water Infrastructure Act of 2018 (the "Act"). He stated that, pursuant to the Act, the Authority must certify completion of the Emergency Response Plan to the Environmental Protection Agency by September 30, 2020.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, AND PROJECTS

Mr. Froehlich reviewed a chart indicating the status of property acquisition matters, including for the Authority's Main Segment 17.

Mr. Froehlich reported on the status of the Authority's joint reclaimed water system project with Grand Lakes Municipal Utility District Nos. 1, 2, and 4 (collectively, "Grand Lakes"), consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. Mr. Froehlich recommended approval of Pay Estimate No. 11, submitted by JTR Constructors, Inc. for construction of the wastewater plant improvements for the Grand Lakes reclaimed water project, in the amount of \$251,005.05. Mr. Froehlich additionally reported that the Texas Water Development

Board (the "TWDB") authorized advertising for the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes. He stated that bids are scheduled to be opened on August 28, 2020.

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 ("FB 30") Water Plant No. 3. He stated that construction is approximately 95% complete. Mr. Froehlich recommended approval of Pay Estimate No. 6 submitted by D.L. Elliot Enterprises, Inc. in the amount of \$59,671.90.

Mr. Froehlich reported on the status of the project to lower the Authority's existing 16-inch surface water connection line to Kingsbridge Municipal Utility District and Fort Bend County Municipal Utility District No. 2, as required by Fort Bend County's improvement project for Old Richmond Road. Mr. Froehlich stated a Notice to Proceed was issued to Reddico Construction Company, Inc., effective August 3, 2020. He recommended approval of a proposal from Ninyo & Moore for construction materials testing services in the amount of \$4,100.00.

Mr. Froehlich reported that TWDB authorization to bid the reclaimed water distribution system for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District No. 146 and 194 ("FB 146 and 194") is anticipated to be received soon.

Mr. Froehlich reported on the status of RPS Engineering Incorporated's ("RPS") design of Main Segment 11A. He stated that the Authority's Capital Planning and Design Committee recommended approval of a First Amendment to the Authority Agreement for Professional Design Consulting Services with RPS to add slope stability analysis to the scope of the geotechnical subconsultant in the amount of \$1,578.00.

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 discussed coordination with TxDOT and ABHR on a reimbursement agreement and joint use agreement and BGE's preparation of exhibits to the agreements.

Mr. Froehlich reported that, based on discussions with the Authority's Capital Planning and Design Committee, BGE is working with Accurate Meter & Supply ("AMS") to obtain a detailed quote for installing automated smart meter readers on the Authority's well, surface water, and reuse meters. He stated that the conceptual cost estimate for conversion to the automated smart meter readers is \$1,500,000.00. He recommended approval of a quote from AMS for gathering information necessary for meter modifications and replacement in the amount of \$11,250.00.

Mr. Froehlich reported on the preparation of a 2025 System Environmental Determination Form ("EDF"). He stated that BGE prepared and submitted agency

concurrence letters to the U.S. Army Corps of Engineers, Texas Historical Commission, and other agencies for review and determination of any environmental, wetland, or cultural resources concerns along the routes of the Authority's proposed 2025 surface water supply system. He stated that, once the concurrence letters are returned, they will be submitted with the completed EDF to the TWDB for review and approval.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on BGE's coordination with Enchanted Rock, LLC ("Enchanted Rock") on the schedule and final design 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. In response to Ms. Miller's inquiry regarding the availability of the generators if needed for any impact by Hurricane Laura, Mr. Clayton stated that generator no. 3 is down. Mr. Froehlich stated that the remaining generators can run the pump station.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the West Harris County Regional Water Authority (the "WHCRWA"). He reported on the status of design, permitting, contract award, construction, and property acquisition, as appropriate, for SWSP Segments A, B, B3, and C, Kinder Morgan Segments, Segment 3, 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 the negotiations continue to be focused on the operation and maintenance provisions of the agreement and revisions to the design and construction provisions of the agreement. He stated that the WHCRWA is still reviewing comments provided by the Authority.

Mr. Froehlich reported on the status of the construction of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the Capers Ridge Pump Station and the dual 96-inch raw water lines. He stated that construction of the Capers Ridge Pump Station is anticipated to be completed under budget.

Ms. Kovar updated the Board on the COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team ("HWT"). She reviewed drone camera footage of the site and reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6, and the Balance of Plant package. She reported that Early Work Package No. 1 is complete. She reported that NFBWA's representative voted in favor of Consensus Vote No. 21 for the approval of Contract Administrative Memorandum No. 2020-1 related to a change in the form of the Letter of Credit to be provided by HWT.

Mr. Froehlich responded to Board members' questions regarding the SWSP, being completed in partnership with the WHCRWA, related to the bids received for

Segment C and AMS' quote for gathering information necessary for meter modifications and replacement.

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

- (1) authorize execution of a GRP Participation Agreement between the Authority and FB 24;
- (2) approve Pay Estimate No. 11, 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 \$251,005.05;
- (3) approve Pay Estimate No. 6 submitted by D.L. Elliot Enterprises, Inc. in the amount of \$59,671.90 for construction of the Authority's surface water line connection for FB 30's Water Plant No. 3;
- (4) approve a proposal from Ninyo & Moore for construction materials testing services for the project to lower the Authority's existing 16-inch surface water connection line to Kingsbridge Municipal Utility District and Fort Bend County Municipal Utility District No. 2 in the amount of \$4,100.00;
- (5) authorize execution of a First Amendment to the Authority Agreement for Professional Design Consulting Services with RPS to add slope stability analysis to the scope of the geotechnical subconsultant in the amount of \$1,578.00; and
- (6) approve a quote from AMS for gathering information necessary for meter modifications and replacement in the amount of \$11,250.00.

Director Abrahamson seconded the motion, which passed unanimously.

FINANCING PLAN MATTERS

Ms. Miller reviewed and recommended approval of Financing Agreements with the TWDB for the Authority's \$39,590,000 Water System Junior Lien Revenue Bonds, Series 2020 ("Series 2020 Bonds") and \$143,125,000 Water System Revenue Bonds, Series 2020A ("Series 2020A Bonds"). She reported that a Certificate of Disclosure is ready for execution by the Authority as a Significant Borrower within the portfolio account for the TWDB's Series 2020 Bonds. Mr. Oliver reported on procedures related to the Authority's anticipated sale of the Series 2020 Bonds and the Series 2020A Bonds at the October 7, 2020, special Board meeting for the Authority's share of costs associated with: (1) the SWSP; (2) the COH NEWPP Expansion Project; and (3) internal water distribution lines necessary for the 2025 surface water conversion. He discussed the penalties included in the Financing Agreements that will be incurred if the bond sales are not completed. Following review and discussion, Director Patton moved to authorize execution of the Financing Agreements and the Certificate of Disclosure for

the Series 2020 Bonds and the Series 2020A Bonds. Director Fay seconded the motion, which passed unanimously.

Ms. Miller discussed the Authority's obligations related to its revenue note placement program for interim financing in an amount not to exceed \$150,000,000 pursuant to the Note Purchase Agreement with JPMorgan Chase Bank, N.A. She recommended execution of a Certificate of No Default for submission to JPMorgan Chase Bank, N.A. in conjunction with the Authority's submittal of certain required quarterly financial reports. Following review and discussion, Director Gay moved to authorize execution of the Certificate of No Default. Director Abrahamson seconded the motion, which passed unanimously.

There were no updates related to funding received by the Authority from the Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and 194.

WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020B ("SERIES 2020B BONDS")

Mr. Palmer reviewed the estimated results of a proposed bond issue to refund the Authority's Water System Revenue Bonds, Series 2010A and Series 2010B, including anticipated debt service savings. He discussed an anticipated bond issuance schedule that included the proposed pricing of the bonds on November 10, 2020, and a closing date of December 16, 2020, and responded to questions

Mr. Palmer recommended the selection of an underwriting team for the Authority's Series 2020B Bonds to include UBS Financial Services as senior manager, as well as Citigroup Global Markets Inc., Frost Bank, and Mesirow Financial Inc.

Ms. Miller discussed the procedures and activities to be undertaken to issue the Authority's Series 2020B Bonds and stated that a special meeting is scheduled for October 7, 2020.

Following review and discussion, Director Hollingsworth moved to (1) authorize preparation of the Preliminary Official Statement; (2) designate the underwriting team per Mr. Palmer's recommendation; and (3) engage a rating company to perform credit rating analysis. Director Gay seconded the motion, which passed unanimously.

CONTRACTS

The Board concurred to defer this item.

REALTY INTEREST ACQUISITION

The Board concurred to defer this item.

MEETING SCHEDULE

Ms. Miller reminded the Board that the September 23, 2020, meeting will begin at 5:00 p.m.

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.

/s/ Melony Gay _____
Secretary, Board of Directors



(SEAL)

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