

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS

JANUARY 22, 2019

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 131 §

The Board of Directors (the “Board”) of Fort Bend County Municipal Utility District No. 131 (the “District”) noticed a regular meeting, open to the public, to be held on Tuesday, January 22, 2019, at 12:00 p.m., at 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056, a designated meeting place outside the boundaries of the District. Whereupon the meeting was called to order at 12:10 p.m., and the roll was called of the members of the Board, to-wit:

Jennifer Jacobs	-	President
Leslie N. Smith-Boards	-	Vice President
Gregory Eknoyan	-	Secretary/Treasurer
Risha Miller	-	Assistant Secretary/Treasurer
Curtis R. Campbell	-	Assistant Secretary/Treasurer

All members of the Board were present, thus constituting a quorum. Copies of the meeting notices are attached hereto.

Also present at the meeting were Tina Kelsey of Myrtle Cruz, Inc. (“MCI”), Bookkeepers for the District; Michael Rusk of LJA Engineering (“LJA”), Engineers for the District; Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC (“McCall”), Auditors for the District; Anna Duarte of Tax Tech, Inc. (“TTI”), Tax Assessors for the District; Kyle Melgren of SiEnvironmental (“SiE”), Operators for the District; Adam Cohen of R.W. Baird & Co. (“Baird”), Financial Advisors for the District; Marcus Soper, II of Forestar (USA), a Developer of property within the District; Julianne B. Kugle and Deidra Daniels (paralegal) of Sanford Kuhl Hagan Kugle Parker Kahn LLP (“SK Law”), Attorneys for the District; Shannon Waugh of Off Cinco; and members of the Public listed on the attached Attendance Sheet.

**BOND SALE**

**Receipt of Bids and Award of Sale of Bonds**

Consideration was given to the receipt of bids for the District’s \$5,930,000 Unlimited Tax Bonds, Series 2019 (herein, the “Bonds”). The Board recognized Mr. Cohen, who informed the Board that five (5) bids were received. Mr. Cohen submitted to and reviewed with the Board a bid comparison, a copy of which is attached hereto, and further reviewed the bids that had been received for the sale of the Bonds.

The bids were as follows:

<u>Bidder</u>	<u>Net Effective Interest Rate</u>
SAMCO Capital Markets	3.758541%
RBC Capital Markets	3.812377%
Citigroup Global Markets, Inc.	3.846293%
HilltopSecurities	3.847762%
George K. Baum & Co.	3.889792%

Mr. Cohen recommended that the Board accept the bid submitted by SAMCO Capital Markets, as it was the low bidder with a net effective interest rate of 3.758541%. Mr. Cohen also noted that SAMCO was purchasing insurance for the bonds through Assured Guaranty Municipal.

Upon motion by Director Miller, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to accept the bid on the Bonds submitted by SAMCO Capital Markets, as it was the low bidder with a net effective interest rate of 3.758541%.

**Approval and Authorization of Documents in Connection with the Issuance of the Bonds**

The Board recognized Ms. Davis, who presented to the Board the following documents in connection with the sale of the Bonds:

- a. Order Authorizing Issuance of the Bonds;
- b. Order Approving Official Statement;

- c. General Certificate;
- d. Signature Identification and No-Litigation Certificate;
- e. Tax Exemption Certificate;
- f. Closing Certificate of President;
- g. Bond Registrar, Paying Agency, and Transfer Agency Agreement;
- h. Letters addressed to Attorney General of Texas and Sanford Kuhl Hagan Kugle Parker Kahn LLP regarding dating of the Signature Identification and No-Litigation Certificate and the General Certificate and Letter to the Comptroller regarding delivery of the Initial Bonds;
- i. Rule 15c2-12 Certificate;
- j. IRS Form 8038-G; and
- k. Other documents and certificates necessary to obtain approval of the Bonds by the Attorney General of Texas.

Ms. Davis next provided an explanation of each of the bond sale documents:

(a) Order Authorizing Issuance of the Bonds is the contract between the District and the bondholders and provides, among other things: (1) the legal authority for the District to issue the Bonds; (2) the interest rates on the Bonds; (3) the District's obligation to levy ad valorem taxes to pay the principal and interest due on the Bonds; (4) the designation of the Paying Agent/Registrar for the Bonds; and (5) the covenant by the Board to maintain the tax-exempt status of the Bonds. Ms. Davis further stated that additional revisions may be made to the Bond Order as directed by the Attorney General's office.

(b) Order Approving the Official Statement, explaining that relevant information from the sale of the Bonds will be included in the Official Statement prior to its printing. She further stated that the Official Statement will be provided by the Underwriter to prospective purchasers of the Bonds;

(c) General Certificate, explaining that this Certificate provides a brief history of the District, including the directors and terms of office, information on previous bond sales, current tax rate, and the District's current assessed valuation;

(d) Signature Identification and No-Litigation Certificate, explaining that said Certificate represents that there is no litigation pending against the District affecting the Bonds and that the signatures of the President and Secretary are genuine;

(e) Tax Exemption Certificate, explaining that this Certificate will be drafted and dated the day of closing on the sale of the Bonds. Ms. Davis further stated that the Certificate states that, in addition to other facts, the District has met certain conditions pursuant to the Internal Revenue Code of 1986 which allows the Bonds to be qualified as tax-exempt obligations;

(f) Closing Certificate of President, explaining that Director Jacobs will execute this Certificate which states that (i) the District has complied with the terms and conditions of the Order Authorizing Issuance of the Bonds; (ii) there is no pending or threatened litigation which would affect the District and/or the issuance, sale, and delivery of the Bonds; (iii) the Order Authorizing the Issuance of the Bonds has not been amended without SAMCO's approval; and (iv) there have been no adverse changes in the District's financial condition since July 31, 2018, the most current audited period;

(g) Agreement with Regions Bank, an Alabama banking corporation, as Paying Agent/Registrar for the Bonds, explaining that this Agreement provides that all tax exempt municipal bonds are required to be fully registered with registry books maintained by a registrar on behalf of the District. The books reflect the names, addresses, and principal amounts of bonds registered in the name of the owner. Ms. Davis further explained that the Agreement sets forth the duties, responsibilities, and fees involved for maintaining this information and transferring to owners;

(h) the letter to the Attorney General for the State of Texas, explaining that the letter authorizes the dating of the General Certificate and the Signature Identification and No-Litigation Certificate as of the date of the Approving Opinion for the Bonds, the letter to the

Comptroller of Public Accounts which authorizes the Comptroller of Public Accounts to deliver the bonds to SK Law once they are approved by the Attorney General and registered, and the letter to SK Law which authorizes the dating of the General Certificate, the Signature Identification and No-Litigation Certificate, and the Certificate as to Tax Exemption and provides that the District will immediately notify Sanford Kuhl Hagan Kugle Parker Kahn, LLP if any of the facts contained in those documents change prior to the date of closing and delivery of the bonds;

(i) Rule 15c2-12 Certificate in connection with the issuance of the Bonds, explaining that the purpose of this Certificate is to enable the Underwriter for the Bonds to comply with the Securities Exchange Act of 1934 in connection with the offering and sale of the Bonds;

(j) IRS Form 8038-G, explaining that this form provides information about the Bonds to the IRS for record keeping purposes; and

(k) other documents and certificates necessary to obtain approval of the Bonds by the Attorney General of Texas, explaining that once the Attorney General's office has received and reviewed the completed Transcript of Proceedings for the Bonds, it is likely it will request additional information and/or documents. Ms. Davis requested the Board's authority to prepare and have executed any requested documents or amendments to the existing documents.

Upon motion by Director Smith-Boards, seconded by Director Miller, and after full discussion, the Board voted unanimously to adopt and authorize execution of all of the foregoing documents.

Ms. Davis noted that the proposed date for closing on the Bonds is February 21, 2019.

### **Developer Reimbursement Audit**

The Board recognized Mr. Jenkins, who reviewed with the Board the developer reimbursement audit prepared by McCall in connection with reimbursement to the Developers from the proceeds of District's Series 2019 Bonds.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to (1) approve the developer reimbursement audit subject to final review by the District's Directors and Consultants; and (2) authorize reimbursement to the Developers in the amount provided in such audit from the proceeds of the Bonds.

### **HEAR FROM PUBLIC**

The Board recognized Ms. Randall, who introduced herself as a new resident of the District and advised that she was attending the meeting to learn more about the District.

The Board thanked Ms. Randall for her attendance.

### **MINUTES FOR THE MEETINGS OF SEPTEMBER 18, 2018**

The proposed minutes of the meetings of the Board held November 27 and December 10, 2018, previously distributed to the Board, were presented for consideration and approval.

Upon motion by Director Eknoyan, seconded by Director Jacobs, and after full discussion, the Board voted unanimously to approve the minutes for the meetings held on November 27 and December 10, 2018, as presented.

### **WEBSITE REPORT**

The Board recognized Ms. Waugh, who presented to and reviewed with the Board the District's new website, and noted that, subject to final revisions, the website will go live on January 23, 2019.

It was the consensus of the Board that information regarding the District's updated website be included on the next residential water bill. The Board also discussed establishing guidelines for use of the Emergency Alert System, noting that action will be taken at a future meeting.

**BOOKKEEPER'S REPORT**

The Board recognized Ms. Kelsey, who submitted to and reviewed with the Board the Bookkeeper's Report, and certain invoices for payment by the District. Ms. Kelsey also reviewed with the Board the wire transfer authorizations presented in connection with the District's Series 2019 Bonds

Upon motion by Director Jacobs, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to (1) approve the Bookkeeper's Report; (2) authorize payment of the checks presented; and (3) authorize execution of the wire transfers presented in connection with the District's Series 2019 Bonds.

**TAX ASSESSOR COLLECTOR'S REPORT**

The Board recognized Ms. Duarte, who reviewed with the Board the Tax Assessor/Collector's Report, including checks submitted for signature, a copy of which is attached hereto.

Upon motion by Director Smith-Boards, seconded by Director Miller, and after full discussion, the Board voted unanimously to (1) approve the Tax Assessor/Collector's Report; and (2) authorize payment of the tax checks listed therein.

**DELINQUENT TAX REPORT**

No report was offered.

**ENGINEER'S REPORT**

The Board recognized Mr. Rusk, who reviewed with the Board the Engineer's Report and requested that the Board (1) authorize the District's Engineer to proceed with the design of District facilities to serve Southern Colony, Section 5; (2) award contract to Dimas Bros. Construction, in the amount of \$1,608,150, for construction of water, sewer, and drainage facilities to serve Southern Colony, Section 4C; and (3) approve Pay Estimate No. 5, in the amount of \$112,826.16, payable to N&S Construction, for the Wastewater Treatment Plant Expansion Phase II project.

Upon motion by Director Campbell, seconded by Director Eknayan, and after full discussion, the Board voted unanimously to: (1) authorize the District's Engineer to proceed with the design of District facilities to serve Southern Colony, Section 5; (2) award contract to Dimas Bros. Construction, in the

amount of \$1,608,150, for construction of water, sewer, and drainage facilities to serve Southern Colony Section 4C; and (3) approve Pay Estimate No. 5, in the amount of \$112,826.16, payable to N&S Construction, for the Wastewater Treatment Plant Expansion Phase II project; and (4) approve the Engineer's Report.

### **OPERATOR'S REPORT**

The Board recognized Mr. Melgren, who presented the Operator's Report, and reviewed the expenses and explained various charges.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to approve the Operator's Report.

The Board took no action in connection with termination of delinquent accounts.

Mr. Melgren next discussed with the Board a proposed schedule for the power flushing of the District's water system, noting that the project would be completed over a two-day period. The Board also discussed how to disseminate information to the residents.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to (1) schedule the power flush of the District's water system for March 6 and March 7, 2018; (2) authorize the Operator and the Engineer to prepare an informational flyer to be included in the January and February residential water bills, subject to final approval by Director Miller; and (3) authorize posting the information on the District's website.

### **DEVELOPER'S REPORT**

The Board recognized Mr. Soper who provided an update of development in Southern Colony Sections 4B and 4C.

The Board noted that no action was necessary in connection with the Developer's Report.

Ms. Davis noted that she had reached out to the Developer of the commercial tract located at the entrance of the District and invited the Developer to the meeting, but did not receive a response.



## **ATTORNEY'S REPORT**

### **Out-of-District Service Agreement**

No action was taken.

### **Renewal of Insurance**

The Board recognized Ms. Davis, who stated the District's insurance policy will expire on March 14, 2019, and presented a renewal policy from the District's current insurance provider, SIG/McDonald & Wessendorff Insurance. Ms. Davis noted that SIG/McDonald & Wessendorff Insurance had provided evidence of the Form 1295 filing with the Texas Ethics Commission.

Director Jacobs inquired about the optional Business Travel Insurance.

Upon motion by Director Miller, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to renew the District's insurance policy with SIG/McDonald & Wessendorff Insurance, including the optional Business Travel Insurance.

### **Resolution Regarding Tax Exemptions for 2019**

Consideration was then given to a proposed Resolution Concerning Tax Exemptions for 2019.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously not to grant any tax exemptions for 2019, and to approve the Resolution evidencing such decision. A copy of said Resolution is on file in the official records of the District.

### **Resolution Implementing 20% Penalty on 2018 Delinquent Taxes**

Consideration was then given to a proposed Resolution Implementing 20% Penalty on 2018 Delinquent Taxes.

Upon motion by Director Campbell, seconded by Director Eknoyan, and after full discussion, the Board voted unanimously to authorize a 20% penalty on 2018 real property taxes which are delinquent on July 1, 2019, and thereafter, and a 20% penalty on 2018 personal property taxes which are delinquent on April 1, 2019, and thereafter, and to approve the Resolution evidencing the same. A copy of said Resolution is on file in the official records of the District.

**Commercial Development**

No action was taken.

**Public Safety**

Director Jacobs noted that she was obtaining information from private security companies who are members of the Texas SmartBuy program.

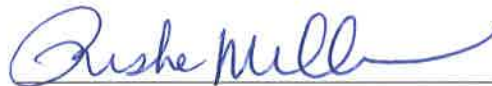
**Texas SmartBuy Program**

Director Jacobs advised that Texas SmartBuy would provide an instructional webinar for the Directors, Engineer, and Operator.

It was the consensus of the Board to schedule the webinar on February 19, 2019.

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

PASSED, APPROVED, AND ADOPTED, this 19th day of February, 2019.



Secretary, Board of Directors

