

## MINUTES

### NORTH FORT BEND WATER AUTHORITY

July 18, 2019

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 18<sup>th</sup> day of July, 2019, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 3<sup>rd</sup> 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 Gay and Fay, thus constituting a quorum.

Also present for all or part of the meeting were Chuck Matheson of Grand Lakes Municipal Utility District No. 4; Terrell Palmer and Francine Stefan of Post Oak Municipal Advisors LLC; Pam E. Lightbody of AVANTA Services; Lindsay Kovar, Fred Bauhof, Ian Pietz, Julia Frankovich, and Whitney Milberger of BGE; Dale Clayton of Inframark, LLC; and David Oliver, Christina Miller, Sandra Staine, and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

#### 2019 FINANCIAL PLANNING WORKSHOP

Mr. Palmer gave a presentation regarding the goals of the Authority's financing plan, including an update on the Authority's potential fees and rates and the anticipated 2019 schedule for issuing bonds through the Texas Water Development Board's (the "TWDB") State Water Implementation Revenue Fund for Texas ("SWIRFT"), as well as open market and refunding bonds.

Discussion ensued regarding determining reserve funds for future capital improvements and operating and maintenance costs.

Ms. Lightbody presented an amended budget for fiscal year ending December 31, 2019. She reported that the Authority's Finance and Policy Committee recommended decreasing the annual total water use projection to 13,000,000,000 gallons

due to the actual year to date usage amount. Following review and discussion, the Board concurred to consider adopting the amended budget at the July regular meeting.

WATER SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2019A ("SERIES 2019A BONDS")

Mr. Oliver and Mr. Palmer discussed the procedures and activities to be undertaken to issue the Authority's Series 2019A Bonds, including the anticipated schedule for issuance. Mr. Oliver discussed a bond issuance schedule that included the proposed pricing of the bonds on September 4, 2019, and a closing date during the first week of October, 2019.

Mr. Palmer recommended the selection of an underwriting team for the Authority's Series 2019A Bonds to include J.P. Morgan Securities LLC, Robert W. Baird & Co. Incorporated, Frost Bank, Morgan Stanley, and UBS Financial Services Inc. Following discussion, Director Darden moved to (1) authorize preparation of the Preliminary Official Statement; and (2) designate the underwriting team per Mr. Palmer's recommendation. Director Hebert seconded the motion, which was approved by unanimous vote.

Mr. Palmer stated that pursuant to the Municipal Securities Rulemaking Board requirements, he and the underwriting team will provide written disclosures to the Board related to the Series 2019A Bonds. The Board directed that the written disclosures be filed appropriately and retained in the Authority's official records.

Mr. Oliver stated that the Authority is required to have a pledged revenue analysis performed and recommended engaging McGrath & Co., PLLC to perform the required analysis. Following review and discussion, Director Darden moved to engage McGrath & Co., PLLC to perform the required pledged revenue analysis, as recommended. Director Patton seconded the motion, which was approved by unanimous vote.

FINANCING AGREEMENTS FOR SERIES 2019B WATER SYSTEM JUNIOR LIEN REVENUE BONDS AND SERIES 2019C WATER SYSTEM REVENUE BONDS

Ms. Miller reported that the TWDB plans to provide the Financing Agreements related to the Authority's anticipated issuance of Water System Junior Lien Revenue Bonds, Series 2019B and Water System Revenue Bonds, Series 2019C through the TWDB SWIRFT by the July regular meeting of the Board.

SERIES A REVENUE NOTES, INCLUDING CONTINUATION OF NOTE

Ms. Miller reported that JPMorgan Chase Bank, N.A. has granted a continuation of the maturity date of the Authority's \$30,000,000 Water System Revenue Note, Series A, to August 12, 2020.

TWDB CLEAN WATER STATE REVOLVING FUND FUNDING FOR REUSE PROJECTS AND AMENDMENT NO. 1 TO LOAN FORGIVENESS AGREEMENT FOR THE GRAND LAKES REUSE PROJECT

Ms. Miller 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 to include a revised schedule.

ENGAGEMENT LETTER WITH WILLDAN FINANCIAL SERVICES TO CONDUCT RATE STUDY AND LONG-TERM FINANCIAL FORECAST

Ms. Miller reviewed a Letter Agreement to Provide Rate Study from Willdan Financial Services for preparing an updated water rate analysis and financial forecast for the Authority in an amount not to exceed \$28,000.00. Following discussion, the Board concurred to consider authorizing execution of the letter agreement at the July regular meeting.


CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:50 p.m. to conduct a private consultation with its attorney regarding the Authority's legal rights and obligations under the Joint Facilities Agreement with the West Harris County Regional Water Authority, pursuant to Section 551.071, Texas Government Code. Directors Darden and Spell were not present for the executive session. The Board determined that the attendance in this executive session of Ms. Kovar and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:40 p.m., the Board reconvened in open session. No action was taken by the Board.

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

  
Secretary, Board of Directors

(SEAL)

