

MINUTES OF REGULAR MEETING
OF THE
BOARD OF DIRECTORS

October 17, 2018

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, October 17, 2018, at 9 Greenway Plaza, Suite 1000, 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 David Wood of Robert W. Baird & Co, Financial Advisors for the District; Amy Symmank with Myrtle Cruz, Inc., the District's Bookkeeper; Nick Bailey of Brown & Gay Engineers, Inc., the District's Engineer ("BGE"); Travis Benes with Environmental Allies ("Environmental"); Bart Downum 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 Ehmke, 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.

HEAR WCA REPORT

Consider approving recycle fee increase and acting thereon

Mr. Cannon presented and reviewed the WCA solid waste and recycling collection renewal proposal, a copy of which is attached hereto as Exhibit "B". Upon a motion brought by Director Thomas, seconded by Director Donahue, the Board unanimously voted to approve the WCA contract.

Director Noonan entered the meeting late and expressed his desire to consider other solid waste and recycling collection proposals. After discussion, upon a motion by Director Noonan, seconded by Director Berger, the Board unanimously voted to cancel the previous vote approving the WCA renewal proposal and to authorize Coats|Rose, P.C. to acquire other proposals for the Board's consideration.

CONSIDER APPROVING ENGAGEMENT LETTER WITH ROTH & EYRING, PLLC TO PREPARE THE DEVELOPER REIMBURSEMENT AUDIT REPORT

The Board recognized Mr. Cannon who reviewed the engagement letter to prepare the District's reimbursement audit with the developer, a copy of which is attached hereto as Exhibit "C". Upon a motion duly made by Director Donahue, seconded by Director Thomas, the Board voted unanimously to approve the engagement letter.

REVIEW BIDS AND CONSIDER AWARDDING SALE OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 185 UNLIMITED TAX BONDS SERIES 2018

Consideration was first given to the receipt of bids for the District's \$6,800,000 Unlimited Tax Bonds, Series 2018 (herein the "Bonds"). Mr. Wood informed the Board that six (6) bids were received. At this time, Mr. Wood 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	3.993987%
SAMCO Capital Markets – Dallas, Texas	4.054170%
Hilltop Securities – Dallas, Texas	4.078804%
Stifel, Nicolaus & Co., Inc. – Birmingham, Alabama	4.086628%
George K. Baum & Co. – Dallas, Texas	4.091130%
Hutchinson, Shockey, Erley & Co. – Chicago, Illinois	4.158582%

Mr. Wood 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 3.993987%.

Upon a motion made by Director Menconi, 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 3.993987%. A copy of the accepted bid on the bonds is attached hereto as Exhibit “D”.

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, 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, 2018, the most recent 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 Noonan that all of the foregoing documents and actions be approved, which motion was seconded by Director Thomas, the Board, after due discussion, passed such motion, which prevailed and was carried by unanimous vote.

APPROVE MINUTES OF MEETING OF SEPTEMBER 19, 2018

The proposed minutes of the meeting held on September 19, 2018 previously distributed to the Board, were presented for consideration and approval. Upon a motion duly made by Director Noonan and seconded by Director Berger, the Board voted unanimously to approve the minutes of the meeting of September 19, 2018.

TAX ASSESSOR/ COLLECTOR REPORT

The Board recognized Ms. Scott who delivered the tax collection report, a copy of which is attached hereto as Exhibit "E". Ms. Scott reported that both accounts approved for water terminations at last month's meeting are each currently on a three (3) month payment plan.

After review and upon a motion by Director Noonan, second by Director Donahue and the question being put to the Board, the Board voted unanimously to approve the tax collector's report.

BOOKKEEPER'S REPORT

The Board recognized Ms. Symmank who reviewed the Bookkeeper's report, a copy of which is attached hereto as Exhibit "F". Upon a motion brought by Director Noonan, seconded by Director Thomas the Board unanimously voted to approve the Bookkeeper's report and payment of the bills.

OPERATOR'S REPORT

The Board next recognized Mr. Downum, 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 October 2018, a copy of which is attached hereto as Exhibit "G". Mr. Downum reported that there are thirty (30) delinquent accounts to consider for disconnection.

Substantial System Repairs and Maintenance

- The Operator installed residential taps and meters at six (6) locations at a cost of \$3,270.00
- The Operator conducted an annual fire hydrant inspection at a cost of \$1,921.75.

Water Plant Jockey Pump Repair

- Mr. Downum reminded the Board that at the July meeting the Board authorized a repair to the jockey pump at the water plant. The pump has been repaired, reinstalled and is back in service.

NFBWA Rate Increase

- The Operator included the notice from the NFBWA concerning the proposed rate increase to be effective January 1, 2019. The pumpage fee will be increasing from \$3.35 to \$3.65 per 1,000 gallons, and the surface water fee from \$3.70 to \$4.00 per 1,000 gallons.

Delinquent Accounts and Service Terminations

- The Operator presented a list of customers that received a delinquent letter by mail and are subject to disconnection of service.

After review, upon a motion brought by Director Menconi, seconded by Director Berger, the Board unanimously voted to approve (i) the Operator's report; and (ii) the water termination cut off list.

Discuss amending District Rate Order

Mr. Cannon reviewed new language on page 14 of the District's Rate Order requested by Mr. Beyer indicating that the District has a stormwater management program in place and all users of the District must comply. Mr. Cannon noted that the language was needed so the District could satisfy all the requirements related to the District's SWMP.

Upon a motion brought by Director Noonan, seconded by Director Donahue, the Board unanimously voted to approve the amended Rate Order.

HEAR ENVIRONMENTAL ALLIES REPORT AND CONSIDER ACTING THEREON

The Board recognized Mr. Benes who presented and reported on maintenance of the detention pond in the District, a copy of his report is attached hereto as Exhibit "H". He stated that on page 5 of his report there is a large plant in the median obstructing the view of drivers and he will cut back the large plant.

Next, Mr. Benes inquired as to who was responsible for adjusting the timer on the sprinkler controller. He was unsure if Environmental Allies or NewQuest will be adjusting the

timer. Mr. Downum stated he would look into the matter and confirm who should be monitoring the timer on the sprinkler controller. No action was taken.

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 "I".

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

- **Gaston Road 12" Water Line Relocation:**
Contractor: Allgood Construction Co., Inc. ("Allgood")
Contract Amount: \$46,352.25

Mr. Bailey requested the Board approve Tolunay-Wong Engineers proposal in the amount of \$1,580.00 for materials testing services.

Authorize construction contracts and related items

- **Wastewater Reuse- Distribution Lines:**
15 bids were received on October 16, 2018, attached to the Engineer's report is the bid tabulation for discussion.

Mr. Bailey requested the Board consider the bid results and approve Tolunay-Wong's proposal in the amount of \$9,853.00 for materials testing services.

Mr. Bailey also noted that he included information regarding signage placement for the wastewater reuse project in his report for the Board's review.

Consider landscaping improvement proposal

Mr. Bailey stated that he recently met with the Fort Bend County Precinct 3 Commissioner to discuss potential cost sharing options for landscaping medians and along the public right-of-way. He noted that he and Director Noonan will coordinate to set a site meeting with Fort Bend County Precinct 3 Commissioner's office to discuss the matter further along with a potential landscape architect.

Upon a motion brought by Director Menconi, seconded by Director Noonan, the Board unanimously voted to (i) approve Tolunay-Wong Engineers proposal in the amount of \$1,580.00 for materials testing services related to the Gaston Road 12" water line relocation; (ii) approve Tolunay-Wong's proposal in the amount of \$9,853.00 for materials testing services related to the Wastewater Reuse-Distribution Lines; and (iii) approve the Engineer's report, as presented.

ATTORNEY'S REPORT

Consider amendment to access easement for water plant

Mr. Cannon reported on the sold property near the District's Water Plant and stated that NewQuest has a new tenant that will install the access road. He added that NewQuest is requesting an extension from May 2019 to October 2019 to complete the installation of the access road. Director Noonan asked if the tenant intends to complete the sidewalk along the northern portion of Falcon Landing Boulevard to connect where it currently ends to the east side. He also asked if a left turn lane cutting the median was anticipated. Mr. Cannon stated he would coordinate with NewQuest regarding Director Noonan's inquiries and report back to the Board. This matter was deferred.

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

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

PASSED, APPROVED AND ADOPTED this 21st day of November, 2018.

(DISTRICT SEAL)




Secretary, Board of Directors