

MINUTES OF REGULAR MEETING
GRAND MISSION MUNICIPAL UTILITY DISTRICT NO. 1
FORT BEND COUNTY, TEXAS

12 August 2019

THE STATE OF TEXAS
COUNTY OF FORT BEND

The Board of Directors (the "Board") of Grand Mission Municipal Utility District No. 1 (the "District") of Fort Bend County, Texas, met in regular session, open to the public, on the 12th day of August, 2019, at the regular meeting place thereof, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Maury J. Rubin	President
Darrell A. Hawthorne	Vice President
Milton E. (Bill) Blitch	Secretary/Treasurer
Judson Brown	Assistant Secretary
Vicente M. Salazar III	Assistant Vice President and Assistant Secretary

and all of said persons were present except Director Brown; thus constituting a quorum.

Also present were Lori Buckner of Myrtle Cruz, Inc. ("Cruz"), the District's Bookkeeper; Anna Duarte, representing Tax Tech, Inc. ("Tax Tech"), the District's Tax Assessor/Collector; Lisa Bonham and Lindsay Evans of Jones & Carter, Inc. ("Jones & Carter"), the District's Engineer; Bryan Chapline of Municipal District Services, L.L.C. ("District Services"), the District's Operator; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"), the District's Financial Advisor; and Dick Yale, Cole Konopka, and Debbie Russell of Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

First, the Board reviewed the minutes of the 8 July 2019 regular Board of Directors meeting. Upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 8 July 2019 as written.

Then Ms. Duarte submitted the Tax Assessor/Collector's Report for the Board's review. She asked the Board's approval of five checks written on the tax account. After further review, upon a motion duly made and seconded, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize disbursements out of the District's tax account as listed. A copy of the Tax Assessor/Collector's Report is attached to and shall be considered to be part of these minutes.

Next, Ms. Buckner reviewed the Bookkeeper's Report with the Board. She listed the balances and reviewed the activity for each of the accounts of the District and the

accounts for the regional facilities administered by the District on behalf of the District, Grand Mission Municipal Utility District No. 2 ("MUD No. 2"), Fort Bend County Municipal Utility District No. 143 ("MUD No. 143"), and Fort Bend County Municipal Utility District No. 165 ("MUD No. 165"). She reviewed the comparison of budgeted to actual revenues and expenditures for each of the Operating Funds for twelve months of the fiscal year ending 30 June 2019. Ms. Buckner added that \$190,000 was transferred from the District's Collection Account to the District's Operating Account.

Director Rubin asked if there was anything unusual in the monthly bills and if all participants in the regional facilities were paying the District in a timely manner. Ms. Buckner assured the Board that there were no unusual bills, and she said that all payments were being made timely. The Board then completed the review of the bills to the District and to the regional facilities.

Ms. Buckner also reviewed the Investment Report and the Pledged Securities Report. A copy of each item is included in the Bookkeeper's Report. Upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the bills to the District and to the regional facilities and to accept the Investment Report. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

The Board then reviewed a Patrol Activity Report for July 2019 under the Fort Bend County Contract Deputy Program. Director Hawthorne said that he was not aware of any problems in the District. A copy of the Patrol Activity Report is attached as an exhibit to these minutes.

Ms. Russell informed the Board that there was no North Fort Bend Water Authority (the "Authority") Memorandum for the 24 July 2019 meeting at this time.

The Board next reviewed the Monthly Report from Off Cinco regarding activity on the District's website. A copy of the report is attached as an exhibit hereto.

Next, Ms. Williams submitted the 2019 Tax Rate Recommendation from Rathmann. She stated that the District's assessed valuation for the tax year 2019 has increased by 10.782% over the values for 2018. Ms. Williams recommended that the Board decrease the debt service tax rate for 2019 to \$0.55 per \$100 of assessed valuation which amount will adequately cover the District's 2020 debt service requirements. Next, she recommended a maintenance tax of \$0.20 per \$100 of assessed valuation which could produce \$867,082 in maintenance tax revenue, assuming a collection rate of 99%.

Then the Board discussed options to the rate recommended by Ms. Williams. Director Blich agreed that the Board should reduce the debt service tax rate to \$0.55 per \$100 of assessed valuation, because the rate would adequately cover the 2020 debt service requirements, and he proposed to increase the tax for maintenance and operations to \$0.21. After further discussion, upon a motion duly made and seconded,

the Board voted unanimously to schedule a tax rate hearing on 9 September 2019 to set the 2019 tax rate at \$0.76 per \$100 of assessed valuation. A copy of the 2019 Tax Rate Recommendation is attached to and shall be considered to be part of these minutes.

The Board then considered the publication of the notice of hearing regarding the proposed 2019 tax rate for the District. Ms. Duarte mentioned that the Notice of Public Hearing was generally published in the Fort Bend Herald, and the Board agreed that Tax Tech should use the same publication for 2019. The publication date for the notice would be 19 August 2019, Ms. Duarte stated. Upon a motion duly made and seconded, the Board voted unanimously to publish the Notice of Tax Rate Hearing showing the tax rate as discussed, at \$0.76 per \$100 of assessed valuation, with the hearing to be at the next meeting of the Board.

Mr. Chapline then reviewed the Operations Report with the Board. He summarized information about the number of connections in the District and in the regional system. He reported 97.3% accountability of water purchased from the Authority and pumped from the wells in the regional water distribution system. He stated that the regional wastewater treatment plant (the "Plant") had operated within the limits of the parameters in the Permit to Dispose of Wastes for the reporting period. Mr. Chapline informed the Board that the repair of the manhole located within the Plant site is complete. In response to a question from Ms. Buckner, Mr. Chapline explained that insurance will not cover any damages to District facilities that are located below ground. In response to a question posed by the Board, Ms. Bonham said that she is investigating whether the manhole collapse might be the result of a latent defect in the construction of the manhole. Mr. Chapline then noted that there were nine reports of bypasses at the Plant for the month. He continued that the Texas Commission on Environmental Quality (the "Commission") may require the District to prepare a report to describe what actions will be taken to prevent a recurrence of the bypasses. Ms. Bonham noted that such a report would include preparation of a timeline for the remedial actions to be taken at the Plant and the cost for same.

Then Mr. Chapline called the Board's attention to the Delinquent Letter Accounts Listing of customers who were delinquent in the payment of amounts due to the District for water and sewer services, as included in the Operations Report. He assured the Board that all notifications had been provided to the customers, as required pursuant to the District's Consolidated Rate Order. The Board observed that there were no persons present to protest their billing from the District. After review, upon a motion duly made and seconded, the Board voted unanimously to authorize termination of services to the accounts that remained unpaid on the deadline date.

Mr. Chapline also called attention to the Collection Accounts Detail Listing, as included in the Operations Report. He said that the accounts listed were scheduled to be written off the books and records of the District and turned over to a collection agency. Upon a motion duly made and seconded, the Board voted unanimously to

authorize District Services to write off the accounts listed and turn them over for collection.

Upon a motion duly made and seconded, the Board voted unanimously to accept the Operations Report. A copy of the Operations Report is attached to and shall be considered to be part of these minutes.

Next, Ms. Bonham reviewed the Engineer's Monthly Status Report with the Board. She said that G&A Boring Directional, the contractor for the construction of the extension of underground utilities to serve the 8.378-acre tract, has installed the waterline, the force main, and sanitary sewer manhole.

Ms. Bonham informed the Board that the Storm Water Management Plan was submitted to the Commission on 16 July 2019.

Ms. Bonham reported that Blackline LLC ("Blackline") provided the signed contract with Rodriguez Construction Group, LLC ("RCG") executed in connection with completion of the construction management of the commercial utility and paving extension for the Grand Mission Commercial Development. She stated that the pre-construction meeting for the project is scheduled for 13 August 2019 with representatives of Jones & Carter, Blackline, and RCG in attendance.

Reviewing the Engineer's Monthly Status Report for the regional facilities, Ms. Bonham called attention to the CDC Unlimited, LLC ("CDC") invoice for maintenance of the detention facilities, including mowing and debris removal. She told the Board that Jones & Carter re-advertised for bids for the detention pond rehabilitation (the "Rehab Project") and received four bids for the Rehab Project. Ms. Bonham explained that the low bidder for the Rehab Project is Aranda Industries, LLC ("Aranda") in the amount of \$606,620.20. She noted that although she has worked with Aranda previously, she requested references on the company.

As to the expansion of the Water Plant No. 3 (the "Expansion"), Ms. Bonham told the Board that Jones & Carter had received comments on the plans for the Expansion from all regulatory agencies. She noted that Jones & Carter will address the comments and submit the plans for approval. Ms. Bonham then requested authorization to advertise for bids on the Expansion.

Regarding the expansion of the Plant, Ms. Bonham reported that Jones & Carter had received Pay Estimate No. 8 in the total amount of \$124,479.00 from T&C Construction, Ltd. ("T&C"). A copy of the payment request is attached as an exhibit to the minutes. Ms. Bonham informed the Board of the work performed by T&C in recent months. She next stated that while T&C was installing a new influent line at the Plant, Jones & Carter discovered cracks in the influent line. She noted that T&C offered a \$5,000 deduction on the contract amount because of the cracks, but she opted to have the line replaced.

Ms. Bonham told the Board that Jones & Carter published public notice for the permit renewal for the Plant as required. She explained that she expects to receive the renewal permit in September.

Ms. Bonham reported that the participants in the Plant had agreed to share in the cost of a new eight-foot concrete fence around the Plant to block the view of the Plant from nearby residences. She noted that the board of MUD No. 165 stipulated that the District participate in the replacement of a wood fence at the water plant located in MUD No. 165 once it requires replacement.

After review, upon a motion duly made and seconded, the Board voted unanimously to authorize Jones & Carter to advertise for bids for the Expansion, approve the payment to CDC, the payment to T&C for the Plant expansion, and the Monthly Status Report. A copy of the Monthly Status Report is attached to and shall be considered to be part of these minutes.

Mr. Konopka then submitted to and reviewed with the Board a memorandum prepared by Coats Rose that summarizes certain bills approved by the 86th Texas Legislature – Regular Session (2019) that could affect water districts. A copy of the memorandum is attached to and shall be considered to be part of these minutes.

Mr. Yale presented the arbitrage rebate calculation report prepared by Arbitrage Compliance Specialists, Inc. (“ACS”) in connection with the District’s \$3,945,000 Unlimited Tax Refunding Bonds, Series 2014. He confirmed that ACS had opined that the District was in compliance for the period 24 June 2014 to 24 June 2019 and no other action is necessary at this time.

There being no further business to come before the Board, upon a motion duly made and seconded, the Board voted unanimously to adjourn.




Secretary, Board of Directors