

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

January 19, 2016

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 140 (the "District") met in regular session, open to the public, on January 19, 2016, at 12:00 p.m., at the offices of Roberts Markel Weinberg Butler Hailey PC, 2277 Plaza Drive, Suite 290, Sugar Land, Fort Bend County, Texas 77479, outside the boundaries of the District and in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board, as follows:

Jack Morgan Brady	President
Gordon Yeatts	Vice President
Rosa Coward	Assistant Vice President
Arden Myers	Secretary
John Braswell	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present during all or part of the meeting were Leonard Keith, District resident; Susan Lang of the City of Richmond, Texas (the "City"); Ron Dechert of Costello, Inc.; Phil Halbert of Champions Hydrolawn, Inc. ("Champions"); Shirley McLennan, Jorge Diaz and Diane Bailey of McLennan and Associates; Monica Pena of Utility Tax Service, LLC ("Utility Tax"); Les Newton, Debi Loff and Jim Harper of Planned Community Developers Ltd. ("PCD"); Greg Lentz of First Southwest, a Division of Hilltop Securities, Inc.; and Jeanne McDonald, Joel Cleveland and Olivia Galvan of Jeanne H. McDonald, P.C.

PUBLIC COMMENTS

Mr. Keith introduced himself and informed the Board that people on recreational vehicles were accessing the District's nature park through the adjacent, unfenced cul-de-sacs and were causing disturbances in the area. He also reported illegal dumping and gun fire in the area, in addition to other similar disturbances. Director Myers moved to put an item on the District's February agenda to discuss potential action to correct the issue and to authorize Mr. Newton to investigate possible solutions. Director Braswell seconded the motion, and it passed unanimously.

MINUTES

The Board considered approving the minutes of its regular meeting on December 15, 2015. After discussion, Director Myers moved to approve the minutes of the December 15, 2015, regular meeting as presented. Director Coward seconded the motion, which passed unanimously.

ACTION LIST

There was no action list.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Pena distributed and reviewed with the Board the Tax Assessor-Collector's Report for December 2015, a copy of which is attached hereto. She reported that as of December 31, 2015, the District's 2015 taxes were 77.89% collected. After discussion, Director Myers moved to approve the Tax Assessor/Collector's Report and payment of the bills. Director Yeatts seconded the motion, and it passed unanimously.

DELINQUENT TAX ATTORNEY'S REPORT

There was no report from the Delinquent Tax Attorney.

TAX RESOLUTIONS

(a) Adopt a Resolution Concerning Tax Collection Procedures;

Mr. Cleveland then presented for the Board's consideration the Resolution Concerning Tax Collection Procedures. He stated that the resolution was consistent with the previous years' resolution and that it authorized sending all bills, did not allow split payments, and did not give a discount for early payment of taxes.

(b) Adopt a Resolution Concerning Exemptions from Taxation;

Next, Mr. Cleveland presented the Resolution Concerning Exemptions from Taxation. He stated that the resolution was consistent with the previous years' resolution and that it did not grant a general residential homestead exemption but did adopt a \$5,000 exemption of the appraised value of residence homesteads of those individuals under Federal Old-Age, Survivors, and Disability Insurance or who were sixty-five (65) years of age or older.

(c) Adopt a Resolution Levying an Additional 20% Penalty for Personal Property Tax Collection Costs; and

Mr. Cleveland then presented for the Board's consideration the Resolution Levying an Additional 20% Penalty for Personal Property Tax Collection Costs. He stated that the resolution was also consistent with the previous years' resolution and provided for an additional twenty percent (20%) penalty to attach to delinquent personal property taxes and the collection of such taxes beginning on April 1.

- (d) Approve a contract with Delinquent Tax Attorney, if needed, and Adopt a Resolution Providing for Additional Penalty for Real Property Tax Collection Costs.

Mr. Cleveland then presented for the Board's consideration the Resolution Providing for Additional Penalty for Real Property Tax Collection Costs. He stated that the District had an evergreen contract with Perdue, Brandon, Fielder, Collins, & Mott, LLP. He stated that the resolution was consistent with the previous years' resolution and provided for an additional twenty percent (20%) penalty to attach to those accounts with real property taxes remaining delinquent on July 1. He stated that the additional penalty pays the cost of collection of such delinquent taxes.

After discussion, Director Yeatts moved to adopt the Resolution Concerning Tax Collection Procedures, the Resolution Concerning Exemptions from Taxation, the Resolution Levying an Additional 20% Penalty for Personal Property Tax Collection Costs, and the Resolution Providing for Additional Penalty for Real Property Tax Collection Costs, as presented; and to approve the continuation of the contract with Perdue, Brandon, Fielder, Collins, & Mott, LLP. Director Coward seconded the motion, which passed unanimously.

SECONDARY DISCLOSURE

Next, Mr. Cleveland stated that it was time for the annual update of the District's financial and operating information ("Annual Report") for purposes of secondary disclosure, as the District covenanted to do when it sold bonds. He then requested that the Board approve the Annual Report and authorize its filing with the Municipal Securities Rulemaking Board, via its online Electronic Municipal Market Access system, subject to finalization of the numbers by the District's financial advisor and Utility Tax. He stated that he would email the finalized Annual Report to the directors prior to filing it so that they could comment if they wished. After discussion, Director Myers moved to approve the 2015 Annual Report and the filing of same, subject to finalization of the numbers by the District's financial advisor and Utility Tax. Director Braswell seconded the motion, which passed unanimously.

BOOKKEEPER

Ms. McLennan introduced Mr. Diaz and Ms. Bailey and informed the Board that Ms. Bailey would be attending the Board meetings in the future. She then distributed and reviewed with the Board the Bookkeeper's Report from December 16, 2015, through January 19, 2016, and an Investment Report for December, copies of which are attached hereto. She reported a 12.79 month reserve in the District's operating account. In response to questions from Mr. Newton, Ms. McLennan stated that the bookkeeper would verify the calculations in the Bookkeeper's Report related to the net profit/loss received by the District for surface water fees. After discussion, Director Coward moved to approve the Bookkeeper's Report, the Investment Report and the payment of the bills. Director Braswell seconded the motion, which passed unanimously.

BOND ISSUE

Mr. Lentz and Ms. McDonald reviewed the process and details of the proposed 2016 District bond sale to reimburse the District's developer, PCD, for public infrastructure constructed by PCD on behalf of the District. They explained that, due to Attorney General rules, there would be two separate bond sales, which would happen simultaneously: one for water, sewer and drainage projects; and one for recreational facility projects. Mr. Lentz then stated that he had run preliminary numbers, and the District could sell \$7.4 million in bonds without raising its taxes, while maintaining sufficient revenues from its maintenance tax to fund District operations. He stated that the proposed bond sale would likely close in August or September and would reimburse the developer for 100% of amounts owed for water, sewer and drainage projects but would not cover all of the amounts owed for recreational facility projects. Mr. Dechert then stated that he was in the process of finalizing the summary of costs for the two proposed issues. After discussion, Director Braswell moved to authorize Costello to begin preparation of the application to the Texas Commission on Environmental Quality for the proposed 2016 bond sales. Director Yeatts seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Lang next presented the Operator's Report for December 2015, a copy of which is attached hereto. She reported 656 connections, 20 delinquent accounts and no identity thefts for December 2015. After discussion, Director Myers moved to approve the Operator's report and terminate service to the customers with delinquent accounts. Director Coward seconded the motion, which passed unanimously.

SURFACE WATER

Ms. Lang noted that the City had held a well attended pre-bid meeting related to the construction of the surface water treatment plant and that bids for the project would be due by January 27, 2016. No action was necessary.

GROUNDWATER FACILITIES

Ms. Lang reported that she was continuing to work on getting updated costs estimates for Phase II of the Edgar Water Plant from the City's engineer and that the cost of the project had increased since the previous cost estimate, partly due to the decision to move from a 500,000 gallon to a 750,000 gallon elevated storage tank. No action was necessary.

MAINTENANCE OF RECREATIONAL FACILITIES

a. Report on work performed by Champions Hydrolawn;

Mr. Halbert presented the Detention and Drainage Facilities Report from Champions dated January 19, 2016, a copy of which is attached hereto. He then reported that the District's gate by the unused entrance to the Nature Park had been repaired as directed by the Board. He also reported that portions of the trail had once again

become covered in 2-3 inches of soil due to inclement weather. The Board concurred to defer further repairs to the trail for the time being.

- b. Report on work performed by Lake Management Services, L.P.; and consider proposal to replace control box to make-up pump at Detention Pond 3; and

Mr. Cleveland presented a proposal from Lake Management Services to replace the damaged control box to the District's make-up pump at Detention Pond 3 in the amount of \$835. Director Yeatts moved to approve the proposal as presented. Director Braswell seconded the motion, which passed unanimously.

- c. Report on work performed by Brazos River's Edge Community Association, Inc., and consider approving proposal to add dirt to the baseball field.

Mr. Newton said he would follow up on the proposal for the addition of dirt to the District's baseball field. No action was necessary.

ENGINEER'S REPORT

Mr. Dechert presented the Engineer's Report dated January 19, 2016, a copy of which is attached hereto.

- a. Section 15B

Mr. Dechert reported that Allgood Construction had finished with the stage two storm inlets, and the paving contractor, D&J Construction, was completing its work. No action was necessary.

- b. Section 17

Mr. Dechert then presented Pay Estimate No. 4 to CNS Construction in the amount of \$74,717.50 and recommended payment. Action was taken below.

- c. Sidewalks

Mr. Dechert then reported that Hurtado Construction had completed the previously approved sidewalk repairs. No action was necessary.

After discussion, Director Braswell moved to approve the engineer's report and approve payment of Pay Estimate No. 4 to CNS Construction in the amount of \$74,717.50 for construction of water, sewer and drainage facilities to serve Section 17. Director Coward seconded the motion, which passed unanimously.

2016 Director Election

This item was tabled.

DEVELOPER

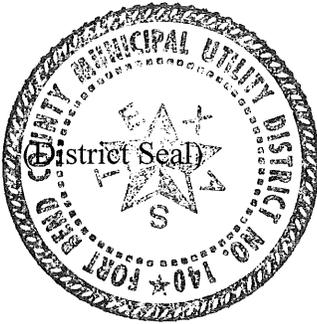
Mr. Newton reported that home sales were still strong. No action was necessary.

EXECUTIVE SESSION

The Board did not convene in executive session.

ADJOURNMENT

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



Arden Myers
Secretary

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ACTION LIST

Bookkeeper

Bookkeeper will recalculate District's net profit/loss from surface water fees.