

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS

SEPTEMBER 24, 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, September 24, 2019, at 6:00 p.m., at 406 Southern Colony Avenue, Rosharon, Texas 77583, a designated meeting place inside the boundaries of the District. Whereupon at 6:25 p.m., the meeting was called to order, and the roll was called of the members of the Board, to-wit:

Jennifer Jacobs	-	President
Leslie N. Smith-Boards	-	Vice President
Risha Miller	-	Secretary/Treasurer
Timothy Dotson	-	Assistant Secretary/Treasurer
Joann Randall	-	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 and Jacob Clark of LJA Engineering (“LJA”), Engineers for the District; Anna Duarte of Tax Tech, Incorporated (“TTI”), Tax Assessors for the District; Juan Alexander of SiEnvironmental, LLC (“SiE”), Operators for the District; Adam Cohen of R.W. Baird & Co. (“Baird”), Financial Advisors for the District; Marcus Soper of Forestar, a developer of property within the District; Laura C. Davis and Deidra Daniels (paralegal) of Sanford Kuhl Hagan Davis Parker Kahn LLP (“SK Law”), Attorneys for the District; and Members of the Public listed on the attached Attendance Sheet.

**PUBLIC HEARING ON PROPOSED 2019 TAX RATE**

At 6:25 p.m., the Board opened the meeting to a public hearing on the proposed 2019 tax rate for the District. The Board recognized Ms. Davis, who reminded the Board that at the

District's meeting on August 23, 2019, the Board discussed the District's tax rate for 2019. At such meeting the Board established its intent to set and levy a 2019 tax rate of \$1.05 per \$100 of assessed valuation, which tax shall be allocated \$0.43 per \$100 assessed valuation for debt service purposes and \$0.62 per \$100 assessed valuation for maintenance and operation purposes. The Board then discussed the proposed 2019 tax rate and noting that there were no members of the public present who wished to comment on the 2019 tax rate, closed the public hearing at 6:26 p.m., and resumed the regular meeting.

#### **ORDER SETTING 2019 TAX RATE**

Consideration was then given to the adoption of an Order Setting Tax Rate and Levying Tax for 2019.

Upon motion by Director Dotson, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to set and levy a 2019 tax rate of \$1.05 per \$100 of assessed valuation, which tax shall be allocated \$0.43 per \$100 assessed valuation for debt service purposes and \$0.62 per \$100 assessed valuation for maintenance and operation purposes, and to adopt the Order Setting Tax Rate evidencing the same.

#### **AMENDMENT TO NOTICE TO SELLERS AND PURCHASERS**

Consideration was then given to a proposed Amendment to Notice to Sellers and Purchasers. Ms. Davis informed the Board that the Notice to Sellers and Purchasers must be revised to reflect the 2019 tax rate levied by the District and the Notice will be filed in the Fort Bend County Real Property records and with the Texas Commission on Environmental Quality (the "Commission").

Upon a motion made by Director Smith-Boards, seconded by Director Dotson, the Board by unanimous vote approved the Amendment to Notice to Sellers and Purchasers of Real Estate Located Within the District and authorized Ms. Davis to file said Notice in the Fort Bend County Real Property Records and with Commission.

**HEAR FROM PUBLIC**

The Board recognized Ms. Horton, who addressed the Board regarding a water leak at her property.

The Board recognized Mr. Higgins, who inquired about nets for the basketball court.

**MINUTES FOR THE MEETING OF AUGUST 23, 2019**

The proposed minutes of the meeting of the Board held August 23, 2019, previously distributed to the Board, were presented for consideration and approval.

Upon motion by Director Dotson, seconded by Director Jacobs, and after full discussion, the Board voted unanimously to approve the minutes for the meeting held on August 23, 2019, as presented.

**TPWD GRANT**

The Board recognized Ms. Davis, who reviewed with the Board that the Grant Agreement between the District and Texas Parks and Wildlife Department, noting that Director Jacobs has executed Agreement on behalf of the District between meetings, and requested that the Board ratify approval of Director Jacobs' execution. Ms. Davis also reviewed with the Board (1) a Permanent Park Easement from Sienna Plantation Levee Improvement District; (2) two Permanent Park Easements from Southern Colony HOA; and (3) a Resolution Prohibiting Surface Drilling at the Parks.

Upon motion by Director Smith-Boards, seconded by Director Dotson, and after full discussion, the Board voted unanimously to (1) ratify approval and execution of the Grant Agreement between the District and Texas Parks and Wildlife Department; (2) accept the Permanent Park Easement from Sienna Plantation Improvement District; (3) accept the two Permanent Park Easements from Southern Colony HOA; and (4) a Resolution Prohibiting Surface Drilling at the Parks.

**WEBSITE REPORT**

Ms. Davis presented to and reviewed with the Board the website report from Off Cinco, a copy of which is on file in the District's office.

The Board noted that no action was necessary.

**TEXAS PRIDE REPORT**

Ms. Davis presented to and reviewed with the Board the report from Texas Pride, a copy of which is on file in the District's office.

The Board noted that no action was necessary.

**BOOKKEEPER'S REPORT**

The Board recognized Ms. Kelsey, who submitted to and reviewed with the Board the Bookkeeper's Report, a copy of which is on file in the District's office, and certain invoices for payment by the District. Ms. Kelsey also presented check #2883 in the amount of \$100 for the renewal of the Texas SmartBuy program, and noted that check #2875 had been voided. Ms. Kelsey also presented an amended budget for fiscal year ending July 31, 2020.

Upon motion by Director Dotson, seconded by Director Randall, and after full discussion, the Board voted unanimously to (1) approve the Bookkeeper's Report; (2) authorize payment of the checks presented, including check #2883 for \$100, and noting that check #2875 had been voided; and (3) approve the amended budget for fiscal year ending July 31, 2020, as presented.

The Board deferred approving an Amended Agreement for Bookkeeping Services until the next meeting.

**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 on file in the District's office.

Upon motion by Director Dotson, seconded by Director Smith-Boards, 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**

The Board recognized Ms. Davis, who presented the Delinquent Tax Report, a copy of which is on file in the District's office, noting that the first collection letter had been mailed to the one delinquent owner reflected in the report.

## **ENGINEER'S REPORT**

The Board recognized Mr. Rusk, who presented a proposal from LJA, which proposal increases LJA's fee for preparation of the District's Bond Application Report from \$30,000 to \$40,000, due to significant revisions to the Bond Application report resulting from the increased bond sizing. Mr. Rusk noted that the District's Bond Application Report was ready for submission to the Commission, subject to finalization of the WWTP Expansion Cost Sharing Agreement.

Mr. Rusk next submitted to and reviewed with the Board the Engineer's Report with the Board and requested the following: (1) approve Pay Estimate No. 3, in the amount of \$454,733.91, payable to Dimas Bros. Construction, for Southern Colony Section 4C, WS&D; (2) approve Pay Estimate No. 7, in the amount of \$48,253.50, payable to Rodriguez Construction Group, for Lift Station No. 2 and Forcemain; (3) approve Change Order No. 2 and Pay Estimate No. 3, in the amounts of \$3,150.00 and \$246,465.00, respectively, payable to W.W. Payton Corporation, for Water Plant Extension Phase II; and (4) authorize award of the construction contract for Wastewater Treatment Plant Phase III, subject to finalization of the WWTP Cost Sharing Agreement with Fort Bend MUD No. 189 and DR Horton.

Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to (1) approve the revised LJA proposal in the amount of \$40,000; (2) approve Pay Estimate No. 3, in the amount of \$454,733.91, payable to Dimas Bros. Construction, for Southern Colony Section 4C, WS&D; (3) approve Pay Estimate No. 7, in the amount of \$48,253.50, payable to Rodriguez Construction Group, for Lift Station No. 2 and Forcemain; (4) approve Change Order No. 2 and Pay Estimate No. 3, in the amounts of \$3,150.00 and \$246,465.00, respectively, payable to W.W. Payton Corporation, for Water Plant Extension Phase II; (5) authorize award of the construction contract for Wastewater Treatment Plant Phase III, subject to finalization of the WWTP Cost Sharing Agreement with Fort Bend MUD No. 189 and DR Horton; and (6) approve the Engineer's Report.

## **OPERATOR'S REPORT**

The Board recognized Mr. Alexander, who submitted to and reviewed with the Board the Operator's Report, a copy of which is on file in the District's office. Mr. Alexander also reviewed the listing of delinquent accounts, noting that 104 letters had been sent out to delinquent account holders. Mr.

Alexander also noted that 6 accounts had been terminated for non-payment and that there were 124 service calls in the last month.

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

### **DEVELOPER'S REPORT**

The Board recognized Mr. Soper, who provided an overview and update on development in the District, noting that, on average, 16-18 homes are being constructed each month.

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

### **GENERAL MANAGERS' REPORT**

The Board recognized Director Miller, who presented to and reviewed with the Board the report of the General Managers, a copy of which is on file in the District's office. Director Jacobs advised the Board that Southern Colony will have a representative appointed as a Director on the Board of Directors of Sienna Plantation Levee Improvement District. She also advised that she had met with attorney Goodwille Pierre, who has offered to submit a proposal for the Board's consideration regarding use of Minority, Women, and Disadvantaged Business Entities for the District's park construction project. The Board also noted that Director Randall will work with LJA to determine how best to expand the parking lot at the Southern Colony Recreation Center, and that Director Dotson will oversee the safety camera installation. Director Jacobs also presented to the Board (1) a General Manager holiday schedule; (2) a General Manager pay schedule; and (3) the annual renewal of the District's membership in the Texas SmartBuy program. Ms. Davis reviewed with the Board a Resolution which will allow for electronic payment to the General Managers for their salaries.

Upon motion by Director Dotson, seconded by Director Smith-Boards, and after full discussion, Directors Dotson, Randall, and Smith-Boards voted unanimously to approve the (1) General Manager holiday schedule; (2) General Manager pay schedule; and (3) approve the Resolution Authorizing Electronic Payments. Directors Miller and Jacobs abstained.

Upon motion by Director Dotson, seconded by Director Smith-Boards, and after full discussion, the Board voted unanimously to approve the annual renewal of the District's membership in the Texas SmartBuy Program.

The Board deferred action on adopting a policy for soliciting bids.

### **ATTORNEY'S REPORT**

#### **Amendment to Wastewater Treatment Facilities Agreement**

The Board deferred action on this item.

#### **Cost Sharing Agreement for Wastewater Treatment Plant Facilities**

The Board deferred action on this item.

#### **Order Adopting Code of Ethics**

The Board recognized Ms. Davis, who presented to and reviewed with the Board an Order Adopting Code of Ethics, Establishing Policies Relating to Travel Expenditures, Fees of Office, Professional Services, Financial Accounting, Annual Operating Budget, Audit Committee, and Meeting Conduct, noting that this Order consolidates into one document various policies and procedures previously adopted by the Board.

Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to approve the Order Adopting Code of Ethics, Establishing Policies Relating to Travel Expenditures, Fees of Office, Professional Services, Financial Accounting, Annual Operating Budget, Audit Committee, and Meeting Conduct.

#### **Post-Issuance Compliance Policies**

Ms. Davis presented to and reviewed with the Board an Order Adopting Post-Issuance Compliance and Continuing Disclosure Policies and Procedures, explaining that the Order is a restatement and codification of certain obligations set forth in the District's bond sale documents in a policy separate from the documents. Ms. Davis noted that, if the District were to be audited by the IRS, the IRS would request to see written policies and procedures. Ms. Davis further noted that the Order also includes policies for the District to ensure compliance with the new continuing disclosure rules established by the SEC and adopted by the MSRB regarding material event notices and disclosure of the

District's financial obligations which could affect bond holders. Ms. Davis explained that the new rules were established because there is a secondary bond market which may own or look at purchasing bonds, which would have no access to the District's financial information, absent the disclosures, and that underwriters are now prohibited from purchasing securities from non-compliant districts.

Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to approve and adopt the Order.

#### **Amended and Restated Investment Policy**

The Board recognized Ms. Davis, who noted that the legislature had made some minor revisions to the Public Funds Investment Act during the 2019 legislative session, including (1) adding the definition for "pledged securities"; (2) revising language concerning repurchase agreements; (3) revising the stated maturity requirement for commercial paper; and (4) adding additional requirements to investment pools. Ms. Davis then presented to and reviewed with the Board an Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments, which Amended and Restated Policy incorporated the 2019 legislative revisions.

Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to approve the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments, as submitted.

#### **Audit**

Ms. Davis next advised the Board that the Commission had approved the District's Application for Use of Surplus Funds for a portion of the construction costs for Southern Colony, Section 3A, and noted that a Reimbursement Audit would need to be prepared prior to the disbursement of the surplus funds to the developer. Ms. Davis further noted that the District's Auditor estimated that the fee of such Audit would be approximately \$1,500.



Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to authorize the District's Auditor to prepare an audit for a fee of approximately \$1,500.

**AWBD Meetings**

The Board next consider authorizing Directors to attend the AWBD Park Committee Meeting and the AWBD Fall Conference.

Upon motion by Director Miller, seconded by Director Dotson, and after full discussion, the Board voted unanimously to approve Director(s) attendance at the AWBD Park Committee Meeting and the AWBD Fall Conference.

**BOARD COMMENTS**

It was the consensus of the Board to hold a special meeting at 12:30 p.m., Tuesday, October 22, 2019, at the office of SK Law.

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

PASSED, APPROVED, AND ADOPTED, this 22nd day of October 2019.



  
Secretary, Board of Directors