

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 118

Minutes of Meeting of the Board of Directors

July 11, 2017

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 118 ("District") met at the office of the Greater Fort Bend EDC, One Fluor Daniel Drive, Sugar Land, Fort Bend County, Texas on July 11, 2017 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Dennis Rooney, President
Alex Reid Garrett, Vice President
Jaime Benoliel, Secretary
James Hines, Assistant Secretary
James A. Waltz, Director

and the following absent:

None

Also present were Debbie Arellano, Breah Campbell, Dana Davis, Romain Barski, Chief Wooley, Mark Treybig, Julie Williams, Grady Turner, Christine Leighton, George Sepe, Lynne Boynton, David Strauss, Collin McCloud, Brenda McLaughlin, Tom Villard, Michael Gurka, Tobin Synatschk, G. Taylor Goodall, Jr., and members of the public.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The Board considered the minutes of the meetings held on May 23, 2017 and June 13, 2017. After a brief review and discussion, upon motion duly made and seconded, the Board unanimously approved the minutes as presented.

2. Chief Wooley gave an update regarding the Pecan Grove Volunteer Fire Department. Chief Wooley reported that the budget for fiscal year end 2018 was ready and an audit had been conducted. Chief Wooley reported that there were 13 service calls in the District for the month.

3. The Board considered appointment of a park committee and adoption of park committee procedures. It was reported that it would be appropriate for the Board to hold a special meeting to adopt the park committee procedures and appoint the non-Board member participants. Mr. Goodall reported that there had been in excess of 25 expressions of interest to serve on the park committee to date. After discussion, it was decided that the meeting shall be held at 10:00 a.m. on July 27, 2017.

4. Julie Williams presented a financial advisor's report with a plan of financing for the previously discussed potential 2017 Refunding Bond issue. Ms. Williams noted that the updated representative debt schedules show a present value savings of approximately

4.5% totaling in excess of \$300,000 net savings to the District. Ms. Williams then carefully reviewed the six risks associated with the refunding transactions with the Board.

After discussion, upon unanimous vote, the Board approved moving forward with the transaction as presented. It was explained that the transaction would be a parameters transaction and that the Board must achieve a minimum 3.0% present value savings and there would be a maximum principal amount of \$10,000,000 recommended. The Board unanimously authorized Rathmann & Associates to serve as municipal advisor on the transaction, acknowledged the cost of issuance fees associated with the transaction, and acknowledged the disclaimers as reviewed by Ms. Williams.

Ms. Williams then reviewed the Preliminary Official Statement and Official Statement for the Series 2017 Refunding Bonds, as well as the Notice of Refunding. The Board unanimously authorized Directors Garrett and Waltz to act on behalf of the District in the issuance, sale, approval and delivery of the bonds as may be necessary. The Board approved the selection of RBC and Hilltop Securities as underwriters, and Ms. Williams noted that the District Board of Directors is free to choose other underwriters if they see fit. Subject to that discussion, the Board unanimously authorized approval of a Bond Order for the Series 2017 Refunding Bonds with a principal amount not to exceed \$10,000,000 and a required present value savings of 3.0%. The Board then approved execution of a Bond Purchase Agreement, Approval Certificate, Escrow Agreement, Paying Agent/Registrar Agreement, Official Statement and all necessary notices, certificates, affidavits and other documents relating thereto, as may become necessary to close the transaction upon the parameters as authorized.

5. The Board considered public comments. Resident George Sepe thanked the Board for the recent decision to form a park committee composed of non-Board members and noted that he was frustrated with past controversies. Mr. Sepe noted that he understands both points of view representing the different sides in the controversy and noted that now that community input is being heard, he is happy with the way things are progressing. Lynne Boynton thanked the Board for the July 4, 2017 fireworks celebration.

6. Brenda McLaughlin presented the tax assessor/collector's report, copy attached. The District's 2016 taxes are 99.4% collected and the District collected \$6,229.83 during the month. After a brief review and discussion, upon motion duly made and seconded, the Board unanimously approved the tax assessor/collector's report as presented and authorized disbursement of the items listed therein.

7. Breah Campbell presented the operator's report, copy attached. Ms. Campbell noted that there were invoices for payment for water supply by Fort Bend County Municipal Utility District No. 143 dated back to 2015 and more recently 2016. The operators confirmed that the water that was a subject of the invoices was used and the invoices are accurate. An internal error at Fort Bend County Municipal District No. 143 prevented the 2015 invoice from being issued earlier, however, the 2016 invoice was timely. Subject to that discussion, upon motion duly made, seconded and unanimously carried, the Board authorized payment of the invoices as presented. Ms. Campbell then reported that the District operator will be changing mailing addresses and there may be issues associated with people who have automatic payment set up through their banking institutions. EDP representatives conducted

significant outreach regarding the change of mailing addresses for the bills. A write-off list was presented and subsequently approved. It was decided that an item to consider the Rate Order shall be placed on the special meeting agenda for July 27, 2017. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented and authorized the District's operator to proceed with termination of utility service to said accounts pursuant to the provisions of the District's Rate Order, and approved the operator's report as presented.

8. The Board considered the amendment to contract for operator. Ms. Campbell presented the Board with a proposed amendment and explained the changes to the Board. Also presented was a HB 1295 form. Subject to that discussion, upon motion duly made and seconded, the Board unanimously approved the amendment as presented.

9. Dana Davis presented a bookkeeper's report, copy attached. The District's operating fund balance is \$3,177,674.20, and the capital projects fund balance is \$1,156,281.48. The District's debt service fund balance is \$4,556,086.34. Subject to that discussion, upon motion duly made and seconded, the Board unanimously approved the bookkeeper's report as presented and authorized the disbursements of the funds contained therein.

10. Tom Villard presented a Champions Hydro-Lawn report, copy attached. After review of the Champions report, the Board was presented with a proposal from Time and Season for the periodic cleaning of debris and trash cans around District facilities, in particular Lake Charlotte. After review, the Board unanimously authorized execution of the contract with Time and Season upon successful receipt of an HB 1295 Form. Subsequently, the Board appointed Director Garrett as the primary point of contact for the Time and Season contract.

11. Michael Gurka and Tobin Synatschk presented the engineer's report, copy attached. The District gave an update of the MS4 Storm Water Management Program activities for the month and the Board approved moving forward with escrow funds applications for the interconnect and reclaimed water projects. The engineers presented Pay Request No. 2 to Hassell Construction in the amount of \$71,100.00 and recommended approval as well as Pay Request No. 2 to Millis Equipment in the amount of \$23,004.54 for the parking lot project. It was recommended that the engineers further investigate the wastewater treatment plant digester's blower replacement options. Subject to further review and discussion, upon motion duly made and seconded, the Board unanimously approved the engineer's report as presented and authorized the payment of the pay applications contained therein.

12. The Board considered a Resolution Authorizing Filing of Application for Release of Funds from Escrow for interconnect with Fort Bend County MUD No. 146. Mr. Goodall reported that the District must make application to the TCEQ to have the funds, intended to support the construction of the interconnect with No. 146, available for said purpose. Subject to further review and discussion, upon motion duly made and seconded, the Board unanimously approved the resolution as presented.


13. The Board considered engagement of Arbitrage Compliance Specialists for the Series 2012 five-year report period. Upon motion duly made and seconded, the Board

unanimously approved engagement as presented and acknowledged the accompanied HB 1295 form.

14. The Board considered a report from District HOA. Romain Barski noted that the July 4, 2017 fireworks festivities were a success. The Board then considered the right-of-entry agreement with the HOA for the storage of building supplies at the District lift station site. The Board unanimously approved the right-of-entry agreement as presented and instructed Ms. Barksy to have the contractor for the HOA contact Tracy Butcher so that Mr. Butcher can coordinate the proper access and use of the site.

15. David Strauss and Colin McCloud approached the Board and requested that the District consider amending the water rate charge to District apartments. The Board, Mr. Strauss and Mr. McCloud, with input from the District attorneys, engineers, and operator engaged in lengthy debate regarding the various ways to calculate water rates. It was noted that the District's rates are based on cost of service and that individual apartment dwellers are responsible for a reduced tax burden as compared to the average homeowner in the District despite the fact that they pay similar water rates and property taxes to supplement District operations. It was also noted that all District amenities are available to District apartment dwellers, but Grand Mason apartment amenities are not available to District residents. Ms. Campbell and Mr. Goodall presented evidence demonstrating that the rates charged to apartment buildings in the District are comparable to similarly situated districts despite the analysis prepared by Greystar. The Board took Mr. Strauss's and Mr. McCloud's requests under advisement and tabled consideration of the rate adjustment, but noted that they will revisit the issue if the developer can present more compelling factual information supporting their request for a rate reduction.

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


Secretary