

MINUTES
NORTH FORT BEND WATER AUTHORITY

October 7, 2020

The Board of Directors (the “Board”) of the North Fort Bend Water Authority (the “Authority”) met in special 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 7th day of October, 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 Dan Jackson of Willdan Financial Services; Matt Froehlich, Lindsay Kovar, Julia Frankovich, Kyle Jones, Whitney Milberger, and Tiffany Moore of BGE, Inc.; Pam E. Lightbody, Taylor Watson, and Cynthia Colondres of Municipal Accounts & Consulting, L.P.; Dale Clayton of Inframark, LLC; Terrell Palmer and 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; David Green of Coats Rose PC; Jon Kilpatrick of Masuen Consulting, LLC; Michael Abshire of Big Oaks Municipal Utility District; Matthew Bognar of Cinco Municipal Utility District No. 3; Douglas Brewer of Cinco Municipal Utility District No. 8; Lisa Flores of Cinco Southwest Municipal Utility District No. 4; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; Daniel McGraw of the City of Fulshear; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Chuck Matheson and Mashhood Shah of Grand Lakes Municipal Utility District No. 4; and additional members of the public, including Terri Bronson, Vincent Cox, Jay Dibble, Jorge Garcia, Glenn Gesoff, Diana Gonzalez, David R. Glunt, Mike Halde, Wilhelmina Ho, Kenneth Hopkins, Jonathan Jee, Karen Jones, Michael Kirker, Jay Kumar, Chris Liebum, Jon Mason, Pamela McDaniel, Bill Parker, Lubaina Raja, Janice Ratliff, Chezsal Robinson, Jose Rodriguez-Domingos, Susan Ruske, Fahd Siddiqui, Martin Vila, 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 the rate study to be presented at the meeting was 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/>.

RATE STUDY PRESENTATION

Mr. Jackson gave a presentation entitled “2020 Cost of Service Rate Study” and reviewed recommended groundwater and surface water fees for the Authority through 2025. A copy of the presentation is attached. Mr. Jackson, Ms. Frankovich, and Mr. Froehlich responded to questions from the Board regarding reduced water use demand projections for the Authority. Discussion ensued regarding the Authority’s Capital Improvement Plan, the Fort Bend Subsidence District’s review of its Regulatory Plan, and rate savings achieved by the Authority through low interest rate bonds issued pursuant to Financing Agreements with the Texas Water Development Board (the “TWDB”) for funding from the State Water Implementation Revenue Fund for Texas (“SWIRFT”).

Ms. Miller opened the meeting to public comments. Mr. Brewer addressed the Board to comment that the Authority’s water conservation efforts appear to be impacting the projected water demand.

AUTHORITY FINANCING PLAN MATTERS

Mr. Palmer discussed the anticipated savings to be achieved by the Authority’s proposed Water System Revenue Refunding Bonds, Series 2020B (“Series 2020B Bonds”) to refund the Authority’s Water System Revenue Bonds, Series 2010A and Series 2010B. He discussed current market conditions and stated that the Series 2020B Bonds would currently yield a 17.85% net present value savings of \$8,402,332, providing a tangible impact on the Authority’s fees and rates. He reported on the anticipated schedule for the issuance of the Series 2020B Bonds.

Mr. Palmer reviewed a summary of interest costs for the Authority’s proposed \$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”). He estimated the amount of savings achieved by issuing bonds pursuant to Financing Agreements with the TWDB for funding from the SWIRFT was 80 basis points or \$1,000,000 per year over 30 years as opposed to issuing bonds in the open market. Mr. Palmer recommended that the Board move forward with the action items for issuing the Series 2020 Bonds and Series 2020A Bonds.

AUTHORITY’S SERIES 2020 BONDS AND SERIES 2020A BONDS

Ms. Miller reviewed the documents and procedures related to issuing the Authority’s Series 2020 Bonds and Series 2020A Bonds. She stated that the Authority is

required to have pledged revenue analyses performed and recommended authorizing McGrath & Co., PLLC, to perform the required pledged revenue securities analyses consistent with their current engagement letter. She stated that the closing date for both the Authority's Series 2020 Bonds and the Series 2020A Bonds is scheduled for November 18, 2020.

Following review and discussion regarding the Series 2020 Bonds, Director Patton moved to: (1) adopt a Resolution Authorizing the Issuance, Sale, and Delivery of the North Fort Bend Water Authority Water System Junior Lien Revenue Bonds, Series 2020; Approving the Form and Substance and Authorizing the Execution of a Fourteenth Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject; (2) authorize the Board of Directors to sign all documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action in connection with the issuance of the Authority's Series 2020 Bonds; (3) authorize execution of a Certificate Regarding Provision of Financial Advice; (4) authorize McGrath & Co., PLLC to perform a pledged revenue analysis; and (5) approve payment to the Attorney General for bond issue transcript review. Director Gay seconded the motion, which passed unanimously.

Following additional review and discussion, Director Abrahamson moved to: (1) adopt a Resolution Authorizing the Issuance, Sale, and Delivery of the North Fort Bend Water Authority Water System Revenue Bonds, Series 2020A; Approving the Form and Substance and Authorizing the Execution of a Fifteenth Supplemental Indenture of Trust Relating to Such Bonds; Authorizing and Ratifying Other Actions of the Authority; Making Certain Findings and Containing Other Provisions Related to the Subject; (2) authorize the Board of Directors to sign all documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action in connection with the issuance of the Authority's Series 2020A Bonds; (3) authorize execution of a Certificate Regarding Provision of Financial Advice; (4) authorize McGrath & Co., PLLC to perform a pledged revenue analysis; and (5) approve payment to the Attorney General for bond issue transcript review. Director Fay seconded the motion, which passed unanimously.

CONSTRUCTION CONTRACT FOR THE FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NOS. 146 AND 194 RECLAIMED WATER SYSTEM PROJECT, INCLUDING REVIEW BIDS AND AWARD CONTRACT FOR CONSTRUCTION

Mr. Froehlich stated that bids were received for construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with Fort Bend County Municipal Utility District Nos. 146 and 194 ("FB 146 and 194"). He reported on BGE's review of the low bidder's qualifications and BGE's concerns regarding the low bidder's ability to perform the unique construction project due to inexperience with similar projects. Mr. Froehlich recommended that the Board reject

the low bid and award the contract to the second lowest bidder, McKinney Construction, Inc. ("McKinney"), in the amount of \$2,976,822.45. The Board concurred that, in its judgment, McKinney 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. Following review and discussion, Director Gay moved to award the contract for construction of the reclaimed water distribution system for the Authority's joint reclaimed water system project with FB 146 and 194 to McKinney in the amount of \$2,976,822.45, based upon Mr. Froehlich's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Fay seconded the motion, which passed by unanimous vote.

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)

LIST OF ATTACHMENTS TO MINUTES

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