

MINUTES OF REGULAR MEETING
OF THE
BOARD OF DIRECTORS

July 19, 2017

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, July 19, 2017, 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 except Director Menconi, thus constituting a quorum.

Also present at the meeting were Austin Alvis of NewQuest Properties; Bob Shiring of Tradition Energy, the District's energy broker; Adam Cohen and David Wood of Robert W. Baird & Co, Financial Advisors for the District; Juanita Orsak with Pulte Homes, a developer of property within the District (the "Developer"); Amy Symmank with Myrtle Cruz, Inc., the District's Bookkeeper; Nick Bailey of Brown & Gay Engineers, Inc., the District's Engineer ("BGE"); Richard Martin with Environmental Allies ("Environmental"); Breah Campbell and 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 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.

REVIEW BIDS AND CONSIDER AWARDING SALE OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 185 UNLIMITED TAX BONDS SERIES 2017

Consideration was first given to the receipt of bids for the District’s \$4,740,000 Unlimited Tax Bonds, Series 2017 (herein the “Bonds”). Mr. Cohen informed the Board that six (6) 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>
SAMCO Capital Markets – Dallas, Texas	3.383264%
Raymond James & Associates, Inc. – Dallas, Texas	3.392939%
Hilltop Securities – Dallas, Texas	3.424238%
RBC Capital Markets– Dallas, Texas	3.510961%
FMSbonds, Inc. – North Miami Beach, Florida	3.527924%
BOK Financial Securities, Inc. – Dallas, Texas	3.704204%

Mr. Cohen recommended that the Board accept the bid submitted by SAMCO Capital Markets – Dallas, Texas, as it was the low bidder with a net effective interest rate of 3.383264%.

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 SAMCO Capital Markets – Dallas, Texas with a net effective interest rate of 3.383264%. 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, 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 SAMCO Capital Markets – Dallas, Texas' approval, and (iv) there have been no adverse changes in the District's financial condition since July 31, 2016, 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 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 Noonan, seconded by Director Berger, the Board unanimously voted to approve the amended Notice to Sellers and Purchasers.

CONSIDER APPROVING REIMBURSEMENT AUDIT IN CONNECTION WITH THE UNLIMITED TAX BOND SERIES, 2017 BOND ISSUANCE

This matter was deferred.

HEAR REPORT FROM TRADITION ENERGY

The Board recognized Mr. Shiring who presented and outlined Tradition’s pricing report, attached hereto as Exhibit “C”. After review and a discussion, upon a motion brought by Director Noonan, seconded by Director Donahue, the Board unanimously voted to authorize Mr. Shiring to prepare a contract with Hudson Energy for a five (5) year term and authorized Director Thomas to sign the contract, subject to attorney review.

APPROVE MINUTES OF MEETING OF JUNE 21, 2017

The proposed minutes of the meeting held on June 21, 2017 previously distributed to the Board, were presented for consideration and approval. Upon a motion duly made by Director Thomas and seconded by Director Berger, the Board voted unanimously to approve the minutes of the regular meeting of June 21, 2017.

RECEIVE PROPOSAL FROM DILL DESIGN WORKS FOR LANDSCAPING DESIGN SERVICES

No action was taken.

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 98.916% collected on its 2016 taxes.

Ms. Marquez reported that a resident is requesting a payment plan to pay his 2016 delinquent tax bills for twelve (12) months. Upon a motion brought by Director Noonan, seconded by Director Donahue, the Board unanimously voted to approve (i) said resident’s request for a twelve month payment plan for 2016 delinquent taxes; and (ii) the tax collector’s report.

BOOKKEEPER’S REPORT

The Board recognized Ms. Symmank who reviewed the bookkeeper’s report, and payment of the bills listed therein.

Consider amending District budget

Ms. Symmank outlined a proposed budget for fiscal year ending July 31, 2018, a copy of which is included in the Bookkeeper’s report.

After review, upon a motion duly made by Director Noonan, and seconded by Director Donahue, the Board voted unanimously approved the bookkeeper's report, payment of the bills, and the proposed budget for fiscal year ending 2018. 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 July 2017, a copy of which is attached hereto as Exhibit "F". Ms. Campbell reported that there are thirty-five (35) delinquent accounts to consider for disconnection.

Substantial System Repairs and Maintenance:

- Installed residential taps and meters at two locations in the amount of \$1,160.00;
- Located gate valve STA 29+30 Falcon Landing in the amount of \$1,549.75; and
- Located gate valve STA 19+80 Falcon Landing in the amount of \$1,217.50.

Lift Station No. 1 Automatic Transfer Switch

- The Operator was authorized in May to replace the board in the control panel for the ATS. This repair has been completed.

Consumer Confidence Report ("CCR")

- The operator included a copy of the Certificate of Delivery that has been filed with the Texas Commission on Environmental Quality for the 2016 CCR's that were mailed to customers on June 27, 2017.

Write-Off List:

- The current write-off list for the Board's consideration and approval is attached to the operator's report for review. Ms. Campbell noted the accounts listed are from October 2016 through March 2017. There are four (4) accounts totaling \$979.05.

Delinquent Accounts and Service Terminations:

- A list of customers that received delinquent letters by mail and subject to disconnection of service is included in the operator's report.

Director Noonan noted that the water has a chlorine odor. Ms. Campbell stated she would investigate the matter and report back to the Board.

Consider amending District Rate Order to reflect amended Operator's contract

Ms. Campbell reminded the Board of the recent amended contract with the Operator. She stated that the District's Rate Order should reflect some of the fee changes.

After review, upon a motion brought by Director Noonan, seconded by Director Berger, the Board unanimously voted to (i) approve the Operator's report, including the water termination list; and (ii) and amend the District's Rate Order as recommended.

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". 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".

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

- The Emergency Water Interconnect with Harris-Fort Bend County Municipal Utility District No. 5. ("HFBCMUD5") :
Contractor: Canyon Construction Company
Contract Amount: \$127,303.92
No pay estimate this month

Authorize construction contracts and related items

- No action

Review feasibility analysis for potential water reuse system

- The total estimated budget for engineering, surveying and landscape architect work for the proposed wastewater reuse system, "purple pipe" distribution system, and irrigation system retrofit is approximately \$200,000. Attached to the Engineer's report is KGA Deforest Design's proposal for landscape architecture services associated with retrofitting the existing irrigation system. Mr. Bailey will have detailed engineering proposals ready for next month's meeting.

Mr. Cannon stated he would like to review the proposal prior to approval.

Director Noonan inquired about ownership of fences on Northlight. Ms. Orsak stated she would investigate her files and report back to the Board.

No action was taken.

DEVELOPER'S REPORT

The Board recognized Mr. Alvis and Ms. Orsak who updated the Board on NewQuest's and Pulte's development.

ATTORNEY'S REPORT

Discuss sale of property to NewQuest and approve Agreement between the District and NewQuest

Mr. Cannon outlined the provisions of the Agreement between the District and NewQuest Equity, L.C. and requested the Board's review. Following a discussion a motion was made by Director Noonan, seconded by Director Thomas, and unanimously approved, authorizing the execution and delivery of the Commercial Contract-Unimproved Property between the District and NewQuest Equity, L.C.

Ms. Marquez presented and outlined the proposals provided from Fort Bend County for the contract with the Constable Precinct No. 3. She stated that she included the cost for an additional deputy within the presented proposals, a copy of which is attached hereto as Exhibit "I".

Next, Ms. Marquez reported that a request from the Constable's office was submitted for the Constable's vehicles used for the District to be re-stripped. Upon a motion brought by Director Noonan, seconded by Director Thomas, the Board unanimously voted to approve the re-stripping of the Constable's vehicles used for the District.


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 16th day of August, 2017.




Secretary, Board of Directors