

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

INFORMATION KIT

January 2015

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FACT SHEET: DISTRICT OVERVIEW

District Mailing Address and Telephone Number

Fort Bend County Municipal Utility District No. 146
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: (713) 860-6400

Public Information Officer/Media Contact

Lynne B. Humphries
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: (713) 860-6400

Emergency Contact For Water and Sewer Emergencies:

Environmental Development Partners
P.O. Box 690928
Houston, Texas 77269-0928
Telephone: (832) 467-1599

Date of Creation

February 18, 2004

Size of District and Annexations

- Original size of District at creation: 395.36 acres
- Annexations added 429.72 acres
- Current size of District: 825.08
- 1,453 active residential connections as of January 1, 2015
- Projected number of residential connections at completion of development: 1,498.

Tax Rate

The 2014 tax rate is \$1.01/\$100. For additional information, please see separate section entitled, "How does the District fund its projects?"

Current Rate Order

The District's current Rate Order is available by contacting Allen Boone Humphries Robinson LLP at (713) 860-6400 or emailing khogan@abhr.com.

Subdivisions and Developers/Builders

The District subdivision is Long Meadow Farms. Builders within the District are Ryland Homes, J. Patrick Homes, Highland Homes, Darling Homes and M/I Homes.

Directors

As of January 1, 2015, the Board of Directors of Fort Bend County Municipal Utility District No. 146 ("MUD No. 146") consists of Richard Stolleis, Mark Yentzen, Jennifer Barnes, Thomas J. Kolb, and Dominic Cashiola, all residents of the District. For more complete information, please see separate sections entitled "Who manages the District?" and "How can I contact MUD No. 146?"

FACT SHEET: DISTRICT BOND ISSUANCE HISTORY

District voters have authorized a total of \$126,000,000 of bonds for the purpose of acquiring, constructing, repairing, improving and expanding waterworks, wastewater treatment and storm drainage in the District. Thus far, the following bonds have been issued:

| <u>Type Issued</u> | <u>Series</u> | <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|-------------|---------------|
| Unlimited Tax Bonds | 2005 | 09/08/2005 | \$5,350,000 |
| Unlimited Tax Bonds | 2006 | 07/20/2006 | \$5,140,000 |
| Unlimited Tax Bonds | 2007 | 02/15/2007 | \$4,125,000 |
| Unlimited Tax Bonds | 2007A | 10/25/2007 | \$4,060,000 |
| Unlimited Tax Bonds | 2009 | 02/26/2009 | \$4,200,000 |

| | | | |
|---------------------|-------|------------|-------------|
| Unlimited Tax Bonds | 2009A | 12/17/2009 | \$4,870,000 |
| Unlimited Tax Bonds | 2010 | 12/16/2010 | \$1,975,000 |
| Unlimited Tax Bonds | 2011 | 06/30/2011 | \$2,620,000 |
| Unlimited Tax Bonds | 2011A | 12/20/2011 | \$2,900,000 |
| Unlimited Tax Bonds | 2013 | 05/09/2013 | \$4,200,000 |
| Unlimited Tax Bonds | 2014 | 7/10/2014 | \$3,880,000 |
| Unlimited Tax Bonds | 2014A | 12/11/2014 | \$2,000,000 |

District voters have authorized a total of \$10,200,000 of park bonds. Thus far, the following bonds have been issued:

| <u>Type Issued</u> | <u>Series</u> | <u>Date</u> | <u>Amount</u> |
|--------------------------|---------------|-------------|---------------|
| Unlimited Tax Park Bonds | 2010A | 12/16/2010 | \$1,185,000 |
| Unlimited Tax Park Bonds | 2014B | 12/11/2014 | \$3,330,000 |

District voters have authorized a total of \$24,300,000 of refunding bonds. Thus far, the following bonds have been issued:

| <u>Type Issued</u> | <u>Series</u> | <u>Date</u> | <u>Amount</u> |
|-------------------------------|---------------|-------------|---------------|
| Unlimited Tax Refunding Bonds | 2012 | 12/20/2012 | \$8,475,000 |

WHAT IS A MUNICIPAL UTILITY DISTRICT OR MUD?

Municipal utility districts, or “MUDs,” are created to bring public water, sewer, drainage and other basic services to residents who are not served by a city. To accomplish the purposes for which they are created, MUDs are authorized by law to purchase, construct, own, operate and maintain all facilities necessary to supply water to, to collect and treat wastewater from, and to collect, store, and drain stormwater from the land within their boundaries. In addition to providing water, sewer and drainage services, MUDs may provide garbage and recycling collection, fire service and supplemental security patrol services, and may generally enhance communities by building parks and recreational facilities. In connection with providing services, a MUD adopts rules and charges for the services it provides, enters into contracts for goods and services, incurs debt, and levies taxes.

MUDs are authorized by Article XVI, Section 59 of the Texas Constitution and by Chapters 49 and 54 of the Texas Water Code. MUDs (also called “Districts”) are political subdivisions of the State of Texas. They can perhaps best be described as the most fundamental form of local government because they provide municipal level services, have elected officials, and are authorized to assess and collect taxes and sell bonds in order to pay off the debt incurred in providing their services. Because it is a political subdivision, the District’s meetings and files, including the meeting minutes, are open to the public. Unless it is financially dormant or otherwise exempt, each District also has an annual standardized independent audit. The audit results are filed

with the Texas Commission on Environmental Quality (“TCEQ”) and are open to the public.

HOW AND WHEN WAS THE DISTRICT CREATED?

MUD No. 146 was created by the TCEQ in 2004, with the idea that providing water, drainage, sewer and other services to our communities was a job best done by a group of citizens who are residents of the District and who are elected by their neighbors. Operating as a MUD also allows broader latitude to customize services, promote community benefits and respond to opportunities that benefit our customers.

WHO ARE OUR CUSTOMERS AND WHAT AREA DO WE SERVE?

MUD No. 146 is part of the Long Meadow Farms Master Planned Community and is comprised of approximately 825.08 acres of land located approximately 23 miles southwest of central downtown business district of the City of Houston in Fort Bend County. The District is bounded on the east by the Grand Parkway/State Highway 99, on the west by Skinner Lane and on the north by the Grand Parkway/State Highway 99. The southern boundary of the District is approximately 1,850 feet south of Oyster Creek. The District is located approximately two and one-half miles southeast of the State Highway 99 and F.M. 1093 intersection. The District is primarily residential in nature, but includes a LCISD elementary school, and commercial establishments, including a Sports Medical Building, an emergency room operated by Oak Bend Medical Center, a professional medical office building, a Dialysis Center and car care, sufficient to support our residents’ needs.

As of January 1, 2015, the District had 1,466 single family residences, no apartment residences and 10 non-single family equivalent connections within its boundaries (excluding HOA and irrigation connections), and the January 1, 2014, certified valuation for all residential and commercial properties in the District was \$399,574,436. For complete and updated information regarding the number of active residential or commercial connections, you may consult the minutes of the operator’s report attached to District’s last monthly meeting minutes, which are available from Allen Boone Humphries Robinson LLP at (713) 860-6400 or khogan@abhr.com.

WHAT UTILITY SERVICES DOES THE DISTRICT PROVIDE FOR ITS RESIDENTS?

Although persons residing in the District have Richmond, Texas addresses, the District is within the extraterritorial jurisdiction of the City of Houston. Therefore, its utility systems have been designed and constructed to meet the standards of the City of Houston as well as all applicable State and County standards.

WATER

The District has the capacity to supply potable water to 1,750 equivalent single family connections. Although the District owns all water supply facilities, it contracts with an independent company (Environmental Development Partners “EDP”) for the operation of such facilities. The District tests its water supply on a monthly basis for compliance with State and Federal standards. The District also annually publishes a consolidated water quality report, the Consumer Confidence Report. A copy of the entire report may be obtained from the Operator. The District has been partially converted to surface water by the North Fort Bend Water Authority under mandate from the Fort Bend Subsidence District. Information about this conversion can be found on the North Fort Bend Water Authority’s website, www.nfbwa.com. Further, the District serves as the operator of the Long Meadow Farms Regional Water System, which serves both MUD No. 146 and its sister district, Fort Bend County MUD No. 194, which is located across State Highway 99 from the District.

WASTEWATER/SEWER

The District treats and processes approximately 252,000 gallons of wastewater every day. Although owned by the District, the wastewater treatment system is operated by EDP. Further, the District serves as the operator of the Long Meadow Farms Regional Sewer System, which serves both MUD No. 146 and its sister district, Fort Bend County MUD No. 194, which is located across State Highway 99 from the District.

DRAINAGE

The District owns and maintains three detention ponds, approximately 24,500 linear feet of detention channels, and approximately 52,000 linear feet of storm sewer. The system is maintained by Gleannloch Landscaping & Maintenance Company for the District.

WHAT SERVICES DOES THE DISTRICT PROVIDE OTHER THAN UTILITIES?

PARKS

The State of Texas allows municipal utility districts to develop parks and other amenities within our neighborhoods by using District operating revenue, selling District bonds, and applying for government grants. The District adopted a Park Plan on August 27, 2004, which is available by contacting Kristen Hogan of Allen Boone Humphries Robinson LLP at (713) 860-6400 or khogan@abhr.com. Descriptions of the current District parks are below:

Recreation Center Lake

The central recreational area serving Long Meadow Farms is located at Winston Ranch Parkway and Long Meadow Farms Parkway. The District's facilities are the detention pond lake with a looped concrete trail system, aerating fountains, ornamental waterfall, landscape planting, irrigation and playground. The other facilities adjacent to the District's lake include a bath-house pavilion with restrooms, meeting/exercise pavilion with restrooms, competition swimming pool, a resort style pool with beach entry, and tennis courts, all owned and operated by the Long Meadow Farms Community Association, Inc.

Tot Lot Park

The Tot Lot Park consists of 1.8 acres with playground and shade structure on Winston Ranch Parkway.

Oyster Creek Green Belt

Oyster Creek Green Belt consists of a concrete trail system, benches and pedestrian bridges. The trails meander on the banks of the tree shaded creek on both sides. The trail is complete from the west property boundary to the James Long Parkway Bridge. The trail is planned to be extended the entire length of the creek within the District, with development of future sections. The District has been awarded a \$164,394.00 grant from the Texas Parks and Wildlife Department to construct additional segments of this trail system.

Detention Pond Lake #2

The detention pond/lake consists of 11.4 acres and is located at the intersection of Long Meadow Farms Parkway and Crescent Knoll Drive. This facility has concrete walks on two sides, a rock waterfall at the make-up water well outfall, irrigation, an aerating fountain, and play and green areas on two sides of the lake for residents use and enjoyment.

Landscape Reserves

Landscape Reserves are located throughout the District paralleling major streets and scattered throughout the district. These reserves consist of concrete walks, shade trees, landscape planting and irrigation.

Nature Area

Located just west of James Long Parkway in Section 35, Reserve E is an 18.83 acre nature area consisting of a shallow pond of approximately 7 acres, native grasses, a grove of low land trees, and a cleared path for hiking.

Recreation Center South

Recreation Center No. 2 is located on James Long Parkway in Section 35, Reserves C & D, consisting of 1.85 acres. The site will have a playground, resort style swimming pool, with a water slide and water play equipment, an open air pavilion with restroom facilities, and off street parking.

TRASH COLLECTION AND RECYCLING

State law authorizes MUDs to provide solid waste collection and recycling services. MUD 146 has contracted with WCA Waste Corporation of Texas to provide these trash and recycling collection services to the MUD's residents.

FIRE PROTECTION SERVICE

State law authorizes MUDs to provide fire protection services. MUD No. 146 entered into a Fire Protection Agreement with the City of Richmond to provide fire protection services from the new City fire station on Mason Road approximately one mile south of the District. The District paid a capital contribution and each customer pays a mandatory monthly fee for fire service. If the District is ever annexed for full purposes by the City of Houston and the District dissolved, this contract will terminate and the City of Houston will be responsible for fire service.

SECURITY PATROL

The District has contracted with Fort Bend County Constable Precinct 4 to provide for a constable deputy to patrol the District as additional security.

WHAT EMERGENCY PLANS DOES THE DISTRICT HAVE?

DROUGHT CONTINGENCY PLAN

The State of Texas requires all MUDs to have a Drought Contingency Plan that sets forth the procedures to be used during drought conditions. The District's plan is available by contacting Allen Boone Humphries Robinson LLP, (713) 860-6400 or by emailing khogan@abhr.com.

HURRICANE PROTECTION AND EVACUATION

The District and the District's Operator both have Emergency Preparedness Plans.

HOW DOES THE DISTRICT FUND ITS PROJECTS?

TAXES

The Texas Constitution allows the District, if authorized by its voters, to levy *ad valorem* taxes. Taxes are used to maintain and improve the District's systems and to pay off any bond debt. The District's tax rate is set annually by its Board of Directors after consultation with its independent financial advisor, and the rate is the same for all properties within the District. The District's 2014 tax rate is \$1.01 per \$100 in assessed value. The tax rate is set annually in September or October after the Fort Bend Central Appraisal District sets the values of properties in the District. For complete and updated information regarding the District's tax rate (current and historical), you may consult the District's monthly meeting minutes, which are available from Allen Boone Humphries Robinson, LLP at (713) 860-6400 or by emailing khogan@abhr.com.

STRATEGIC PARTNERSHIP AGREEMENT

The District is located in the extra-territorial jurisdiction of the City of Houston. On December 20, 2007, the District entered into a strategic partnership agreement (the "SPA") with the City of Houston, which was amended in May 2012, and has been filed in the Fort Bend County real property records. Pursuant to the SPA, the City of Houston has annexed for "limited purposes" certain commercial properties in the District for the limited purpose of applying certain health, safety, planning, zoning, and sales and use tax ordinances of the City to the area within the District. The District receives one-half of the City's sales and use tax revenues from the limited purpose annexed area. Further, the sale or use of fireworks in this limited purpose area is prohibited. The SPA further provides that the City may not annex the District for "full purposes" until 30 years from the effective date of the SPA. Prior to the full purpose annexation of the District, residential property within the District is not subject to the City's ad valorem property tax and District residents are not allowed to vote in City elections for bond issues or charter amendments. When the District is annexed for full purposes, the District will be dissolved.

WHO MANAGES THE DISTRICT?

MUD No. 146 is administered by a Board of Directors with five members who all live within the District. The District's Board has financial and operational authority for the District, but retains consultants and contractors who, among other things, operate, maintain, improve and repair the water, sewer and drainage systems and plants, bill

and collect for water, sewer and trash collection services the District provides, and provide the District with financial and legal advice.

Board members are elected for four year staggered terms, with elections held every two years.

As of January 1, 2015, the current directors of MUD No. 146, all of whom reside in the District, are:

| <u>Directors</u> | <u>Title</u> | <u>Term of Office</u> |
|------------------|----------------------|-----------------------|
| Mark Yentzen | President | 5/2012-5/2016 |
| Thomas J. Kolb | Vice President | 5/2014-5/2018 |
| Richard Stolleis | Secretary | 5/2012-5/2016 |
| Jennifer Barnes | Asst. VP/ Asst. Sec. | 1/2013-5/2016 |
| Dominic Cashiola | Assistant Secretary | 5/2014-5/2018 |

WHO ASSISTS IN THE OPERATION OF THE DISTRICT?

Auditor

The District's auditor is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. The auditor conducts an independent annual audit that is filed with the TCEQ.

McCall Gibson Swedlund Barfoot, PLLC
13100 Wortham Center Drive, Suite 235
Houston, TX 77065-5610
(713) 462-0341

Bookkeeper

The District has engaged McLennan & Associates LP as its bookkeeper. The bookkeeper maintains the general ledger, reconciles bank and other financial statements, invests funds in accordance with the Texas Public Funds Investment Act and with the District's Investment Policy, and prepares monthly activity and budget reports.

McLennan & Associates LP
3100 S. Gessner, Suite 310
Houston, TX 77063
(281) 920-4000

Engineer

The engineer oversees the design, construction and installation of the water, sewer and drainage systems. The District has engaged Costello, Inc. as its engineer.

Costello, Inc.
9990 Richmond
Suite 450, North Building
Houston, Texas 77042
(713) 783-7788

Financial advisor

The financial advisor advises the District on issuing bonds and on adopting the annual tax rate. The District has engaged First Southwest Company as its financial advisor.

First Southwest Company
700 Milam Street, Suite 500
Houston, TX 77002
(713) 651-9850

General Counsel

The District retains attorneys to act as general counsel, advising the Board of Directors on any matters that are presented. The firm selected by the Board is principally engaged in representing municipal utility districts in all aspects of their operations. The District has engaged Allen Boone Humphries Robinson LLP as its general counsel.

Allen Boone Humphries Robinson, LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: (713) 860-6400
Fax (713) 860-6401

Bond Counsel

The District retains attorneys to act as bond counsel, who assist in the District's issuance of bonds by providing a legal opinion that the bonds are valid and binding obligations of the District payable from a continuing ad valorem tax. The firm selected by the District is nationally recognized in this area. The District has engaged Allen Boone Humphries Robinson LLP as its bond counsel.

Allen Boone Humphries Robinson, LLP
3200 Southwest Freeway, Suite 2600

Houston, Texas 77027
Telephone: (713) 860-6400
Fax (713) 860-6401

Investment Officer

The District appoints an investment officer to oversee the District's investments pursuant to the District's Investment Policy and in accordance with the Texas Public Funds Investment Act. The District has appointed Shirley McLennan of McLennan & Associates LP as its Investment Officer.

Shirley McLennan
McLennan & Associates LP
3100 S. Gessner, Suite 310
Houston, TX 77063
(281) 920-4000

Operator

The operator is the everyday "face" of the District and is responsible for the supply and delivery of water, the collection and treatment of wastewater, ongoing inspection and maintenance of the various delivery and treatment systems (such as pipes and plants), maintaining water quality, billing, customer inquiries and issues and service initiation and termination.

Environmental Development Partners
P.O. Box 690928
Houston, Texas 77269-0928
(832) 467-1599

Tax Assessor/Collector

The tax assessor/collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy. The District has engaged Tax Tech, Inc. as its tax assessor/collector.

Tax Tech, Inc.
873 Dulles Avenue, Suite A
Stafford, TX 77477
(281) 499-1223

Drainage Maintenance

Gleannloch Landscaping & Maintenance Company

19224 Champion Forest Drive
Spring, Texas 77379
(281) 225-8009

HOW CAN I CONTACT THE DISTRICT?

The District's Board of Directors meets every 2nd Wednesday of the month at 5:00 p.m. at Long Meadow Farms Welcome Center, 21015 Long Meadow Farms Parkway, Richmond, Texas. Agendas for each meeting are posted at Long Meadow Farms Welcome Center, 21015 Long Meadow Farms Parkway, Richmond, Texas, and at the Fort Bend County Courthouse, at least 72 hours before every meeting, and the Board of Directors invites all members of the public to attend its meetings.