

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

March 15, 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 March 15, 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 with the exception of Director Coward, thus constituting a quorum.

Also present during all or part of the meeting were Susan Lang and Marika Fernandez of the City of Richmond, Texas (the "City"); Ron Dechert of Costello, Inc.; Phil Halbert of Champions Hydrolawn, Inc. ("Champions"); Diane Bailey of McLennan and Associates; Monica Pena of Utility Tax Service, LLC ("Utility Tax"); Les Newton of Planned Community Developers Ltd. ("PCD"); and Joel Cleveland and Olivia Galvan of Jeanne H. McDonald, P.C.

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board considered approving the minutes of its regular meeting on February 16, 2016. After discussion, Director Myers moved to approve the minutes of the February 16, 2016, regular meeting as presented. Director Yeatts 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 February 2016, a copy of which is attached hereto. She reported that as of February

29, 2016, the District's 2015 taxes were 96.15% collected. After discussion, Director Yeatts moved to approve the Tax Assessor/Collector's Report and payment of the bills. Director Braswell seconded the motion, and it passed unanimously.

DELINQUENT TAX ATTORNEY'S REPORT

There was no report from the Delinquent Tax Attorney.

BOOKKEEPER

Ms. Bailey then distributed and reviewed with the Board the Bookkeeper's Report from February 17, 2016, through March 15, 2016, and an Investment Report for February, copies of which are attached hereto. She reported an 18.41 month reserve in the District's operating account. After discussion, Director Yeatts moved to approve the Bookkeeper's Report, the Investment Report and the payment of the bills. Director Braswell seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Lang next presented the Operator's Report for February 2016, a copy of which is attached hereto. She reported 676 connections, 15 delinquent accounts and no identity thefts for February 2016. Discussion then ensued regarding the collection of delinquent accounts. In response to a question from Director Myers, Ms. Lang indicated that the City did not engage a collection agency to collect delinquent accounts on behalf of the District. After further discussion, Director Myers moved to approve the Operator's report and terminate service to the customers with delinquent accounts. Director Yeatts seconded the motion, which passed unanimously.

WATER CONSERVATION IMPLEMENTATION REPORT

Mr. Cleveland explained that it was time to authorize the District's operator to prepare the Water Conservation Implementation Report. Director Myers moved to authorize the operator to prepare the Water Conservation Implementation Report. Director Yeatts seconded the motion, which passed unanimously.

SURFACE WATER

Ms. Lang presented a handout, a copy of which is attached hereto, showing information regarding the financing of the surface water treatment plant. She explained that, although the bids to construct the plant came in higher than expected, the City had the necessary funds to cover the costs without accelerating the increase in GRP water rates. She also pointed out that the financing of the Ground Water Reduction Plan as a whole was being achieved with, and GRP participants were paying, lower fees than those predicted by the City's original financing plan. After discussion, no action was taken.

GROUNDWATER FACILITIES

Ms. Lang then presented and reviewed with the Board a revised cost estimate for the construction of Phase II of the Edgar Water Plant, an elevated storage tank. She explained that the elevated storage tank had been resized from a 500,000 gallon to a 750,000 gallon tank, that the City would be financing the additional capacity and that, as a result, the District's percentage share of the project had dropped from 19% to 12.7%. She also reported that the District's estimated total cost for the project had increased from about \$275,000 to roughly \$320,000; however, she pointed out that the original cost estimate was done in 2004 and that if it were adjusted for inflation to 2013 dollars, as per the terms of the District's contract with the City, the adjusted amount would be \$352,000 (considerably more than the amount of the new cost estimate). Ms. Lang then cautioned that the City was reevaluating the need for a 750,000 gallon tank, as opposed to the previously planned 500,000 gallon tank, and, therefore, the cost estimate was still subject to change. After further discussion, no action was taken.

MAINTENANCE OF RECREATIONAL FACILITIES

- a. Report on work performed by Champions Hydrolawn, consider proposal to remove dead tree(s) from the nature park, if appropriate;

Mr. Halbert presented the Detention and Drainage Facilities Report from Champions dated March 15, 2016, a copy of which is attached hereto. He then reported that he had walked the fence-line of Mr. Bill Windrow's property adjacent to the nature park as requested by the District's attorney to determine whether any trees were threatening to fall on Mr. Windrow's fence or property. Mr. Cleveland stated that he had received a call from Mr. Windrow complaining about such a tree. Mr. Halbert reported that he did not see any trees in the nature park that were likely to fall on Mr. Windrow's property. No action was necessary.

- b. Report on work performed by Lake Management Services, L.P.;

Mr. Cleveland reported that Lake Management Services had replaced the damaged water fountain in the District's detention pond with a new fountain as previously approved by the Board. No action was necessary.

- c. Report on work performed by Brazos River's Edge Community Association, Inc.;

Mr. Newton reported that the improvements to the ball field would be completed on March 22 and that the installation of cul-de-sac fencing was scheduled for the end of March as well. No action was necessary.

ENGINEER'S REPORT

Mr. Dechert then gave the Engineer's Report. There was no written report.

a. Section 17

Mr. Dechert reported that CNS Construction had completed its work and that he was awaiting the contractor's final payment application. No action was necessary.

AERIAL EASEMENT

Mr. Cleveland then presented for the Board's consideration an Aerial Easement from the Board to CenterPoint Energy Houston Electric, LLC granting CenterPoint an aerial easement over a section of the District owned outfall adjacent to Detention Pond No. 3 for the purpose of installing electric transmission and distribution lines, as well as related facilities. Director Myers moved to approve the Aerial Easement to CenterPoint. Director Yeatts seconded the motion, and it passed unanimously.

BOND ISSUE

Mr. Dechert reported that he was in the process of completing the cost estimates for the proposed bond issues. After discussion, the Board concurred to include in the cost summaries estimated amounts for both Phase II of the Edgar Water Plant and the water, sewer and drainage facilities to serve future Section 18.

DEVELOPER

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

ACCEPT THE CERTIFICATION OF UNOPPOSED CANDIDATES REGARDING THE MAY 7, 2016, DIRECTORS' ELECTION

Mr. Cleveland reported that the May 7, 2016, Directors' Election would be uncontested resulting in the re-election of Directors Brady, Myers and Yeatts. Mr. Cleveland then presented the Certificate of Unopposed Candidates for the Board's consideration. Action was taken below.

ADOPT ORDER DECLARING CANDIDATES ELECTED

Mr. Cleveland then presented the Order Declaring Candidates Elected, cancelling the May 7, 2016, election. Director Myers moved to accept Certificate of Unopposed Candidates regarding the May 7, 2016, Directors' Election and approve the Order Declaring Candidates Elected. Director Yeatts seconded the motion, which passed unanimously.

EXECUTIVE SESSION

The Board did not convene in executive session.

ADJOURNMENT

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


Secretary



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ACTION LIST

There was no action list.