

MINUTES OF REGULAR MEETING
OF THE
BOARD OF DIRECTORS

May 15, 2019

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, May 15, 2019, 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 Mark Eyring with Mark C. Eyring, PC, the District's Auditor; David Smalling with Robert W. Baird & Co., the District's Financial Advisor; 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"); Breah Campbell and Bart Dunham 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 Monica Roberts-Jenkins, 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 presented.

APPROVE MINUTES OF MEETING OF APRIL 17, 2019

The proposed minutes of the meeting held on April 17, 2019 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 meeting of April 17, 2019.

ENGAGE AUDITOR

The Board next considered engaging Mark C. Eyring, PC to prepare the District's annual audit for the fiscal year ending July 31, 2019. Following discussion and based on a motion by Director Menconi, which was seconded by Director Thomas, the Board voted unanimously to engage Mark C. Eyring, PC to prepare the District's audit for fiscal year ending July 31, 2019.

FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Smalling who delivered the Financial Advisor's report. Mr. Smalling proposed issuing bonds to refund outstanding debt of the District (the "Refunding Bonds"). Mr. Smalling estimated that the District could realize a present value savings of approximately 12.7% by issuing the Refunding Bonds. A copy of the potential refunding proposal is attached hereto as Exhibit "B".

CONSIDER POSSIBLE ACTIONS TO REFUND BONDS

- (a) Approve Order Adopting Preliminary Official Statement ("POS"); and Authorize Distribution

Mr. Smalling reviewed with the Board a draft of the Preliminary Official Statement ("POS") for the District's \$3,045,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Refunding Bonds"), a copy of which is attached hereto as Exhibit "C". He stated that the POS is the disclosure document which informs any potential purchaser of the Refunding Bonds of the risks associated with the purchase along with other information regarding the District. Mr. Smalling stated that copies of the POS will be provided to the underwriter of the Refunding Bonds.

- (b) Approve Resolution Regarding Delegation of Authority for the Sale of Fort Bend County Municipal Utility District No. 185 Unlimited Tax Refunding Bonds, Series 2019

Consideration was next given to a proposed Resolution Regarding Delegation of Authority for the Sale of the Refunding Bonds. Mr. Cannon explained that the resolution authorized any of the directors to affect the sale of the Refunding Bonds so long as a present value savings of at least 3% is achieved by signing the Bond Purchase Agreement on the date the bonds are "priced".

(c) Bond Purchase Agreement (“BPA”)

Consideration was then given to a proposed Bond Purchase Agreement. Mr. Cannon explained that this Agreement is entered into by the District and the underwriter and outlines the underwriter’s obligations to purchase and pay for the Refunding Bonds subject to the District meeting certain conditions.

(d) Approve Order Authorizing Issuance of Fort Bend County Municipal Utility District No. 185 Unlimited Tax Refunding Bonds, Series 2019

Consideration was then given to a proposed Order Authorizing Issuance for the Refunding Bonds (the “Bond Order”). Mr. Cannon explained that the Bond Order is the contract between the District and the bondholders and provides, among other things: (1) the legal authority for the District to issue the Refunding Bonds; (2) the interest rates on the Refunding Bonds; (3) the District’s covenant to set a tax rate sufficient to pay the principal and interest due on the Refunding Bonds; (4) the designation of the Paying Agent/Registrar for the Refunding Bonds; and (5) the covenant by the Board to maintain the tax-exempt status of the Refunding Bonds. Mr. Cannon further stated that additional revisions may be made to the Bond Order as directed by the Attorney General’s office.

(e) Order Adopting Execution and Distribution of Official Statement and Ratifying Distribution of Official Notice of Sale and Preliminary Official Statement

Mr. Cannon noted that the Preliminary Official Statement will be updated to include relevant information from the sale of the Refunding Bonds, which will become the Official Statement. He further stated that the Official Statement will be provided by the Underwriter to prospective purchasers of the Refunding Bonds. The order presented authorizes the District’s consultants to modify the Preliminary Official Statement with the required information in order to create and distribute the Official Statement.

(f) Rule 15c2-12 Certificate

Next, Mr. Cannon presented the Rule 15c2-12 Certificate in connection with the issuance of the Refunding Bonds. He noted that the purpose of this Certificate is to enable the Underwriter for the Refunding Bonds to comply with the Securities Exchange Act of 1934 in connection with the offering and sale of the Refunding Bonds.

(g) Escrow Agreement

The Board next considered approving an Escrow Agreement with Regions Bank. The Escrow Agreement provides safekeeping, investment, reinvestment, administration, and disposition of the funds deposited from the Refunding Bonds.

(h) General Certificate

The Board next considered adopting a General Certificate. Mr. Cannon 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.

(i) Certificate as to Tax Exemption

The Board next considered approving a Certificate as to Tax Exemption. Mr. Cannon explained that this Certificate will be drafted and dated the day of closing on the sale of the Refunding Bonds. Mr. Cannon explained further 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 Refunding Bonds to be qualified as tax-exempt obligations.

(j) Signature Identification and No-Litigation Certificate

Consideration was then given to a proposed Signature Identification and No-Litigation Certificate. Mr. Cannon explained that said Certificate represents that there is no litigation pending against the District affecting the Refunding Bonds and that the signatures of the President and Secretary are genuine.

(k) Closing Certificate of President

The Board next considered approving the Closing Certificate of President. Mr. Cannon explained that Director Thomas will execute this Certificate which states that: (i) the District has complied with the terms and conditions of the Bond Purchase Agreement; (ii) there is no pending or threatened litigation which would affect the District and/or the issuance, sale and delivery of the Refunding Bonds; (iii) the Order authorizing the issuance of the Refunding Bonds is in full force and effect and has not been amended; and (iv) there has been no adverse changes in the District's financial condition since the most current audited period.

(l) Notices of Redemption for Series 2010 Bonds

The Board next considered authorizing a Notices of Redemption of the District's Series 2010 Bonds to be redeemed in order to notify the holders of such bonds that they are being redeemed.

(m) Engage CPA

Consideration was then given to engaging Public Finance Partners LLC, a CPA, to prepare the Verification Report that is necessary in connection with the issuance of the Refunding Bonds.

(n) Paying Agent/Registrar Agreement

The Board next considered authorizing an Agreement with Regions Bank, Houston, Texas as Paying Agent/Registrar for Refunding Bonds. 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 and that the Paying Agent/Registrar Agreement sets forth the duties, responsibilities and fees involved for maintaining this information and transferring to owners.

- (o) Authorize execution of letters addressed to Attorney General of Texas and Coats Rose, P.C., regarding dating Signature Identification and No-Litigation Certificate and General Certificate and Letter to Comptroller regarding delivery of Initial Bonds

The Board next considered authorizing execution of letters addressed to the Attorney General of Texas and Coats Rose regarding dating certain documents in connection with delivery of the Refunding Bonds.

- (p) IRS Form 8038-G

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

- (q) Consider approval of any other action in connection with the sale of refunding bonds

After consideration, upon motion made by Director Menconi and seconded by Director Berger, the Board voted unanimously to approve all of the foregoing actions.

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". Ms. Scott noted that they have received the 2019 District Preliminary Values, which have increased due to twenty-six (26) new homes on the tax roll.

After review and upon a motion by Director Noonan, second by Director Menconi, the Board voted unanimously to approve the tax collector's report and the action items listed therein.

BOOKKEEPER'S REPORT

The Board recognized Ms. Symmank who reviewed the Bookkeeper's report, a copy of which is attached hereto as Exhibit "E". Director Noonan noted that the District has surplus funds and asked if the surplus funds could be used to prepay amounts due under the Strategic Partnership Agreement. Mr. Cannon said he could look at the agreement to see if there were any legal issues.

Upon a motion brought by Director Noonan, seconded by Director Donahue the Board unanimously voted to approve the Bookkeeper's report and payment of the bills.

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 May 2019, a copy of which is attached hereto as Exhibit "F". Ms. Campbell reported that there are thirty-four (34) delinquent accounts to consider for disconnection.

Substantial System Repairs and Maintenance

- Installed residential tap and meter at a cost of \$580.00;
- Installed irrigation tap and meter at a cost of \$3,000.00;
- Repaired the ATS for control board at a cost of \$4,053.60.

Fire Hydrant Painting

- The Operator previously obtained authorization to paint the District's 95 fire hydrants. This project is complete.

Consumer Confidence Report ("CCR")

- The Operator provided a draft copy of the 2018 CCR for review and approval, a copy of which is included in the Operator's report. An electronic link of the CCR will be provided to customers prior to the July 1st deadline.

Critical Load Spreadsheet

- A copy of the Critical Facility List will be provided to the District's retail electric provider, the State of Texas (TDEM) and Fort Bend Copy.

Emergency Generator Rental Agreement

- As part of the District's facility emergency preparedness, the Operator recommends the District enter into an agreement with NTS to secure a rental generator for the District's Lift Station No. 3 for a cost of \$456.75 per month for the months of June through November.

Public Water System Inspection

- The TCEQ conducted the PWS inspection at the ground water plants on March 5, 2019. No deficiencies were reported.

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.

Ms. Campbell noted that she will present the Amended Service Agreement for the Board's review and approval at a future meeting.

After review, upon a motion brought by Director Noonan, seconded by Director Menconi, the Board unanimously voted to approve (i) the Operator's report; (ii) the water

termination cut off list; (iii) the Critical Load Review; (iv) the Consumer Confidence Report; and (v) the Emergency General Rental Agreement.

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 "G". 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 "H".

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

- **Wastewater Reuse – Distribution Lines:**
Contractor: Reddico Construction Company, Inc.
Contract Amount: \$359,224.10
Pay Tolunay-Wong Engineers' invoice in the amount of \$4,341.00.
- **Wastewater Reuse- Site Improvements:**
Contractor: Gilleland Smith Construction
Contract Amount: \$1,084,000.00
Pay Estimate No. 1 in the amount of \$108,000.00 and Tolunay-Wong Engineers' invoice in the amount of \$619.00.

Mr. Bailey noted reuse signs will be installed next week and he will inform the Homeowners Association. Mr. Bailey also noted that the water relocation project will be presented for approval on the County Commissioner's agenda on May 28, 2019 and he will provide further updates.

After review, upon a motion brought by Director Noonan, seconded by Director Berger, the Board unanimously voted to approve the Engineer's report, as presented and the action items listed therein.

ATTORNEY'S REPORT


The Board recognized Mr. Cannon who presented the Attorney's Report. Mr. Cannon presented the proposal from Texas Pride Disposal for execution, which was approved at a previous meeting. Ms. Campbell noted that she would contact WCA regarding bin retrieval and contact Offcinco to provide updates regarding the transition of trash collection services on the District's website.

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

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

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

(DISTRICT SEAL)


Secretary, Board of Directors