

- h. Escrow Agreement
- i. Bond Review Board Form; and
- j. Other documents and certificates necessary to obtain approval of the Bonds by the Attorney General of Texas.

Mr. LaRue explained that the 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.

Mr. LaRue then presented the General Certificate and explained that this Certificate provides information concerning the District, including the directors and terms of office, information on previous bond sales, current tax rate, and the District's current assessed valuation.

Mr. LaRue presented the Signature Identification and No-Litigation Certificate, explaining that said Certificate represents that there is no litigation pending against the District affecting the Bonds and identifies the signatures of the President and Secretary of the Board.

Mr. LaRue then presented the Tax Exemption Certificate. He explained that this Certificate will be drafted and dated the day of closing on the sale of the Bonds. Mr. LaRue further stated that the Certificate states, in addition to other facts, that 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.

Mr. LaRue introduced a Bond Registrar Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas as Paying Agent/Registrar for the Bonds. Mr. LaRue explained 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. Mr. LaRue further explained that the Agreement sets forth the duties, responsibilities and fees involved for maintaining this information and transferring to owners.

Mr. LaRue introduced (i) the letter to the Attorney General for the State of Texas which authorizes the execution of the General Certificate and the Signature Identification and No-Litigation Certificate as of the date of the Approving Opinion for the Bonds, (ii) the letter to the Comptroller of Public Accounts which authorizes the Comptroller of Public Accounts to deliver the bonds to Sanford Kuhl Hagan Kugle Parker Kahn LLP once they are approved by the Attorney General and registered and (iii) the letter to Sanford Kuhl Hagan Kugle Parker Kahn LLP 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.

The Board next considered authorizing the President to execute IRS Form 8038-G. Mr. LaRue explained that this form provides information about the Bonds to the IRS for record keeping purposes.

The Escrow Agreement was presented. Such Agreement provides for the placement of the Bond proceeds (less the Costs of Issuance) in an escrow account with UMB Bank, N.A., with said funds to be released upon TWDB approval for the construction of the project.

Consideration was then given to authorizing additional action in connection with obtaining approval of the Attorney General of Texas of the Bonds. Mr. LaRue informed the Board that once the

Attorney General's office has received and reviewed the Transcript of Proceedings for the Bonds, it is likely they will request additional information and/or documents and requested the Board's authority to prepare and have executed any requested documents or amendments to the existing documents.

Upon motion duly made by Supervisor Medina, seconded by Supervisor Carreon, the board voted unanimously to approve the above-described documents, and to authorize any officer to execute on behalf the Board any other document or certification necessary to effect closing on the Bonds.

3. ELECTRICAL CONTRACT

The President then recognized Ms. DuBois with Acclaim, who discussed options with the Board to secure electricity upon completion of the District's current electrical contract. In connection therewith, Ms. DuBois presented a report on the MAC Electricity Pool. She advised that the District's current electricity contract period ends April 30, 2024, and that the price of natural gas has again significantly dropped, which represents an opportunity for the District to lock in electricity rates at historically low prices for an additional contract period of five years. She explained that a minimum savings target for the additional contract period is 16.7%, and would reduce the price from \$0.04650/kWh to \$0.03875/kWh or lower.

Mr. LaRue then reviewed with the Board a Resolution Authorizing Execution of Contract for Pooled Purchase of Energy. He advised the Resolution authorizes Mark Burton of Municipal Accounts to secure energy supply for the District at a contract price not to exceed \$0.03875/kWh, for a contract term of May 1, 2024 through April 30, 2029. Upon motion by Supervisor Fleck, seconded by Supervisor Medina, and after full discussion, the Board voted unanimously to adopt a Resolution Authorizing Execution of Contract for Pooled Purchase of Energy.

4. CONDUCT PUBLIC HEARING ON THE PROPOSED 2019 TAX RATE

The next item on the agenda was to conduct a public hearing on the tax rate. The Board noted that notice of the public hearing and the tax rate was published pursuant to Chapter 49, Texas Water Code, as required, and the public hearing was opened at 6:00 p.m. The Board noted that no members of the public present wished to discuss the tax rate. The Board closed the public hearing at 6:01 p.m.

5. BOOKKEEPER'S REPORT

The Board then considered the Bookkeeper's Report presented by Ms. Grimes, a copy of which is on file in the official records of the District, and the invoices and checks presented for payment as follows:

A. Approval of Bills.

The Board reviewed the bills presented for payment.

B. Review Investment Report.

The Board reviewed the investment report.

C. Review Collateral Pledge Report.

The Board reviewed the Collateral Pledge report.

Upon motion duly made by Supervisor Medina, seconded by Supervisor Carreon, and after full discussion, the Board voted unanimously to approve the Bookkeeper's Report and authorize the payment of the checks and invoices listed therein.

6. TAX REPORT

Ms. Grimes then presented to the Board the Tax Report.

Upon motion duly made by Supervisor Medina, seconded by Supervisor Fleck, the Board voted unanimously to approve the Tax Report, as presented.

7. ENGINEER'S REPORT

The Board recognized Mr. Dybala, who presented the Engineer's Report as follows:

A. Status of Projects

1. Wastewater Service to Fresno Gardens North, Gateway Acres and Fresno Ranchos; F.M. 521 Sanitary Sewer Extension; and Water Plant No. 2

- Fresno Gardens North Subdivision Wastewater Collection System
 - Mr. Dybala presented to the Board for execution the contract with R Construction Civil, LLC (the "Contractor") to construct the project for the amount of \$2,885,375.25.
 - Mr. Dybala presented to the Board for approval a proposal from Geotest to perform material testing services in connection with the project, with an estimated budget of \$44,452.00. Upon motion duly made and seconded, the Board voted unanimously to approve the proposal from Geotest.
 - The project will be funded with the surplus funds from the District's second TWDB CWSRF loan, with the balance paid from the District's future TWDB CWSRF loan.
- Fresno Gardens North Subdivision Wastewater Plumbing Contract
 - Townhall meetings are underway with remaining meetings to occur on October 3, 2019, October 17, 2019 and November 21, 2019.
- Gateway Acres Subdivision Wastewater Collection System
 - Jacobs is completing the project construction drawings for agency review. The construction project will be on hold until completion of Trammel Fresno Road widening project. A new TWDB CWSRF Loan needs to be secured to complete the project. Jacobs recommends conducting a topographical survey of the Trammel Fresno Road right-of-way once the road project is completed.
- Fresno Ranchos Subdivision Wastewater Lift Station and Force Main
 - Jacobs is completing the construction drawings for agency review. Construction of the new project will be on hold until completion of Trammel Fresno Road widening project. A new TWDB CWSRF Loan needs to be secured to complete project.
- Gateway Acres Subdivision Wastewater Plumbing Contract
 - Townhall meetings will be conducted once the public wastewater lines for this area are under construction

- FM 521 Sanitary Sewer Extension
 - The project is complete, except for resolution of punch list items and completion of work on the Church parking lot.
 - Mr. Dybala presented to the Board for approval Invoice No. 3 from Reddico Construction Co., Inc. (“Reddico”), in the amount of \$8,730.00, and recommended its approval. Upon motion duly made and seconded, the Board voted unanimously to approve Invoice No. 3.
 - Mr. Dybala presented to the Board for approval Invoice No. 2 and final from Geotest, in the amount of \$7,096.35, and recommended its approval. Upon motion duly made and seconded, the Board voted unanimously to approve Invoice No. 2 and final.
 - Mr. Dybala presented to the Board for approval Change Order No. 1 from Reddico, which would increase the overall contract amount for the project by \$26,666.80, and recommended its approval. Upon motion duly made and seconded, the Board voted unanimously to approve Change Order No. 1.

- Water Plant #2
 - Jacobs received agency review comments from all review agencies and incorporated all such comments, except for FBC Drainage and City of Pearland.
 - Mr. Dybala noted that he is working towards a solution with FBC Drainage regarding the proposed drainage plan for the project. If approved, the revised plan will be submitted to FBC for full approval, and then discussed with City of Pearland for its approval.
 - Once the drainage issue is resolved, Jacobs will (a) prepare final mylars of the construction plans; and (b) submit construction documents to the Texas Commission on Environmental Quality for approval.
 - Once all of the above is completed and approved, Jacobs will send the construction documents to the TWDB. Jacobs anticipates TWDB approval to advertise the project in early second quarter of 2020.
 - District Est. Water Conn. Timeline (FBCFWSD#1 WP#1 Connection Capacity 1,600)
 - End of 2019=1,600
 - End of 2020=1,675
 - End of 2021=1,750
 - Anticipate completing District’s WP#2 by end of 2021

B. Authorize Engineer to prepare plans and specifications for water and wastewater systems projects as necessary

- The Board noted that no action was necessary.

C. Report on status of project funding and take necessary action related thereto

1. Project One Year Warranty Expiration Dates

- None at this time.

2. 2015 TWDB DFUND Loan

- Jacobs anticipates using remaining funds for Water Plant No. 2 project.

3. 2009 TWDB CWSRF Loan

- Jacobs anticipates using remaining funds for Fresno Gardens North Subdivision Wastewater Collection System project.

4. Fourth TWBD Loan and Third TWDB CWSRF Loan

- 4th TWBD DFUND Loan
 - The new loan will close on October 29, 2019.
- 3rd TWDB CWSRF Loan
 - Jacobs is working on the engineering and environmental sections for this application. These funds will be used to cover additional costs to complete the Fresno Gardens North Subdivision Wastewater System, Gateway Acres Subdivision Wastewater System, Fresno Ranchos Subdivision Lift Station and Force Main project, and an Expansion to the CoA Wastewater Treatment Plant (from 0.25MGD to 0.425MGD).

5. Fort Bend County CDBG Funds

- Jacobs recommends applying for community development block grant funds once the Gateway Acres Subdivision Wastewater plumbing project is underway.

D. Projections for District Water and Wastewater Projects

- Need to update information every January and July. Mr. Dybala reported that the exhibits have been updated, and provided to the District’s Attorney to post on the District’s website. Mr. Willis advised that such exhibits have been posted.

E. Discuss Emergency Preparedness Plan

- Jacobs and EDP will review the EPP in April of each year to determine if changes are necessary.

F. Requests for Water and Sanitary Sewer Service

- **Water Service**
 - Mr. Dybala reviewed the status of non-residential applications for water service.
- **Wastewater Service**
 - Mr. Dybala reviewed the status of non-residential applications for wastewater service.

G. Trammel Fresno Road Widening Project

- Mr. Dybala reported that all prior approved adjustments to the waterline along Trammel Fresno Road have been completed.
- EDP will provide an update on the status of reimbursement from contractors for damaged waterlines.

H. Potential Emergency Water Interconnect with Brazoria County Municipal Utility District No. 21

- Mr. Dybala reported that he had communicated with LJA, District Engineer for Brazoria County Municipal Utility District No. 21 (“BCMUD 21”), regarding a possible emergency water interconnect. BCMUD 21 is interested in pursuing an interconnect once the District completes Water Plant No. 2.

I. COA WWTP Expansion Status

- Per communications with the City of Arcola’s Engineer, the final inspection for the project will be conducted today, and all new plant components should be online next week. Once fully online, cost sharing amounts for the District and the City of Arcola will need to be recalculated in accordance with the Regional Facilities Contract.

J. Potential Emergency Water Interconnect with Charleston MUD

- Jacobs reviewed construction plans for the proposed interconnect and provided comments.

K. Potential Water Service to NalcoChampion

- Mr. Dybala informed NalcoChampion that they may submit an application for District service for filling fire water tanks, and is awaiting receipt of the application and fee.

L. Status of New Water Plant in City of Arcola

- Mr. Dybala anticipates the City’s water plant to be complete by the end of 2021.

Upon motion made by Supervisor Fleck, and seconded by Supervisor Medina, and after full discussion, the Board voted unanimously to approve the Engineer’s Report.

8. OPERATOR’S REPORT/TERMINATION OF SERVICE

Next the Board recognized Ms. Campbell, who submitted to and reviewed with the Board the Operator’s Report, a copy of which is on file in the official records of the District.

Ms. Campbell reported substantial system repairs and maintenance as follows:

- Installed residential taps and meters at seven (7) locations;
- Installed commercial taps and meters at four (4) locations;
- Performed annual load bank test on generator;
- Top clean wet well;
- Replaced a service line leak;
- Investigated leaking conduit;
- Replaced reverse grade lateral sewer line;

1. 660 Spruce Street – Request for Removal of Disconnect Fee

Ms. Campbell informed the Board that the customer at the above address was disconnected on September 5, 2019 for non-payment. The customer requested that the Board reimburse the disconnection fee of \$50.00, as well as the additional \$75.00 deposit. The customer stated that she did not receive the bill. The Board denied the customer’s request.

2. Delinquent Water Accounts and Service Terminations

Ms. Campbell provided a list of customers that received a delinquent letter by mail and are subject to the disconnection of service.

Upon a motion duly made by Supervisor Medina, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Operator’s Report and approve the termination list.

9. ATTORNEY'S REPORT

The Board again recognized Mr. LaRue, who presented the Attorney's report as follows:

A. Approval of Minutes

The proposed minutes of the meetings held on August 15, 2019 and August 22, 2019, were presented for approval.

Upon a motion made by Supervisor Fleck, seconded by Supervisor Carreon, and after full discussion, the Board voted unanimously to approve the minutes of the meetings held on August 15, 2019 and August 22, 2019, as presented.

B. Legislative Update; Amended and Restated Investment Policy

Mr. LaRue discussed with the Board some minor revisions to the Public Funds Investment Act made 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. Mr. LaRue 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 Supervisor Fleck, seconded by Supervisor Medina, 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.

C. Adopt Order Setting Tax Rate and Levying Tax for 2019

The Board then considered adoption of the proposed Order Setting Tax Rate and Levying Tax for 2019. Having conducted the public hearing as required by law and publishing notice thereof, the Board deemed it appropriate to proceed with setting the 2019 tax rate.

Upon a motion by Supervisor Fleck, seconded by Supervisor Carreon, the Board voted unanimously to (1) set and levy a debt service tax rate of \$0.57 per \$100 assessed valuation and a maintenance and operation tax of \$0.43 per \$100 assessed valuation, for a total tax rate of \$1.00 per \$100 assessed valuation; and (2) adopt the Order Setting Tax Rate and Levying Tax for 2019, a copy of which is on file in the Official Records of the District.

D. Amended Notice to Sellers and Purchasers

Consideration was then given to the proposed Amended Notice to Sellers and Purchasers, which notice sets forth the 2019 tax rate.

Upon a motion duly made by Supervisor Fleck, seconded by Supervisor Carreon, the Board voted unanimously to approve the Amended Notice to Sellers and Purchasers, a copy of which is on file in the Official Records of the District.

10. REGIONAL PLANT COMMITTEE REPORT

The President then presented the Regional Plant Committee Report.

Upon a motion made by Supervisor Medina, seconded by Supervisor Casher, and after full discussion, the Board voted unanimously to approve the Regional Plant Committee Report.

11. HEAR FROM THE PUBLIC

At this time, the Board opened the meeting to comments from the public.

PASSED, ADOPTED, and APPROVED this November 21, 2019

Cabrin Casher
Secretary

[SEAL]