

MINUTES

NORTH FORT BEND WATER AUTHORITY

July 22, 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 22nd day of July, 2020, 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 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”); Francine Stefan of Post Oak Municipal Advisors LLC; David Oliver, Christina Miller, Sandra Staine, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP (“ABHR”); Belen Valdovinos of Fugro Consultants, Inc.; Jon Strange of JNS Consulting Engineers, Inc.; Kyle Kasper of Jones & Carter, Inc.; Rich Patrick of Ninyo & Moore; Mike Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Matt Bognar of Cinco Municipal Utility District No. 3; David Drake and Greg Nunn of Cinco Municipal Utility District No. 7; Steven Haas of Cinco Municipal Utility District No. 8; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; Steve Talecki of Cornerstones Municipal Utility District; Linda Yorlano 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 and Brian Joseph of Fort Bend County Municipal Utility District No. 119; Mike Thornhill of the West Harris County Regional Water Authority; Chuck Matheson of Grand Lakes Municipal Utility District No. 4; and additional members of the public, including Debbie Anders, Jean-Michel Beique, Jaclyn Day, Glenn Gesoff, David Huang, David Johnson, Sylvester Johnson, Jonathan Marks, Adedolapo Orekoya, Robert Ponville, Susan Ruske, Andrew Vacek, and Abate Wolde-Kirkos.

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

COMMENTS FROM THE PUBLIC

Mr. Oliver offered any members of the public attending the meeting by telephone the opportunity to make public comment. There were no members of the public requesting to make public comment.

Mr. Oliver reported on Ms. Milberger's responses to public communications and ABHR's coordination with the Authority's consultants to respond to requests received pursuant to the Texas Public Information Act.

APPROVE MINUTES

The Board considered approving the minutes of the regular Board meeting held June 24, 2020. After review and discussion, Director Gay moved to approve the minutes as written. Director Abrahamson seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

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 reviewed dates for upcoming community events that have not been cancelled.

Ms. Milberger reported that the open rate for the Authority's third e-newsletter was 23.4% and the industry standard open rate was 22%. She stated that the fourth 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 155 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during June 2020. She stated that for historical comparison purposes, 196 irrigation system evaluations were completed through the Authority's WISE Guys Program during June 2019.

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.

Following review and discussion, Director Hollingsworth moved to approve the Water Conservation and Reuse report. Director Patton seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

Ms. Milberger responded to Director Houghton's questions regarding her coordination with Mighty Citizen on education and public communication matters.

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, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Mr. Watson discussed implementation of a sweep bank account for the Authority's funds held in escrow at Amegy Bank for cash calls issued by the City of Houston ("COH") for its Northeast Water Purification Plant Expansion Project. Following review and discussion, Director Gay moved to approve the bookkeeper's report, including payment of the bills. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

RENEWAL OF AUTHORITY'S INSURANCE POLICIES

Mr. Oliver reported that the Authority's Capital Planning and Design, Finance and Policy, and Communication, Conservation, and Reuse Committees recommended approval of a proposal from McDonald & Wessendorff Insurance for renewal of the Authority's insurance policies scheduled to expire on August 2, 2020, in the amount of \$193,860.55. Following review and discussion, Director Gay moved to approve the insurance renewal proposal. Director Hollingsworth seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

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 Authority's Capital Planning and Design Committee recommended authorization of (1) an annual survey of the Authority's 261 main line valves pursuant to a quote from Inframark in the amount of \$14,355.00; and (2) annual testing of the Authority's 38 meters located at the Bellaire Pump Station and remote sites pursuant to a quote from Southern Flowmeter, Inc. in the amount of \$10,500.00.

Following review and discussion, Director Gay moved to approve the operator's report as presented, including the annual survey and testing as quoted. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

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, at the June meeting of the Fort Bend Subsidence District (the "FBSD"), Greg Wine was appointed Chairperson of the Board of Directors.

Mr. Froehlich reported that BGE completed and submitted the Authority's Well Permit Renewal Request Form to the FBSD. He stated that the form included a request to increase the Authority's authorized withdrawal amount from 10,000 million gallons to 11,000 million gallons and notified the FBSD of an anticipated 7,100 million gallons of alternative water use during the permit period.

Mr. Froehlich reported that the Lone Star Groundwater Conservation District held a public workshop regarding its Subsidence Study Phase 1 Draft Report and Phase 2 Scope of Work.

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 that a formal request for a potential water supply agreement with the Authority has not been received from Fresh Water Supply District No. 2.

Mr. Froehlich recommended approval of Fort Bend County Municipal Utility District No. 133's ("FB 133") request for a 50,000 gpd increase to the Daily Commitment Amount included in its Water Supply Letter Agreement with the Authority to a total of 380,000 gallons per day. He reported that the Authority's Capital Planning and Design

Committee directed ABHR to prepare and transmit a draft of an amended agreement to FB 133 for review and comment.

Mr. Froehlich reported that comments regarding a proposed GRP Participation Agreement with the Authority from the attorney for Fort Bend County Municipal Utility District No. 24 are being addressed.

Mr. Froehlich reported that a proposed GRP Participation Agreement for a non-contiguous tract of land to be annexed into Fort Bend County Municipal Utility District No. 168 is pending receipt of a no objection letter from the COH.

Mr. Froehlich reported that the Authority's Capital Planning and Design Committee directed ABHR to prepare and transmit a draft GRP Participation Agreement to Brazoria-Fort Bend Counties Municipal Utility District No. 3 ("B-FB 3") in response to B-FB 3's request.

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 Segments 16B and 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. 10, submitted by JTR Constructors, Inc. for construction of the wastewater plant improvements for the Grand Lakes reclaimed water project, in the amount of \$340,502.40.

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 91% complete.

Mr. Froehlich reported on the status of a 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. He stated that a pre-construction meeting will be held with Reddico Construction Company, Inc. on July 30, 2020.

Mr. Froehlich reported that the necessary repairs identified in the 2019 annual

cathodic protection system evaluation and additional testing are underway.

Mr. Froehlich reported that the warranty inspection for the reclaimed water facility for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") was held June 26, 2020, and the contractor will address a punch list of minor items.

Mr. Froehlich reported on the status of the plans and specifications for the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes. He stated that the design consultant, Costello, Inc. ("Costello"), submitted the plans, contracts, and Engineering Design Report to the Texas Water Development Board (the "TWDB") on June 26, 2020, for final review to authorize advertisement for bids. He requested authorization to bid the project, subject to receipt of TWDB authorization.

Mr. Froehlich reported on the status of the plans and specifications for the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194. He stated that the design consultant, Costello, submitted the plans, contracts, and Engineering Design Report to the TWDB on June 29, 2020, for final review to authorize advertisement for bids. He requested authorization to bid the project, subject to receipt of TWDB authorization.

Mr. Froehlich reported on the status of RPS Engineering Incorporated's design of Main Segment 11A. He stated that BGE is coordinating with Cinco Municipal Utility District No. 1 regarding an encroachment with an existing water line easement and Fort Bend County Drainage District regarding a drainage channel improvement project along the segment route.

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 on preparing a reimbursement agreement and maintaining the Authority's easement rights in the new right-of-way.

Mr. Froehlich reported on discussions with the Authority's Capital Planning and Design, Finance and Policy, and Communication, Conservation, and Reuse Committees regarding the benefits of installing automated meter readers on offsite wells located within the Authority's boundaries. He stated that BGE is gathering additional information to present to the committees.

Mr. Froehlich reported on BGE's preparation of a 2025 System Environmental Determination Form ("EDF") for submittal 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 approval of the

EDF by the agencies is required by the TWDB prior to granting approval for the release of escrowed funds for design and construction costs for the Authority's reclaimed water projects financed through the Clean Water State Revenue Fund. He stated that requests for release of escrowed funds for easement acquisition for the projects can be submitted to the TWDB prior to approval of the EDF.

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. He recommended approval of three CenterPoint Energy Distributed Generation Interconnection Cost Estimate Letter Agreements. He stated that the Authority's second payment to Enchanted Rock in the amount of \$590,892.00 is due July 30, 2020.

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, 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 construction provisions of the agreement.

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, canal system, and the dual 96-inch raw water lines. He stated that construction of all segments of the canal system is complete.

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. She 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 a Notice of Cash Call No. 10 in the approximate amount of \$77,000,000.00 will be issued soon.

Mr. Froehlich responded to Board members' questions regarding the Authority's joint SWSP with the WHCRWA related to review of plans by the COH, the cost of a proposal for environmental services, and design contract change order costs due to a delay in the schedule.

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

- (1) approve Pay Estimate No. 10, 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 \$340,502.40;
- (2) approve plans and specifications and authorize advertisement for bids for (i) the reclaimed water distribution system for the Authority's joint reclaimed water system project with Grand Lakes; and (ii) the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and FB 194, subject to receipt of TWDB authorization for both projects; and
- (3) authorize Director Houghton to execute three CenterPoint Energy Distributed Generation Interconnection Cost Estimate Letter Agreements and subject to receipt and review by ABHR, the related Agreements for Interconnect and Parallel Operation of Distribution Generation with CenterPoint Energy, in connection with the generator project with Enchanted Rock for the Bellaire Pump Station.

Director Gay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

FINANCING PLAN MATTERS

Mr. Oliver discussed the anticipated schedules and procedures for issuance of a bond issue to refund the Authority's Water System Revenue Bonds, Series 2010A and Series 2010B, and senior and junior lien bonds through the TWDB's State Water Implementation Revenue Fund for Texas.

Mr. Oliver reported on the Authority's revenue note placement program for interim financing. He stated that a Notice of Continuation to extend the Authority's Series A Revenue Note until August 11, 2021, was submitted to JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), and the form of Continuation No. 3 to the Series A Revenue Note was approved by JPMorgan Chase.

Mr. Oliver reported that amendments to the Authority's Loan Forgiveness Agreements with the TWDB for funding received from the Clean Water State Revolving Fund for the Authority's joint reclaimed water system projects with Grand Lakes and FB 146 and 194 are ready for execution. He stated that the amendments extend the schedules for both projects to June 30, 2021.

Ms. Miller reported that drafts of the required single audit report and the management representation letter for the Authority's reclaimed water system projects subject to the Loan Forgiveness Agreements were presented to the Authority's Finance and Policy and Communication, Conservation, and Reuse Committees and are ready for submission to the TWDB within 30 days.

Following review and discussion, Director Fay moved to:

- (1) authorize execution and submission of Continuation No. 3 to the Authority's Series A Revenue Note to JPMorgan Chase;
- (2) authorize execution of Amendment No. 2 to the Authority's Loan Forgiveness Agreement with the TWDB for the Authority's joint reclaimed water system project with Grand Lakes;
- (3) authorize execution of Amendment No. 1 to the Authority's Loan Forgiveness Agreement with the TWDB for the Authority's joint reclaimed water system project with FB 146 and 194; and
- (4) approve the single audit report for the Authority's joint reclaimed water system projects subject to the Loan Forgiveness Agreements, authorize execution of the management representation letter, and designate ABHR to establish an account with the Federal Audit Clearinghouse to submit the single audit report in coordination with the Authority's auditor.

Director Gay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

CONTRACTS

Mr. Oliver reported that the Authority's Capital Planning and Design Committee directed ABHR to prepare and transmit a draft Amended Water Supply Letter Agreement with FB 133 in response to BGE's recommendation for approval of FB 133's request for an increase to the Daily Commitment Amount. He reported that ABHR is counsel for FB 133 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 Amended Water Supply Letter Agreement with FB 133. Following review and discussion, Director Patton moved to authorize execution of a legal conflict waiver for ABHR's preparation of an Amended Water Supply Letter Agreement with FB 133. Director Fay seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

REALTY INTEREST ACQUISITION

Mr. Oliver presented and reviewed with the Board one Water Line Easement and one Side Letter Agreement for the parcel 146R.33 as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the easement and side letter agreement. Director Hollingsworth seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

MEETING SCHEDULE

The Board discussed rescheduling its regular meetings one hour earlier during the period the meetings continue to be held by teleconference and/or videoconference. Following discussion Director Gay moved to reschedule the Authority's Board meetings to 5:00 p.m. until in-person meetings are resumed. Director Darden seconded the motion. A roll call vote of the Board was taken, and the motion passed unanimously, with all directors voting "yea."

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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