

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

January 12, 2017

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 23 (the "District") met in regular session, open to the public, on the 12th day of January, 2017, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas 77027, outside the boundaries of the District, and the roll was called of the members of the Board:

William Thomas	President
Anzilla Gilmore	Vice President
Ellen Hughes	Secretary
Chris Robinson	Assistant Vice President
Steven Gates	Assistant Secretary

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

Also present at the meeting were Nino Corbett of Compass Land Development, LLC; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Kim Courte of Arthur J. Gallagher & Co. ("Gallagher"); Marsha Jan of McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson"); Monique Hayes of Eco Waste & Recycling ("Eco"); Marcus Campbell of Time and Season; Tracey Scott of Myrtle Cruz, Inc.; Brian Edwards and Jacob Clark of LJA Engineering, Inc. ("LJA"); Donna Bryant of Assessments of the Southwest, Inc.; Calvin Browne and Ursalla Kelly of Municipal District Services, LLC ("MDS"); and Adisa Harrington and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no comments from the public.

CONSENT AGENDA

The minutes of the November 17, 2016, regular Board meeting, and consultant reports were provided in advance of the meeting. After discussion, Director Robinson moved to approve all items on the consent agenda, and to direct that, where appropriate, items are filed and retained in the District's official records, including the following: (1) the minutes from the November 17, 2016, regular Board meeting; (2) the garbage and recycling report; (3) the tax assessor/collector's report and delinquent tax report; (4) the operator's report; and (5) the Administrative Manager's report. Director Hughes seconded the motion, which passed unanimously. Copies of all reports are attached.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Courte presented and reviewed the District's current insurance policy and renewal proposal from Gallagher that will expire in February 2017. Following review and discussion, Director Hughes moved to accept the renewal proposal for the District's insurance from Gallagher and direct that the proposal be filed appropriately and retained in the District's official records. Director Robinson seconded the motion, which was approved by unanimous vote.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END DECEMBER 31, 2016

Ms. Jan requested the Board authorize McCall Gibson to conduct the District's annual audit for fiscal year end December 31, 2016, and presented an evergreen engagement letter from McCall Gibson for consideration. She estimated a \$15,500-\$17,500 fee for preparing the audit for the fiscal year ending December 31, 2016. Following review and discussion, Director Hughes moved to approve the evergreen engagement letter from McCall Gibson, authorize McCall Gibson to conduct the annual audit for fiscal year end December 31, 2016, and direct that the evergreen engagement letter be filed appropriately and retained in the District's official records. Director Gates seconded the motion, which was approved by unanimous vote.

REPORT ON DEVELOPMENT IN THE DISTRICT

Mr. Corbett reported on development in the District.

PARKS AND RECREATIONAL FACILITIES MATTERS

Mr. Clark presented and reviewed the landscape architect's report, a copy of which is attached.

Mr. Clark updated the Board regarding the Winfield Lakes Tennis Courts/Andover Farms Park Improvements project (the "Park Project"), noting ongoing fencing and gate issues.

Mr. Clark gave an update on the sidewalk along Teal Bend Boulevard. He reported that LJA is currently advertising for bids and he anticipates the bid for the sidewalk project will be awarded at the February board meeting.

Mr. Clark updated the Board on the 2017 Texas Wildlife Grant Application (the "2017 Grant Application"). Following discussion, the Board concurred proceed with submitting the 2017 Grant Application.

Following review and discussion, and based on the landscape architect's recommendation, Director Robinson moved to (1) approve the landscape architect's

report; and (2) authorize LJA to submit the 2017 Grant Application to the Texas Parks and Wildlife Department on or before the February 1, 2017 deadline. Director Hughes seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Edwards presented and reviewed the engineer's report, a copy of which is attached.

Mr. Edwards gave an update on water, sewer, and drainage facilities to serve Cambridge Falls, Section 9. He recommended the Board approve Pay Estimate No. 1 in the amount of \$295,849.44.

Mr. Edwards gave an update on the Lift Station Generators. He recommended the Board approve Pay Estimate No. 1 in the amount of \$236,386.80.

Mr. Edwards gave an update on the Sycamore/Rabb Road extension and proposed land swap. He reported that due to negotiation issues with another landowner, Fort Bend County ("FBC") has decided to return the right-of-way to the respective previous owners, which will result in the District and an adjacent landowner each owning 50% of the existing road.

Mr. Edwards gave an update on Bond Application No. 14. He reported that Bond Application No. 14 has been reduced from \$2,610,000 to \$2,140,000, due to the availability of \$425,000 in surplus funds from the Series 2015A Bonds to offset the cost of projects in Bond Application No. 14. He then reviewed a revised cost summary reflecting the reduced bond amount and use of \$425,000 in surplus funds towards project costs. He requested the Board adopt a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Approval of Project and Bonds and Use of Surplus Funds, reflecting a bond amount not to exceed \$2,140,000 and the use of \$425,000 in surplus funds from the Series 2015A Bonds towards project costs. He added that the new Resolution will replace the Resolution Authorizing Application to the TCEQ that was previously approved at the March 24, 2016, Board meeting.

Following review and discussion, and based on the engineer's recommendation, Director Robinson moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 1 in the amount of \$295,849.44 payable to Crostex Construction, Inc. for construction of water, sewer, and drainage facilities to serve Cambridge Falls, Section 9; (3) approve Pay Estimate No. 1 in the amount of \$236,386.80 payable to McDonald Municipal and Industrial for the Lift Station Generators; and (4) adopt the Resolution Authorizing Application to the TCEQ for Approval of Projects and Bonds and Use of Surplus Funds, reflecting a bond amount not to exceed \$2,140,000 and the use of \$425,000 in surplus funds from the Series 2015A Bonds towards project costs. Director Hughes seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott presented and reviewed the bookkeeper's report, investment report, and the bills presented for payment from the District's accounts. Following review and discussion, Director Hughes moved to approve the bookkeeper's report, investment report and payment of the bills, subject to finalization. Director Robinson seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

Ms. Williams discussed a potential refunding bond opportunity for the District. She distributed and reviewed an analysis of the potential refunding prepared by Rathmann, a copy of which is attached. Following review and discussion, the Board concurred to proceed with the refunding bond opportunity and take formal action on the matter at the District's regular February meeting.

PARKS AND RECREATIONAL FACILITIES MATTERS (CONTINUED)

Mr. Campbell updated the Board on the Park Project. He also updated the Board on a rusty fence that was installed as part of the Park Project. He reported that the fence is covered by a warranty, and he will contact the manufacturer about repairing or replacing the rusted fence. A copy of Time and Season's report is attached.

Discussion ensued regarding adding two electrical quad outlets at the new tennis courts. Mr. Campbell reviewed a proposal from MasterTek Systems ("MasterTek") to install the outlets at a cost of \$2,704.09, a copy of which is attached. Following discussion, Director Hughes moved to approve MasterTek's proposal and authorize Time and Season to oversee installation of the two electrical quad outlets at the new tennis courts. Director Robinson seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Harrington stated that in accordance with the District's Investment Policy, Mary Jarmon, as the District's bookkeeper and Investment Officer, is required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission. After review and discussion, Director Hughes moved to accept the disclosure statements, and direct that they be filed appropriately and retained in the District's official records. Director Robinson seconded the motion, which carried unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Harrington updated the Board on the District's Post-Issuance Compliance Policy. She stated that no changes are recommended to the Policy at this time. No Board action was taken.

ADDITIONAL OPERATING MATTERS

Mr. Browne requested authorization to write off 14 uncollectable accounts totaling \$2,557.70 and send them to a collection agency.

Mr. Browne requested authorization to repair a fence located at 1530 Blue Glacier and reviewed a proposal from CDC Unlimited, LLC ("CDC") to perform the repair work at a cost of \$2,990, a copy of which is attached. Discussion ensued.

Mr. Browne requested authorization to repair the storm sewer inlet at the Administration Building. Discussion ensued.

Mr. Browne informed the Board that neighborhood teenagers are kicking out the boards in the fence on Monarch Blue along an overflow easement that is located between two homes. Discussion ensued regarding providing an access way for the teenagers to walk through. The Board concurred to have Mr. Browne bring a cost estimate to the next Board meeting.

Following review and discussion, Director Hughes moved to (1) authorize MDS to write off 14 uncollectable accounts totaling \$2,557.70 and send them to a collection agency; (2) authorize CDC to repair the fence located at 1530 Blue Glacier at a cost of \$2,990; and (3) authorize MDS to repair the storm sewer inlet at the Administration Building. Director Robinson seconded the motion, which passed unanimously.

UPDATE ON STORM SEWER REPAIR

There was no discussion on this agenda item.

DISCUSS SMART METERS AND TAKE APPROPRIATE ACTION

This agenda item was tabled until the January 19, 2017, special Board meeting.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Browne presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Hughes moved to authorize termination of delinquent accounts in accordance with the District's Rate Order if there are no customer appeals and direct that the delinquent customer list be filed appropriately and

retained in the District's official records. Director Robinson seconded the motion, which passed by unanimous vote.

DISTRICT SECURITY MATTERS

Director Thomas discussed security matters in the District.

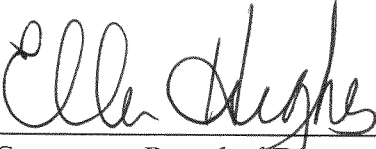
REVIEW LIST OF LOCAL GOVERNMENT OFFICERS PURSUANT TO CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Ms. Harrington reviewed the List of Local Government Officers required under Chapter 176 of the Texas Local Government Code. After review and discussion, Director Hughes moved to approve and authorize execution of the List of Local Government Officers, and direct that the List be filed appropriately and retained in the District's official records. Director Robinson seconded the motion, which passed by unanimous vote.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT OPERATIONS

The Board discussed the upcoming meet and greet with the commissioner on January 26, 2017.

There being no further business to come before them, the Board concurred to adjourn the meeting.


Secretary, Board of Directors

(SEAL)



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