

MINUTES  
NORTH FORT BEND WATER AUTHORITY

August 2, 2017

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in special session, open to the public, on the 2<sup>nd</sup> day of August, 2017, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 1<sup>st</sup> Floor 110 Conference Center, Houston, Texas, outside the boundaries of the Authority, and the roll was called of the members of the Board:

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

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

Also present for all or part of the meeting were Terrell Palmer of FirstSouthwest, a Division of Hilltop Securities; Dave Scholler, Lindsay Kovar, Matthew L. Froehlich, Fred Bauhof, Shayna Chapman, Janice Hayes, and Beatrice Handolescu of BGE; Pam E. Lightbody of AVANTA Services; Dale Clayton of Severn Trent Services, Inc.; and David Oliver, Christina Miller, and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

POPULATION AND DEMAND PROJECTIONS AND CAPITAL IMPROVEMENT PLAN

Ms. Kovar reported on BGE's reassessment of population and demand projections and the Authority's Capital Improvement Plan.

Ms. Chapman reviewed a graph of population and water demand projections through 2070. She reviewed the amount of groundwater and over-conversion credits owned by the Authority. Discussion ensued regarding the impact of increases in effluent reuse, conservation savings, development, and Fort Bend Subsidence District conversion requirements on future water demand.

Ms. Kovar and Ms. Chapman discussed proposed changes to the Authority's Capital Improvement Plan to reschedule construction of additional water main lines from 2025 to 2030. Ms. Chapman stated that Main Segments 11A, 18A, 18B, and 19 are scheduled for construction to take delivery of surface water from Phase I of the City of Houston's (the "COH") Northeast Water Purification Plant ("NEWPP") currently

planned for June, 2022. Discussion ensued regarding coordination with the engineers of the municipal utility districts within the Authority to provide flexibility in the Capital Improvement Plan as needed.

Ms. Kovar and Mr. Froehlich discussed proposed changes to the routes for Main Segments 13B and 14B and the addition of a main line loop. Ms. Kovar stated that BGE is analyzing the routes for the Authority's future Main Segment water lines and will update the Board.

#### REGIONAL PLANNING MATTERS

Mr. Oliver reported on the Authority's consultants' activities related to the Authority's scheduled issuance of Water System Junior Lien Revenue Bonds, Series 2017 ("Series 2017 Bonds"), through the Texas Water Development Board's (the "TWDB") State Water Implementation Revenue Fund for Texas ("SWIRFT") for funding of the Authority's costs related to the Surface Water Supply Project with the West Harris County Regional Water Authority (the "WHCRWA") and the COH's NEWPP Expansion project, including coordination with the TWDB on preparation of the Financing Agreement.

Mr. Palmer reviewed a copy of his letter to the TWDB requesting consideration of an adjustment to the TWDB's debt structuring policy for the SWIRFT program to allow for lengthier principal payment deferral periods to assist the Authority with managing its Groundwater Reduction Plan fees. He reported that the TWDB agreed to adjust the debt structure for the Series 2017 Bonds to include a ten-year principal deferral subject to a decreased subsidy rate from 22% to 17%. He reviewed a comparison of financing structures for the Series 2017 Bonds and recommended that the Authority accept the adjusted debt structure offered by the TWDB. Following review and discussion, Director Gay moved to authorize inclusion of a ten-year principal deferral and a decreased subsidy rate of 17% in the Financing Agreement to be considered by the Board at its August regular meeting. Director Hebert seconded the motion, which was approved by unanimous vote.

Ms. Kovar reported on the status of the Authority's joint Surface Water Supply Project with the WHCRWA, including coordination with the WHCRWA's engineers on design and easement acquisition matters. Discussion ensued regarding increasing the Authority's active involvement in the project and assistance to the WHCRWA on project matters.

Mr. Bauhof reported on the status of the COH's NEWPP Expansion Project per its Design-Build Agreement with the Houston Waterworks Team, including acceptance of the Project Director position by Ravi Kaleyatodi and the purchase of CH2M Hill Companies, Ltd., by Jacobs Engineering.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session.

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

[SIGNATURE PAGE FOR THE MINUTES OF THE AUGUST 2, 2017, BOARD MEETING]

  
Secretary, Board of Directors

(SEAL)

