

MINUTES  
NORTH FORT BEND WATER AUTHORITY

May 3, 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 3<sup>rd</sup> day of May, 2017, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 3rd Floor, Lubbock Conference Room, 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, except Directors Spell and Fay, thus constituting a quorum.

Also present for all or part of the meeting were Anna Agnew of Cinco Municipal Utility District No. 7; Collette Garcia of McGrath & Co., PLLC; Terrell Palmer of FirstSouthwest, a Division of Hilltop Securities ("FSW"); Dave Scholler, Lindsay Kovar, Matthew L. Froehlich, Fred Bauhof, and Shayna Chapman of BGE; Justin Scarth of DCS Engineering LLC ("DCS"); 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 ("ABHR").

AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Ms. Garcia reviewed the Authority's draft audit for fiscal year end December 31, 2016. Following review and discussion, Director Gay moved to approve the audit for fiscal year end December 31, 2016, and direct that the audit be filed 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.

RENEWAL OF LETTER OF CREDIT

Ms. Miller reviewed the terms for a proposed one-year renewal of the Authority's Letter of Credit issued by Central Bank in the amount of \$1,000,000 in favor of CenterPoint Energy, due to expire on June 4, 2017. Following discussion, Director Hebert moved to approve a one-year renewal of the Letter of Credit issued by Central Bank in favor of CenterPoint Energy and authorize payment of the invoice for the

renewal in the amount of \$10,000.00. Director Gay seconded the motion, which was approved by unanimous vote.

#### REVIEW BIDS AND AWARD CONTRACT

Mr. Froehlich reported that four bids were received for the Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and FB 194") effluent reuse system facilities project. He stated that the low bidder for the total base bid and total alternate bid items for the combined project to construct the effluent reuse system facilities and the wastewater treatment plant expansion is C4 Partners, LLC ("C4") in the amounts of \$7,824,753.00 and \$7,836,153.00, respectively. He reported that C4 was also the low bidder for the Authority's portion of the bid items consisting of construction of the effluent reuse system facilities in the amount of \$2,594,700.00, including alternate bid items. He noted that C4 submitted two forms one day after the bid opening which, per the waiver provision included in the Authority's bid documents, the Authority may opt to waive. Discussion ensued regarding the bid results and the cost allocations amongst the bidders.

Mr. Froehlich reported that DCS and BGE recommend that the Authority award a contract for its portion of the bid items for construction of the effluent reuse system facilities to the low bidder, C4, in the amount of \$2,594,700.00, contingent on award of a contract for the wastewater treatment plant expansion portion of the bid items by FB 146 to C4. Following review and discussion, the Board concurred that in its judgment, C4 was a responsible bidder who would be most advantageous to the Authority and would result in the best and most economical completion of the project. Director Gay moved to award a contract for the Authority's portion of the bid items consisting of construction of the effluent reuse system facilities to the low bidder, C4, in the amount of \$2,594,700.00, contingent on award of a contract for the wastewater treatment plant expansion portion of the bid items by FB 146 to C4. Director Patton seconded the motion, which was approved by unanimous vote.

#### NOTE PLACEMENT PROGRAM

Mr. Palmer recommended that the Authority implement a revenue note placement program with JPMorgan Chase Bank for interim financing in an amount not to exceed \$150,000,000 ("Revenue Notes, Series A") that will provide the Authority with the flexibility to timely pay cash calls from the City of Houston (the "COH") for the COH's Northeast Water Purification Plant ("NEWPP") Expansion Project pursuant to the Authority's water supply contract with the COH and from the West Harris County Regional Water Authority for the joint Surface Water Supply Project. He explained that the program would give the Authority financial flexibility to meet funding requirements that were not otherwise consistent with the timing of the Authority's planned financings. Mr. Palmer and Mr. Oliver explained procedures for the issuance of the Authority's Revenue Notes, Series A and discussed proposed terms for a note purchase agreement, including facility and interest fees, security and redemption

procedures, and covenant requirements.

Mr. Oliver reviewed a supplemental engagement letter with ABHR for services as bond counsel in connection with the issuance and sale of the Authority's Revenue Notes, Series A.

Mr. Palmer reviewed a supplemental engagement letter with FSW for financial advisory services in connection with the issuance and sale of the Authority's Revenue Notes, Series A.

Mr. Oliver reviewed a Resolution Approving and Authorizing the Issuance of the Authority's Revenue Notes, Series A and form of a Note Purchase Agreement with JPMorgan Chase Bank, N.A. relating to the Authority's Revenue Notes, Series A, authorizing Directors Houghton, Patton, and Gay to execute all documents related to the sale of the Authority's Revenue Notes, Series A. He stated that a Paying Agent/Registrar Agreement was not necessary and explained the issuance procedures for the notes.

Mr. Oliver discussed the process for entering into note purchase agreements and issuing the Authority's Revenue Notes, Series A thereunder, including engaging Standard & Poor's Global Ratings to perform a credit rating analysis and payment of the fees required by the Texas Attorney General for review of the transcript documents.

Mr. Oliver reviewed with the Board a Certificate Regarding Provision of Financial Advice.

Following review and discussion, Director Gay moved to authorize: (i) execution of a supplemental engagement letter with ABHR for services as bond counsel in connection with the issuance and sale of the Authority's Revenue Notes, Series A; (ii) execution of a supplemental engagement letter with FSW for financial advisory services in connection with the issuance and sale of the Authority's Revenue Notes, Series A; (iii) adoption of a Resolution Approving and Authorizing the Issuance of the Authority's Revenue Notes, Series A, authorizing Directors Houghton, Patton, and Gay to execute all documents related to the sale of the Authority's Revenue Notes, Series A, including related Note Purchase Agreements; (iv) approval of form of Note Purchase Agreement with JPMorgan Chase Bank, N.A. relating to Revenue Notes, Series A; (v) engagement of Standard & Poor's Global Ratings to perform a credit rating analysis; (vi) all necessary action to be undertaken by the District's attorney and financial advisor in connection with the sale and delivery of the Authority's Revenue Notes, Series A; (vii) execution and appropriate filing and retention of the Certificate Regarding Provision of Financial Advice; and (viii) approval of a check for payment to the Texas Attorney General for review of the transcript for the Authority's Revenue Notes, Series A. Director Hebert seconded the motion, which was approved by unanimous vote.

REGIONAL PLANNING MATTERS

Ms. Kovar reported that Mr. Froehlich attended the May 2, 2017, Design Committee meeting of the West Harris County Regional Water Authority.

Mr. Bauhof reported that a groundbreaking ceremony for the COH's NEWPP Expansion Project is scheduled for September 19, 2017.

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.

  
Secretary, Board of Directors

(SEAL)

