

MINUTES  
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

March 23, 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 23rd day of March, 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:

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|-----------------|--------------------------|
| 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, thus constituting a quorum.

Also present at the meeting were Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Marcus Campbell of Time and Season; Tracey Scott of Myrtle Cruz, Inc.; Brian Edwards and Jacob Clark of LJA Engineering, Inc. ("LJA"); Rhonda Patterson of Assessments of the Southwest, Inc.; Calvin Browne and Ursalla Kelly of Municipal District Services, LLC ("MDS"); and Katie Sherborne 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 February 23, 2017, regular Board meeting, and consultant reports were provided in advance of the meeting. After discussion, Director Gilmore 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 February 23, 2017, 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 Robinson seconded the motion, which passed unanimously. Copies of all reports are attached.

## PARKS AND RECREATIONAL FACILITIES MATTERS

Mr. Campbell updated the Board on the Winfield Lakes Tennis Courts/ Andover Farms Park Improvements project (the "Park Project"). He reported that the handle and metal plate were installed on the gate used to enter the Winfield Lakes tennis court. He added that the wind screen for the Winfield Lakes tennis court has been ordered, and the backboard has arrived and needs to be installed.

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

Mr. Clark updated the Board on adding additional trash cans and no-littering signs around the Cambridge Falls detention ponds. Following discussion, the Board concurred to have Time and Season install the additional trash cans and no-littering signs, as discussed.

Director Thomas updated the Board on the Winfield Lakes Tennis Court application/permit forms. Discussion ensued regarding the additional revisions that need to be made to the application/permit forms.

Following review and discussion, Director Gilmore moved to (1) approve the landscape architect's report; and (2) approve the Winfield Lakes Tennis Court application/permit forms, subject to finalization and review by the attorney. Director Hughes seconded the motion, which passed unanimously.

## REPORT ON DEVELOPMENT IN THE DISTRICT AND REVIEW AND TAKE APPROPRIATE ACTION WITH REGARD TO EXPIRING DEVELOPMENT FINANCING AGREEMENT

There was no discussion on this agenda item.

## 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. Director Gilmore seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

## 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 10. He requested the Board approve the plans and specifications and authorize LJA to advertise for bids.

Mr. Edwards gave an update on water, sewer, and drainage facilities to serve Cambridge Falls, Section 11. He requested the Board approve the plans and specifications and authorize LJA to advertise for bids.

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. 2 and Final in the amount of \$42,262.16 and accept the project. He also recommended the Board approve Change Order No. 1 for a decrease of \$6,085.10 to the contract amount.

Following review and discussion, and based on the engineer's recommendation, Director Hughes moved to (1) approve the engineer's report; (2) approve the plans and specifications for water, sewer, and drainage facilities to serve Cambridge Falls, Section 10 and authorize LJA to advertise for bids; (3) approve the plans and specifications for water, sewer, and drainage facilities to serve Cambridge Falls, Section 11 and authorize LJA to advertise for bids; (4) approve Pay Estimate No. 2 and Final in the amount of \$42,262.16 payable to Crostex Construction, Inc. for construction of water, sewer, and drainage facilities to serve Cambridge Falls, Section 9 and final acceptance of the project; and (5) approve Change Order No. 1 to deduct \$6,085.10 from the contract for water, sewer, and drainage facilities to serve Cambridge Falls, Section 9 due to adjustments in the final quantities for the work completed and the replacement of existing inlet tops. Director Gilmore seconded the motion, which passed unanimously.

#### REVIEW POTENTIAL PATIO ENCROACHMENT ONTO DISTRICT DETENTION FACILITIES IN CAMBRIDGE FALLS

Ms. Sherborne presented and reviewed a letter that Cambridge Falls Homeowners Association sent to the homeowner at 2023 Lansing Cove Drive requesting removal of a large patio that was installed without approval on the side of their house extending into the detention pond area owned by the District. Following discussion, Director Hughes moved to authorize ABHR to send a letter to the homeowner requesting removal of the patio. Director Gilmore seconded the motion, which passed unanimously. The Board concurred to remove the patio, at the homeowner's expense, in the event the homeowner fails to comply and remove the patio within the time specified.

#### ADDITIONAL OPERATING MATTERS

Mr. Browne requested authorization to write off 13 uncollectable accounts totaling \$1,657.40 and send them to a collection agency.

Following review and discussion, Director Gates moved to authorize MDS to

write off 13 uncollectable accounts totaling \$1,657.40 and send them to a collection agency. Director Robinson seconded the motion, which passed unanimously.

DISCUSS SMART METERS AND TAKE APPROPRIATE ACTION

There was no discussion on this agenda item.

AUTHORIZE OPERATOR TO PREPARE WATER LOSS AUDIT

Ms. Sherborne stated that the District is required to prepare a Water Loss Audit every year. Following review and discussion, Director Gates moved to authorize the operator to prepare a water loss audit. Director Robinson seconded the motion, which was approved by unanimous vote.

APPROVE ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND AUTHORIZE SUBMITTAL TO THE TEXAS WATER DEVELOPMENT BOARD

Mr. Browne reviewed the annual report for the Water Conservation Plan. Following review and discussion, Director Gates moved to approve the annual report for the Water Conservation Plan, direct that the report be filed appropriately and retained in the District's official records, and authorize MDS to submit the report to the Texas Water Development Board. Director Robinson seconded the motion, which passed unanimously.

CONDUCT ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Ms. Sherborne reviewed the District's Drought Contingency Plan with the Board. She stated that there are no revisions recommended to the current Plan at this time. No Board action was necessary.

RESOLUTION APPROVING TREASURY MANAGEMENT SERVICES AND AUTHORIZING OPERATOR

This agenda item was tabled until a future 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 Gates moved to authorize termination of delinquent

accounts in accordance with the District's Rate Order 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.

POTENTIAL FEASIBILITY STUDY REGARDING CONSOLIDATION OPPORTUNITIES WITH MISSOURI CITY

Ms. Sherborne discussed a letter that was received from Missouri City regarding a proposed feasibility study regarding utility consolidation opportunities. No Board action was taken.

DISTRICT SECURITY MATTERS

Director Thomas discussed security matters in the District.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT OPERATIONS

There was no discussion on this agenda item.

UNLIMITED TAX REFUNDING BONDS, SERIES 2017

Ms. Williams updated the Board on the status of the Series 2017 Unlimited Tax Refunding Bonds.

UNLIMITED TAX REFUNDING BONDS, SERIES 2017A

Ms. Williams distributed and reviewed an updated analysis of the refunding prepared by Rathmann, a copy of which is attached.

ACKNOWLEDGE DISCLOSURE LETTERS PROVIDED UNDER THE MUNICIPAL SECURITIES RULEMAKING BOARD RULES

Ms. Williams stated that pursuant to the Municipal Securities Rulemaking Board requirements, Rathmann, as financial advisor to the District, has provided a written disclosure to the Board of Directors related to the District's Unlimited Tax Refunding Bonds, Series 2017A ("Series 2017A Refunding Bonds"). The Board of Directors directed that the written disclosure be filed appropriately and retained in the District's official records.

AUTHORIZE TAX ASSESSOR/COLLECTOR TO REQUEST CERTIFICATE OF ASSESSED VALUE AS OF JANUARY 1 FROM THE APPRAISAL DISTRICT

Ms. Williams stated an updated Certificate of Assessed Value is not needed for the Series 2017A Refunding Bonds.

ENGAGE MOODY'S INVESTORS SERVICE TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2017A UNLIMITED TAX REFUNDING BONDS

Ms. Williams discussed engaging a rating agency to perform a credit rating analysis for the Series 2017A Refunding Bonds. Following discussion, the Board concurred to engage Moody's Investors Service to perform a credit rating analysis for the Series 2017A Refunding Bonds.

APPROVE PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2017A

Ms. Williams reviewed the Preliminary Official Statement for the Series 2017A Refunding Bonds. After review and discussion, Director Hughes moved to approve the Preliminary Official Statement, subject to final attorney review. Director Gilmore seconded the motion, which passed by unanimous vote.

DESIGNATE UNDERWRITER

The Board considered selecting an underwriter to purchase the Series 2017A Refunding Bonds. Following review and discussion, Director Hughes moved to designate SAMCO Capital Markets, Inc. ("SAMCO") and RBC Capital Markets ("RBC") as co-underwriters of the Series 2017A Refunding Bonds, with SAMCO as the senior underwriter and RBC as the junior underwriter. Director Gilmore seconded the motion, which passed by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a Paying Agent/Registrar and Escrow Agent for the Series 2017A Refunding Bonds. Following review and discussion, Director Hughes moved to appoint The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar and Escrow Agent for the Series 2017A Refunding Bonds. Director Gilmore seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2017A, AND AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE SALE OF THE BONDS

Ms. Sherborne presented a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2017A, and discussed the parameters for the refunding bond sale to be designated by an authorized representative of the District. After review and discussion, Director Hughes moved to adopt the Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2017A, and authorized Director Gates to

act as the District's authorized representative and Director Hughes as an alternate if Director Gates is not available. The authorized representative will select the specific maturities or series of the District's outstanding bonds to be refunded and perform any actions needed to effect the sale of the Series 2017A Refunding Bonds and execute the Bond Purchase Agreement and any other necessary documents, so long as the net present value savings of the refunding, compared to the principal amount of the bonds being refunded, is at least 3.75% and the principal amount does not exceed \$10,000,000. Director Gilmore seconded the motion, which passed by unanimous vote.

AUTHORIZE THE DISTRICT'S ATTORNEY AND THE FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2017A

Ms. Sherborne discussed the necessary action to be taken by the District's attorney and financial advisor in connection with the issuance of the Series 2017A Refunding Bonds. After review and discussion, Director Hughes moved to authorize the District's attorney and financial advisor to take all necessary action in connection with the issuance of the District's Series 2017A Refunding Bonds and direct that any documents be filed appropriately and retained in the District's official records, including approval of the following documents: (1) notification regarding underwriters; (2) an amendment to the District's contract with Rathmann to include a 1.25% cap on fiscal agent fees for refunding bond sales; (3) independent municipal advisor letters from the underwriters; and (4) Rule G-17 letters from the underwriters. Director Gilmore seconded the motion, which passed by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Sherborne presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Hughes moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Gilmore seconded the motion, which passed by unanimous vote.

APPROVE CHECK TO ATTORNEY GENERAL RELATING TO BOND ISSUE TRANSCRIPT REVIEW

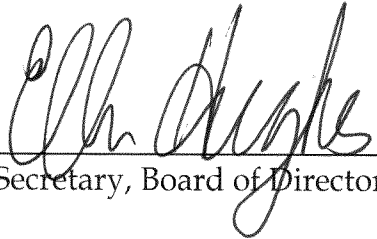
The Board considered approving the check to the Attorney General relating to bond issue transcript review. After review and discussion, Director Hughes moved to approve the check to the Attorney General relating to bond

issue transcript review. Director Gilmore seconded the motion, which passed by unanimous vote.

2017 WATER CONSERVATION PROGRAM

The Board discussed preparations for the upcoming 2017 Water Conservation Program, which is scheduled for April 1, 2017.

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

  
Secretary, Board of Directors

(SEAL)





LIST OF ATTACHMENTS TO MINUTES

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