

MINUTES OF REGULAR MEETING
OF THE
BOARD OF DIRECTORS

November 16, 2016

THE STATE OF TEXAS §
COUNTY OF FORT BEND §
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 185 §

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 185 (the "District") met in regular session, open to the public, at 12:00 p.m., Wednesday, November 16, 2016, at 9 Greenway Plaza, Suite 1100, Houston, Texas 77046, a designated meeting place outside the boundaries of the District; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Allen Thomas	President
Scott Donahue	Vice President
Wesley Noonan	Secretary
Al Menconi	Assistant Secretary
Terrell W. Berger	Assistant Secretary

All members of the Board of Directors were present, thus constituting a quorum.

Also present at the meeting were Adam Cohen of Robert W. Baird & Co, Financial Advisor for the District; Richard Martin with Environmental Allies ("Environmental"); Erin Garcia with Myrtle Cruz, Inc., the District's Bookkeeper; Breah Campbell with Environmental Development Partners, L.L.C., ("EDP"), Operator for the District; Kristen Scott with Bob Leared Interests ("BLI"), the District's Tax Assessor/Collector ("TAC"); John Cannon, Attorney, and Tiffany Marquez, Paralegal with Coats|Rose, P.C. ("Coats|Rose"), the District's legal counsel.

Whereupon, the meeting was called to order. A copy of the notice of the meeting is attached hereto as Exhibit "A".

COMMENTS FROM THE PUBLIC

No comments were given by the public.

REVIEW BIDS AND CONSIDER AWARDING SALE OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 185 UNLIMITED TAX BONDS SERIES 2016

Consideration was first given to the receipt of bids for the District’s \$5,005,000 Unlimited Tax Bonds, Series 2016 (herein the “Bonds”). Mr. Cohen informed the Board that four (4) bids were received. At this time, Mr. Cohen 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>
Raymond James & Associates, Inc. – Dallas, Texas	3.658180%
SAMCO Capital Markets – Dallas, Texas	3.946561%
Stifel, Nicolaus & Co., Inc. – Birmingham, AL	3.968994%
RBC Capital Markets– Dallas, Texas	4.091948%

Mr. Cohen recommended that the Board accept the bid submitted by Raymond James & Associates, Inc. – Dallas, Texas, as it was the low bidder with a net effective interest rate of 3.658180%

Upon a motion made by Director Noonan, seconded by Director Thomas, after full discussion and the question being put to the Board, the Board voted unanimously to accept the bid on the Bonds submitted by Raymond James & Associates, Inc. – Dallas, Texas with a net effective interest rate of 3.658180%. A copy of the accepted bid on the bonds is attached hereto as Exhibit “B”.

APPROVAL AND AUTHORIZATION OF DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

Mr. Cannon presented to the Board the following documents in connection with the sale of the Bonds:

- a. Order Authorizing Issuance of the Bonds;
- b. Resolution Approving Official Statement;
- c. General Certificate;
- d. Signature Identification and No-Litigation Certificate;
- e. Tax Exemption Certificate;
- f. Closing Certificate;
- g. Bond Registrar, Paying Agency and Transfer Agency Agreement;
- h. DTC Blanket Issue Letter of Representation;
- i. Letters addressed to Attorney General of Texas and Coats, Rose, Yale, Ryman & Lee, P.C. 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;
- j. Rule 15c2-12 Certificate;

- k. IRS Form 8038-G; and
- l. Other documents and certificates necessary to obtain approval of the Bonds by the Attorney General of Texas.

Mr. Cannon 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. Cannon then introduced the Order Adopting Execution and Distribution of Official Statement and Ratifying Distribution of Official Notice of Sale, Preliminary Official Statement, and Official Bid Form, explaining that relevant information from the sale of the Bonds will be included in the Official Statement prior to its printing. He further stated that the Official Statement will be provided by the Underwriter to prospective purchasers of the Bonds.

Mr. Cannon then introduced the General Certificate and explained that this Certificate gives 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.

Mr. Cannon next 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 that the signatures of the President and Secretary are genuine.

Mr. Cannon then presented the Certificate as to Tax Exemption. He explained that this Certificate will be dated the day of closing on the sale of the Bonds. Mr. Cannon 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. Cannon presented the Closing Certificate, and explained that Director Thomas 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 Raymond James & Associates, Inc. – Dallas, Texas' approval, and (iv) there have been no adverse changes in the District's financial condition since July 31, 2016, the most current audited period.

Mr. Cannon next presented a Bond Registrar, Paying Agency and Transfer Agency Agreement with Regions Bank. Mr. Cannon 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. Cannon further explained that the Agreement sets forth the duties, responsibilities and fees involved for maintaining this information and making payments to bond owners.

Mr. Cannon then presented (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 Coats|Rose, P.C. once they are approved by the Attorney General and registered and (iii) the letter to Coats|Rose, P.C. 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 Coats|Rose, P.C. if any of the facts contained in those documents change prior to the date of closing and delivery of the bonds.

Mr. Cannon next presented the Rule 15c2-12 Certificate in connection with the issuance of the Bonds. Mr. Cannon noted 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.

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

Consideration was then given to authorizing additional action in connection with obtaining approval of the Attorney General of Texas of the Bonds. Mr. Cannon informed the Board that once the Attorney General's office has received and reviewed the Transcript of Proceedings for the Bonds, it is possible 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 a motion made by Director Menconi that all of the foregoing documents and actions be approved, which motion was seconded by Director Berger, the Board, after due discussion, passed such motion, which prevailed and was carried by unanimous vote.

CONSIDER APPROVING AMENDED NOTICE TO SELLERS AND PURCHASERS

Mr. Cannon requested the Board's approval to amend the District's Notice to Sellers and Purchasers to reflect the most current bond information. After consideration upon a motion brought by Director Menconi, seconded by Director Berger, the Board unanimously voted to approve the amended Notice to Sellers and Purchasers.

CONSIDER ENGAGING AUDITOR TO CONDUCT REIMBURSEMENT AUDIT IN CONNECTION WITH THE UNLIMITED TAX BOND SERIES 2016 BOND ISSUANCE

Mr. Cannon recommended engaging the auditor to prepare a Reimbursement Audit to the developer in connection with the proposed bond issuance. After discussion, upon a motion brought by Director Noonan, seconded by Director Berger, the Board unanimously voted to engage the District auditor to prepare a Reimbursement Audit in connection with the proposed bond issuance, a copy of which is attached hereto as Exhibit "C".

APPROVE MINUTES OF MEETINGS OF OCTOBER 19, 2016

Proposed minutes of the meeting held on October 19, 2016 previously distributed to the Board, were presented for consideration and approval. Upon a motion duly made by Director Menconi and seconded by Director Berger, the Board voted unanimously to approve the minutes of the regular meeting of October 16, 2016.

TAX ASSESSOR/ COLLECTOR REPORT

The Board recognized Ms. Scott who delivered the tax collection report, a copy of which is attached hereto as Exhibit "D". She noted that the District is 99.835% collected on its 2016 taxes. Ms. Scott inquired if the Board would be interested in having an aerial photo taken of the District.

After review and upon a motion by Director Berger, second by Director Thomas and the question being put to the Board, the Board voted unanimously to (i) approve the tax collector's report; and (ii) approve the aerial photo.

BOOKKEEPER'S REPORT

The Board recognized Ms. Garcia who reviewed the bookkeeper's report, and payment of the bills listed therein. Ms. Garcia noted a written check for the Board's approval to the Fort Bend Herald publication related to the bond issuance. After review, upon a motion duly made by Director Menconi, and seconded by Director Noonan, the Board voted unanimously approved the bookkeeper's report. A copy of the bookkeeper's report is attached hereto as Exhibit "E".

OPERATOR'S REPORT

The Board next recognized Ms. Campbell, who reviewed the operator's report which includes the utility billing summary, accountability report, subsidence district report, North Fort Bend Water Authority ("NFBWA") report and the 30 day delinquent list for November 2016, a copy of which is attached hereto as Exhibit "F". Ms. Campbell reported that there are fifty-two (52) delinquent accounts to consider for disconnect.

Substantial System Repairs and Maintenance:

- Installed one (1) residential tap and meter in the amount of \$450.00.

Change of District billing due date:

- The operator requested to change the due date of the District from the 20th to the 18th of each month. This will assist with meter reading and re-reads in a timely manner. After collection of the current billed amount, once EDP generate new bills, all bills will be due December 18th.

Water Plant Access Road:

- At the July meeting the Board discussed repairs to the access road and grading the property between the water plant site and Falcon Landing for a cost of \$38,320.00. This is on hold pending discussion with the attorney and Newmark.

Director Noonan requested the Board investigate interconnect options for Pin Oak Enclave. After discussion, upon a motion, brought by Director Menconi, and seconded by Director Noonan, the Board (i) approved the operator’s report; and (ii) termination of delinquent account.

HEAR ENVIRONMENTAL ALLIES REPORT AND CONSIDER ACTING THEREON

The Board recognized Mr. Martin who presented and reported on maintenance of the detention pond in the District, a copy of his report is attached hereto as Exhibit “G”.

Consider approving maintenance proposal for Pin Oak Enclave

Ms. Orsak proposed that Pulte continue to manage the wetlands area in Pin Oak Enclave and the District maintain the ponds and side slopes. Mr. Martin and Mr. Bailey discussed some areas of concern in Pin Oak Enclave and requested Pulte’s assistance in correction those areas before transferring the maintenance obligations to the District. Mr. Martin will generate a proposal and review with the Board at the next meeting. Mr. Cannon stated that he will also start preparing a written agreement between the District and Pulte reflecting the maintenance terms in Pin Oak Enclave.

Mr. Cannon updated the Board on the response of the Woodlake Estates Homeowners Association (“Woodlake HOA”) to the District’s proposal for maintenance for the drainage channel. The President of the Woodlake HOA proposed to split the initial maintenance cost if the District maintains the drainage channel monthly. After consideration, upon a motion brought by Director Menconi, seconded by Director Noonan, the Board unanimously authorized Coats|Rose to draft an agreement between the Woodlake HOA and the District reflecting the proposed maintenance terms discussed.

ENGINEER’S REPORT

The Board then recognized Mr. Bailey who reviewed the monthly Engineer’s Report, a copy of which is attached hereto as Exhibit “H”.

Discuss relocation of sidewalk and irrigation facilities

- The sidewalk has now been relocated to curve around the new power poles on Falcon Landing Boulevard across from the new retail center, and the irrigation lines and sprinkler heads have been moved as necessary to stay out from under the pavement.

Action Item: Silversand Services invoice in the amount of \$4,600.

Authorize engineer to proceed with the design of District facilities

- No action.

Approve plans and specifications of District facilities

- No action.

Authorize engineer to advertise for bids for District projects

- No action.

Approval of report, pay estimates, and change orders for construction projects in progress in the District

- **Gaston/Falcon Landing Retail – Water, Sanitary and Storm Sewer**
Contractor: Principal Services, Ltd.
Contract Amount: \$783,996.60.
No pay estimate this month.
- **Gaston/Falcon Landing Retail – Detention**
Contractor: 5758 Construction, LP
Contract Amount \$1,636,999.00
Action Item: Pay Estimate No. 12 in the amount of \$34,361.55.

Authorize construction contracts and related items

- No action.

Discuss possible sale of portion of water plant land to NewQuest

- The Engineer attached to his report an exhibit based on survey field work tying in the existing improvements at the water plant site. The District would need to retain a minimum 50' access strip to Falcon Landing Boulevard. The remaining area outside the existing fence is approximately 0.67 acres. There is a lot approximately 0.16 acres of unpaved area inside the fence that could also possibly be sold.
- Mr. Bailey stated that he has sent potential plans for the water plant to NewQuest but has not yet received a response.

Upon a motion brought by Director Noonan, seconded by Director Menconi, the Board unanimously approved the engineer's report and action items therein.

DEVELOPER'S REPORT

The Board recognized Ms. Orsak who updated the Board on Pulte's development status.

ATTORNEY'S REPORT

Consider request from King Lakes HOA for shade structure

This matter was deferred.

Consider approving Tompkins High School Interlocal Government Agreement ("Interlocal Agreement")

Mr. Cannon outlined the terms of the Interlocal Agreement and requested the Board's approval after review. After consideration, upon a motion brought by Director Noonan, seconded by Director Menconi, the Board unanimously voted to approve the Interlocal Agreement.

Consider accepting deed for Gaston Road property from Pulte

This matter was discussed under the Developer's report and no action was taken.

Review and discuss renewal of District insurance and consider acting thereon

The Board recognized Ms. Marquez who presented and outlined the District's insurance renewal rates for 2017, a copy of which is attached hereto as Exhibit "I". The Board inquired about the rate increase as it may relate to an additional detention pond insured. Ms. Marquez will investigate the matter and report back to the Board at the next meeting. This matter was deferred.

Ratify NewQuest request relating to storm sewer waiver

Mr. Cannon reminded the Board that NewQuest wishes to place a storm sewer line within the 150' radius area restricted by a sanitary control easement which protects the District's water plant. He stated that TCEQ rules only prohibit such structures from being closer than 50' from the water well and the storm sewer line would be at least 55' from the water well. Mr. Cannon stated that the Board approved a storm sewer waiver at the District's last meeting and requested the Board ratify action made at last month's meeting. Upon a motion brought by Director Noonan, seconded by Director Menconi, the Board unanimously ratified approval of said waiver.

Mr. Cannon drew the Board's attention to the District's constable report and the WCA call log attached as Exhibit "J".

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

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PASSED, APPROVED AND ADOPTED this 21st day of December, 2016.

(DISTRICT SEAL)


Secretary, Board of Directors

