

MINUTES

NORTH FORT BEND WATER AUTHORITY

August 28, 2019

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 28th day of August, 2019, at the Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas, inside 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 Houghton and Spell, thus constituting a quorum.

Also present for all or part of the meeting were Lindsay Kovar, Matt Froehlich, Fred Bauhof, Ian Pietz, and Whitney Milberger of BGE, Inc. ("BGE"); Pam E. Lightbody of AVANTA Services; Dale Clayton of Inframark, LLC; Terrell Palmer of Post Oak Municipal Advisors LLC; David Oliver and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheets.

APPROVE MINUTES

The Board considered approving the minutes of the meetings held July 18, and July 24, 2019. Mr. Oliver reviewed corrections made to pages 2 and 3 of the July 24, 2019, minutes. After review and discussion, Director Gay moved to approve the minutes as corrected. Director Hebert seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

Director Patton opened the meeting to receive public comments. Rich Patrick of Cinco Municipal Utility District No. 5 addressed the Board to invite everyone to attend the Katy Area Economic Development Council's free Safety Seminar scheduled at 6:00 p.m. on September 26, 2019, at the Fry Road Municipal Utility District Facility. He stated that Harris County Emergency Services District No. 48 will give presentations on

the safety programs provided to the community. There being no additional public comments, Director Patton closed the meeting to public comments.

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

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

Ms. Kovar reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board approve a proposal from Glass House Strategy for search engine optimization services in the amount of \$700.00.

Ms. Kovar reported that the CCR Committee recommended that the Board approve purchasing 1,000 insulated tote bags in an amount not to exceed \$3,500.00.

Ms. Kovar reported on previous and scheduled presentations regarding the Authority's large-scale infrastructure projects, surface water delivery plans, and/or water conservation programs, and attendance and utilization of the Authority's water conservation mobile teaching lab and/or booth at multiple community and municipal utility district events.

Ms. Kovar reported that 139 irrigation system evaluations were completed through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program ("WISE Guys Program") during July, 2019. She stated that Rachio Generation 2 Smart Controllers were distributed to five winners during July using random number generator software to determine the winners pursuant to the WISE Guys Program's Giveaway Incentive Program.

Ms. Kovar reviewed a chart indicating the status of effluent reuse or alternate water credit projects/contracts. She reported that BGE is reviewing an Alternative Water Credit Application received from Fort Bend County Municipal Utility District No. 57 for a proposed effluent reuse irrigation system.

Ms. Kovar reported on implementation of the Authority's 2019 Larry's Toolbox water conservation program. She stated that the CCR Committee recommended that the Board approve two invoices in the total amount of \$7,500.00 from Masuen Consulting, LLC ("Masuen") for the preparation of six-month follow up reports for the 2018 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for Fort Bend County Municipal Utility District Nos. 142 and 194 and Cinco Municipal Utility District Nos. 2, 6, and 10.

Following review and discussion, Director Gay moved to:

- (1) approve the proposal from Glass House Strategy for search engine optimization services in the amount of \$700.00;
- (2) approve purchasing 1,000 insulated tote bags in an amount not to exceed \$3,500.00; and
- (3) approve two invoices in the total amount of \$7,500.00 from Masuen for the preparation of six-month follow up reports for the 2018 Larry's Toolbox water conservation program's Authority funded Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget initiative for Fort Bend County Municipal Utility District Nos. 142 and 194 and Cinco Municipal Utility District Nos. 2, 6, and 10.

Director Hebert seconded the motion, which was approved by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS AND HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Ms. Lightbody presented the bookkeeper's report, including checks for payment, fund and wire transfers, monthly receipts, a summary of investments, schedules of debt service payments, water conservation credits, past due accounts, number of inspections completed for the Authority's WISE Guys Program, and a statement of revenues and expenditures for the Enterprise Fund. A copy of the bookkeeper's report is attached. Following review and discussion, Director Gay moved to approve the bookkeeper's report as presented. Director Hebert seconded the motion, which was approved by unanimous vote.

NOTICE OF 2020 PRELIMINARY FEES

Mr. Oliver 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. He reviewed a proposed notice that states the Board anticipates increasing the GRP Fee to \$3.95 per 1,000 gallons of water pumped and the Surface Water Fee to \$4.30 per 1,000 gallons of surface water received, which correspondingly increases the Imported Water Fee, effective January 1, 2020. 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 Hebert seconded the motion, which was approved by unanimous vote.

Director Patton discussed preparation of an updated water rate analysis and financial forecast for future public presentation.

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 booster pump no. 2 has been repaired and is online. He reported that repair of a leak located on a 42-inch water line on Main Segment 3 is pending receipt of a part anticipated to be delivered on August 29, 2019.

Mr. Clayton reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended approval of a cost estimate from AOS Treatment Solutions, LLC ("AOS") for replacement of the second bleach tank located at the Bellaire Pump Station in the amount of \$19,625.00.

Mr. Clayton reported that the Authority's CPD Committee recommended that the current generators at the Bellaire Pump Station continue to receive necessary maintenance, repairs, and servicing. He reported that generator no. 2 at the Bellaire Pump Station is not working and a cost estimate from Cummins Southern Plains, LLC ("Cummins") for the repair of the generator is \$7,422.00.

Following review and discussion, Director Gay moved to approve the operator's report as presented, including (1) the cost estimate from AOS for replacement of the second bleach tank located at the Bellaire Pump Station in the amount of \$19,625.00; and (2) a cost estimate from Cummins for the repair of generator no. 2 in the amount of \$7,422.00. Director Hebert seconded the motion, which was approved by unanimous vote.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GRP

Mr. Froehlich presented the engineer's report, a copy of which is attached. 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.

Ms. Kovar reported that the Authority's application for renewal of its well permit was approved by the Fort Bend Subsidence District for the October, 2019 to September, 2020 permit period.

Mr. Froehlich reported that the Authority received notice of a proposed 1.22-acre annexation by Fort Bend County Municipal Utility District No. 50.

Mr. Froehlich reported on coordination with ABHR on the preparation of a GRP Participation Agreement with Fort Bend County Municipal Utility District Nos. 23 and 24, to include only the approximately 520 acres of land proposed for annexation by Fort

Bend County Municipal Utility District No. 24.

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 Fort Bend County Municipal Utility District Nos. 146 and 194, consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated that a final inspection for the Phase 1 wastewater plant improvements was held on June 18, 2019, and C4 Partners, LLC is addressing punch list items. He stated that submission of plans and specifications for the Phase 2 reclaimed water distribution system is pending acquisition of the necessary property rights.

Mr. Froehlich reported on the schedule for the construction of the Authority's surface water line connection facilities for Fort Bend County Municipal Utility District No. 190 ("FB 190"). He stated that an inspection for the project was held on June 18, 2019, and Persons Service Company, LLC is addressing punch list items. Mr. Froehlich requested authorization to purchase a subscriber identification module ("SIM") card from Verizon Wireless for the facility, renew the Authority's purchase order with Verizon Wireless for SIM cards, and purchase future SIM cards from Verizon Wireless for all of the Authority's facilities moving forward on an as needed basis.

Mr. Froehlich reported on the status of obtaining the necessary property rights for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4, consisting of (i) the wastewater plant improvements; and (ii) the reclaimed water distribution system. He stated that agency submittals by Costello, Inc. for the Phase 2 reclaimed water distribution system are pending acquisition of the necessary property rights. Mr. Froehlich stated that Notice to Proceed for construction of the Phase 1 wastewater plant was issued to JTR Constructors Inc., effective July 15, 2019.

Mr. Froehlich reported that the Authority's transfer to Texas 811 has been completed.

Mr. Froehlich reported that Jones & Carter, Inc. has received the City of Houston's (the "COH") final approval of the plans and specifications for the Authority's project to construct a surface water line connection for Fort Bend County Municipal Utility District No. 30's Water Plant No. 3. He stated that advertisement for bids for the project will begin August 30, 2019.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Froehlich reported on matters related to the Authority's joint facilities with the West Harris County Regional Water Authority (the "WHCRWA"). He discussed

the status of BGE's coordination with ABHR on the preparation of a contract with Enchanted Rock, LLC for installing, commissioning, and servicing of six natural gas generators and associated equipment to provide auxiliary power for all of the Bellaire Pump Station pumps operating at full capacity in place of the current generators. He stated that the required installation of automatic transfer switches for the new generator installation will add five months to the installation.

Mr. Froehlich updated the Board on the status of the Authority's joint Surface Water Supply Project ("SWSP") with the WHCRWA. He reported on easement acquisition, the anticipated construction schedule for Segment A, and the status of design for Segment B, including the long tunnel portion, the Kinder Morgan Segments, the sub-segments for Segment 3, the Re-Pump Station, and the Central Pump Station for the SWSP.

Mr. Froehlich reported that the WHCRWA issued a cash call to the Authority for fiscal year 2019 fourth quarter expenses for the SWSP in the amount of \$18,509,576.00. He requested that the Board authorize BGE to prepare and submit a request for use of escrowed bond funds to the TWDB and authorize payment of the cash call upon TWDB approval.

Mr. Froehlich discussed the status of the Authority's negotiation and entry into an Amended and Restated Joint Facilities Agreement with the WHCRWA. He reported that BGE is reviewing a draft construction management plan for the SWSP.

Mr. Froehlich reported on the status of the Coastal Water Authority's Luce Bayou Interbasin Transfer Project, including the construction schedules for the Capers Ridge Pump Station, canal projects, and the dual 96-inch raw water lines. He reported that the Authority received invoices for the annual debt service payments for fiscal year 2020 in the total amount of \$954,036.83.

Mr. Bauhof reported on the status of the COH's Northeast Water Purification Plant ("NEWPP") Expansion Project per its Design-Build Agreement with the Houston Waterworks Team. He reported on the status of construction included in Early Work Package Nos. 1, 2, 4, and 6. He discussed the anticipated schedules for integration of Tier 1 subcontractors with the Balance of Plant schedule. Mr. Bauhof reported on the COH's purchase of approximately 113 acres of land located north of the NEWPP for monofill, construction staging, and future plant expansion.

In response to Director Patton's inquiry, Mr. Bauhof stated there will not be a gap in the Authority's participation in the COH's NEWPP Expansion Project due to transition of his responsibilities over the next few months.

Ms. Kovar reported that the TWDB Region H Planning Group ("Region H") is preparing its 2021 five-year water plan. She stated she will attend Region H's September 4, 2019, meeting.

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

- (1) authorize renewal of the Authority's purchase order with Verizon Wireless for SIM cards, and purchase of the SIM card for the FB 190 facility and future facilities as needed; and
- (2) authorize BGE to submit a revised request for release of escrowed bond funds to the TWDB in the amount of \$18,509,576.00 and payment of the WHCRWA's cash call for fiscal year 2019 fourth quarter expenses for the SWSP, subject to approval by the TWDB.

Director Hebert seconded the motion, which was approved by unanimous vote.

AUTHORITY FINANCING PLAN MATTERS

Mr. Oliver and Mr. Palmer discussed the Authority's financing plan and the anticipated impact of low interest rate borrowing on possibly reducing the Authority's future fees.

Mr. Oliver reviewed and recommended approval of Financing Agreements with the TWDB for the Authority's \$244,110,000 Water System Junior Lien Revenue Bonds, Series 2019B ("Series 2019B Bonds") and \$56,610,000 Water System Revenue Bonds, Series 2019C ("Series 2019C Bonds"). Mr. Oliver reported on procedures related to the Authority's anticipated sale of the Series 2019B Bonds and the Series 2019C Bonds at the October 9, 2019, 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 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 2019A Bonds. Following review and discussion, Director Gay moved to authorize execution of the Financing Agreements and the Certificate of Disclosure for the Series 2019B Bonds and the Series 2019C Bonds. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver 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. He 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. He stated that the revenue note will be redeemed with the

proceeds from the Authority's Water System Revenue and Revenue Refunding Bonds, Series 2019A ("Series 2019A Bonds"). Following review and discussion, Director Gay moved to authorize execution of the Certificate of No Default. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Oliver reported on coordination with the TWDB to amend the Authority's Loan Forgiveness Agreement in connection with the funding received from the TWDB's Clean Water State Revolving Fund for the reclaimed water system project for Grand Lakes Municipal Utility District Nos. 1, 2, and 4 with a revised schedule.

Mr. Palmer reported on a ratings presentation given to potential investors on the Authority's Series 2019A Bonds in response to Director Patton's inquiry.

SERIES 2019A BONDS

Mr. Oliver discussed the Authority's financing plan, including the schedule for the anticipated issuance of the Authority's Series 2019A Bonds. He discussed a bond issuance schedule that included the proposed pricing of the bonds on September 4, 2019, and closing on October 2, 2019.

Mr. Oliver presented and reviewed with the Board a Resolution Authorizing the Issuance of the North Fort Bend Water Authority Water System Revenue and Revenue Refunding Bonds, Series 2019A; Authorizing the Authorized Representative to Take Certain Actions on Behalf of the Authority; Authorizing the Form, Execution and Delivery of an Eleventh 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 (the "Resolution"). Mr. Oliver discussed the procedures and activities to be undertaken to issue the Authority's Series 2019A Bonds.

Mr. Palmer discussed reallocation of the Authority's debt structure, anticipated savings from the refunding portion of the Series 2019A Bonds, and a raise in the Authority's Standard and Poor's Financial Services LLC credit rating.

Mr. Oliver presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate").

Mr. Oliver recommended approving a check payable to the Texas Attorney General relating to bond issue transcript review for the Series 2019 Refunding Bonds. He discussed the necessary action to be taken by the Authority's attorney and the financial advisor in connection with the issuance of the Series 2019A Bonds.

After review and discussion, Director Gay moved to (1) adopt the Resolution; (2) authorize Director Houghton, with Director Patton as alternate, to act as the Authority's authorized representative to approve the sale of the Series 2019A Bonds, subject to a

minimum net present value savings of 5.0% and a principal amount not to exceed \$1,000,000 on the refunding portion of the Series 2019A Bonds, and perform any actions needed to effect the sale of the Series 2019A Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents; (3) authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records; (4) authorize all necessary action to be taken by the Authority's attorney and the financial advisor in connection with the issuance of the Series 2019A Bonds; and (5) authorize execution of the check payable to the Texas Attorney General relating to bond issue transcript review. Director Hebert seconded the motion, which passed unanimously.

CONTRACTS

Mr. Oliver reported that the Authority's Finance and Policy Committee recommended that the Board authorize execution of a Catering Contract with the Willow Fork Country Club for meeting space and food service for the Authority's regular monthly meetings to be held in 2020. Following review and discussion, Director Gay moved to authorize execution of a Catering Contract with the Willow Fork Country Club for meeting space and food service for the Authority's regular monthly meetings to be held in 2020. Director Hebert seconded the motion, which was approved by unanimous vote.

REALTY INTEREST ACQUISITION

Mr. Oliver reviewed a Water Line Easement for Parcel 146R.21, as listed on the attached Realty Interests Chart. Following review and discussion, Director Gay moved to authorize execution of the Water Line Easement as presented. Director Hebert seconded the motion, which was approved 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.



Asst. Secretary, Board of Directors

(SEAL)



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