

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

May 31, 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 31st day of May, 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, thus constituting a quorum.

Also present at the meeting were Nino Corbett of Compass Land Development, LLC; Julie Williams of Rathmann & Associates, L.P.; Marcus Campbell of Time and Season; Tracey Scott of Myrtle Cruz, Inc.; Brian Edwards and Charlie Patout of LJA Engineering, Inc. ("LJA"); Donna Bryant of Assessments of the Southwest, Inc.; Calvin Browne and Ursalla Kelly of Municipal District Services, LLC ("MDS"); Monique Hayes of Eco Waste & Recycling ("Eco"); Mike Martinez, a resident of the District; and Adisa Harrington and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

The minutes of the April 27, 2017, regular Board meeting and April 12, 2017, and May 10, 2017, special Board meetings, and consultant reports were provided in advance of the meeting. After discussion, Director Gilmore moved to acknowledge, after annual review, that there are no recommended revisions to the District's Procedures for Continuing Disclosure Compliance at this time, to approve all remaining 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 April 27, 2017, regular Board meeting and April 12, 2017, and May 10, 2017, special Board meetings; (2) the tax assessor/collector's report and delinquent tax report; (3) the operator's report; (4) the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions pursuant to SEC Rule 15c2-12, subject to final review; and (5) the Administrative Manager's report. Director Hughes seconded the motion, which passed unanimously. Copies of all reports are attached.

GARBAGE AND RECYCLING MATTERS, INCLUDING APPROVE AMENDMENT TO CONTRACT WITH ECO WASTE & RECYCLING

Ms. Harrington presented and reviewed an Amendment to the District's garbage and recycling contract with Eco Waste & Recycling ("Eco"), which is scheduled to auto-renew August 31, 2017, for an additional one-year term.

Following discussion, Director Gilmore moved to approve the Amendment to the contract with Eco for garbage and recycling services for an additional three-year term commencing September 1, 2017, with successive one-year renewals. Director Hughes seconded the motion, which was approved by unanimous vote.

PARKS AND RECREATIONAL FACILITIES MATTERS

Mr. Campbell updated the Board on maintenance items in the District. He reported the trash cans for Cambridge Falls were received but were the wrong color. He added that he sent the trash cans back and is waiting for the correct trash cans to be received.

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

Mr. Patout updated the Board on the Winfield Lakes Tennis Courts/Andover Farms Park Improvements project (the "Park Project"). He reported inspection was completed by the Texas Department of Licensing and Regulation ("TDLR"), and the TDLR noted features that were not in compliance with the Americans with Disabilities Act ("ADA"). Discussion ensued. Following discussion, the Board concurred to have Mr. Patout coordinate with Mr. Campbell to obtain bids for the ADA issues that need to be addressed.

Mr. Patout updated the Board on the Texas Wildlife Grant Application and reported the District's trail project was not approved for grant funding. Discussion ensued.

Following review and discussion, Director Gilmore moved to approve the landscape architect's report. Director Hughes seconded the motion, which passed unanimously.

RE-APPROVE UPDATED RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR RELEASE OF FUNDS FROM ESCROW

Ms. Harrington presented to the Board an updated Resolution Authorizing Application to the Texas Commission on Environmental Quality (TCEQ) Requesting Release of Funds from Escrow for re-approval. Following review and discussion, Director Gilmore moved to re-approve the updated Resolution Authorizing Application

to the TCEQ Requesting Release of Funds from Escrow. Director Hughes seconded the motion, which passed unanimously.

PUBLIC COMMENTS

Mr. Martinez introduced himself and stated he lives in the Teal Run subdivision.

REPORT ON DEVELOPMENT IN THE DISTRICT

Mr. Corbett reported on development in the District.

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 Gilmore moved to approve the bookkeeper's report, investment report and payment of the bills. Director Hughes seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed fees of office and expenses in connection with the Association of Water Board Directors ("AWBD") summer conference. After discussion and consideration of the District's Travel Reimbursement Guidelines, Director Hughes moved to authorize directors attending the conference to receive up to four per diems, three hotel nights, and reimbursement of up to \$50.00 per day for meals. Director Gilmore seconded the motion, which passed by unanimous vote.

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 reviewed the tabulation of bids and reported that 12 bids were received. He recommended award of the contract for the project to the low bidder, Crostex Construction, Inc., in the amount of \$530,228.04.

Mr. Edwards gave an update on water, sewer, and drainage facilities to serve Cambridge Falls, Section 11. He reviewed the tabulation of bids and reported that 10 bids were received. He recommended award of the contract for the project to the low bidder, Crostex Construction, Inc., in the amount of \$287,815.98.

Mr. Edwards gave an update on the Lift Station Generators. He recommended the Board approve Change Order No. 1 in the amount of \$4,375 for additional work at Lift Station No. 1.

Mr. Edwards gave an update on replacement of the bar screen on wastewater treatment plant no. 1. He requested the Board authorize design of the bar screen.

Mr. Edwards gave an update on the South Post Oak Boulevard extension and Fort Bend County's ("FBC") request to access the District property adjacent to the proposed roadway to perform an environmental survey and field survey. He reported that FBC has provided a form that ABHR can use to grant FBC's request, and ABHR will be preparing the agreement.

Mr. Edwards gave an update on Bond Application No. 14. He reported the pre-purchase inspection for the pending bond sale is scheduled for June 8, 2017.

Mr. Edwards gave an update on the potential annexation of 134 acres of land into Fort Bend County Municipal Utility District No. 24 ("FB24"). He reported FB24 will be preparing a feasibility study as soon as the annexation deposit is received from the developer. He added that the deposit has not yet been received.

Mr. Edwards also reported on a request he received from an independent broker who has a client that is interested in purchasing the District's property at the corner of South Post Oak and Sycamore. Following discussion, the Board concurred to take no further action at this time.

Following review and discussion, and based on the engineer's recommendation, Director Gilmore moved to (1) approve the engineer's report; (2) award the contract for water, sewer, and drainage facilities to serve Cambridge Falls, Section 10, to Crostex Construction, Inc., the contractor whose bid, in the opinion of the Board, will result in the best and most economical completion of the project, in the amount of \$530,228.04; (3) award the contract for water, sewer, and drainage facilities to serve Cambridge Falls, Section 11, to Crostex Construction, Inc., the contractor whose bid, in the opinion of the Board, will result in the best and most economical completion of the project, in the amount of \$287,815.98; (4) approve Change Order No. 1 in the amount of \$4,375 for additional work at Lift Station No. 1, subject to receipt of a Form 1295; and (5) authorize design of the bar screen for the wastewater treatment plant. Director Gates seconded the motion, which passed unanimously.

ANNUAL REVIEW OF CDC MAINTENANCE AGREEMENT ("CDC")

Mr. Browne reported that no changes are needed to the CDC Maintenance Agreement or the current maintenance schedule at this time.

CRITICAL LOAD SPREADSHEET

Mr. Browne reviewed the Critical Load Spreadsheet (the "Spreadsheet") for District facilities with the Board. Ms. Harrington stated that the District's operator, engineer, and bookkeeper have reviewed the Spreadsheet and made the necessary revisions. Ms. Harrington added that the Spreadsheet for District's facilities will be filed with the appropriate governmental agencies as required by the Water Code. Following review and discussion, Director Hughes moved to authorize annual filing of the Spreadsheet and direct that it be filed appropriately and retained in the District's official records. Director Robinson seconded the motion, which passed unanimously.

ADDITIONAL OPERATING MATTERS

Mr. Browne requested authorization to write off 13 uncollectable accounts totaling \$2,575.51 and send them to a collection agency.

Following review and discussion, Director Hughes moved to authorize MDS to write off 13 uncollectable accounts totaling \$2,575.51 and send them to a collection agency. Director Robinson seconded the motion, which passed unanimously.

UPDATE ON PATIO ENCROACHMENT ONTO DISTRICT DETENTION FACILITIES IN CAMBRIDGE FALLS

Mr. Browne updated the Board on the patio at 2023 Lansing Cove Drive that extended into the detention pond area owned by the District and was installed without the District's approval. Mr. Browne reported the patio has been removed.

DISCUSS SMART METERS AND TAKE APPROPRIATE ACTION

The Board discussed installation of the smart meters in the District and concurred to add approximately 750 smart meters into the District annually which could take up to six years to complete. The Board also concurred to take action on the agreement for smart meters at the next Board meeting.

RE-APPROVE CONSUMER CONFIDENCE REPORT AND AUTHORIZE OPERATOR TO MAIL CONSUMER CONFIDENCE REPORT AND FILE CERTIFICATE OF MAILING WITH THE TCEQ

Mr. Browne reported that the District's drinking water is regulated by the TCEQ to ensure the water meets all of the requirements as stated in the Federal Drinking Water Standards, which also requires the District to publish an annual Consumer Confidence Report to residents in the District. He requested the Board authorize MDS to prepare and distribute the Consumer Confidence Report to residents, which was approved at last month's regular meeting, but was not specifically listed on the agenda.

Following review and discussion, Director Hughes moved to re-approve the Consumer Confidence Report and authorize the operator to mail the Consumer Confidence Report and file the certificate of mailing with the TCEQ. Director Robinson seconded the motion, which passed unanimously.

RESOLUTION APPROVING TREASURY MANAGEMENT SERVICES AND AUTHORIZING OPERATOR

Mr. Browne reported MDS is entering into a Treasury Management Services Agreement with BBVA/Compass and requested and recommended the Board adopt a Resolution Approving Treasury Management Services and Authorizing Operator (the "Resolution"). After review and discussion, Director Hughes moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District official records. Director Robinson seconded the motion, which passed unanimously.

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 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

There was no discussion on this agenda item.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT OPERATIONS

There was no discussion on this agenda item.

MEETING DATE FOR JUNE

Due to the AWBD summer conference, the Board concurred to reschedule the June Board meeting to June 29, 2017, at 6:00 p.m. at the District's regular meeting place.

The Board requested that the smart meter representative attend the meeting to discuss smart meter transition matters.

SERIES 2017B UNLIMITED TAX BONDS

Ms. Williams distributed and reviewed a report from Moody's Investors Service, a copy of which will be filed appropriately and retained in the District's official records. She stated that Moody's Investors Service assigned an A3 rating to the District's \$2,140,000 Unlimited Tax Bonds, Series 2017B (the "Series 2017B Bonds").

Ms. Williams stated that the Board received six bids for the Series 2017B Bonds. Ms. Williams reviewed a letter from Rathmann & Associates, L.P., including the bid results, a copy of which is attached. Ms. Williams reviewed the bids. She stated that good faith checks were submitted by all of the bidders as requested, and that the bids have been verified for accuracy.

The Board next considered awarding the sale of the Series 2017B Bonds. Ms. Williams recommended that the Board accept the bid with the lowest net effective interest rate of 3.583057% submitted by Raymond James & Associates, Inc. ("Raymond James"). After review and discussion, Director Hughes moved to award the sale of the Series 2017B Bonds to Raymond James, whose bid resulted in the lowest net effective interest rate. Director Gates seconded the motion, which passed by unanimous vote. A copy of the accepted bid from Raymond James is attached.

The Board next considered a Resolution Authorizing the Issuance of the District's Unlimited Tax Bonds, Series 2017B ("Resolution"). Ms. Harrington reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Bonds. Following review and discussion, Director Hughes moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records. Director Gates seconded the motion, which was approved by unanimous vote.

Ms. Harrington reviewed the Paying Agent/Registrar Agreement with the Bank of New York Mellon Trust Company, N.A. Following review and discussion, Director Hughes moved to approve the Paying Agent/Registrar Agreement between the District and The Bank of New York Mellon Trust Company, N.A., and direct that the Agreement be filed appropriately and retained in the District's official records. Director Gates seconded the motion, which was approved by unanimous vote.

Ms. Williams stated that the Preliminary Official Statement will be updated to include information regarding the bond sale. Following review and discussion, Director Hughes moved to approve the Official Statement for the Series 2017B Bonds. Director Gates seconded the motion, which was approved by unanimous vote.

Ms. Harrington presented a Certificate Regarding Provision of Financial Advice related to the Series 2017B Bonds certifying that ABHR has not provided financial

advice to the Board concerning the issuance of the Bonds. After review and discussion, Director Hughes moved to approve the Certificate Regarding Provision of Financial Advice and direct that the Certificate be filed appropriately and retained in the District's official records. Director Gates seconded the motion, which passed by unanimous vote.

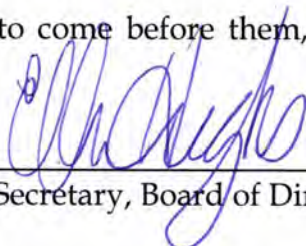
Ms. Harrington stated that it will be necessary for the President and Secretary of the Board to sign certain documents relating to the sale of the Series 2017B Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas. She added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. After review and discussion, Director Hughes moved to authorize the President and Secretary of the Board to sign the documents relating to the bond sale and authorize the District's attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser. Director Gates seconded the motion, which was approved by unanimous vote.

The Board discussed approving a check to the Attorney General of Texas for the Series 2017B Bonds transcript review. Following discussion, Director Hughes moved to approve a check to the Attorney General of Texas for review of the transcript for the Series 2017B Bonds. Director Gates seconded the motion, which passed by unanimous vote.

Ms. Harrington stated that the Texas Water Code requires the District to file an Amendment to the Information Form with Fort Bend County and the TCEQ in order to reflect the bonds issued by the District. She then reviewed the Amendment to the Information Form with the Board. After review and discussion, Director Hughes moved to authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Gates seconded the motion, which passed by unanimous vote.

Mr. Edwards discussed the TCEQ inspection of the District's facilities under the engineer's report.

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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