

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

July 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 July 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 Colette Garcia of McGrath & Co., PLLC; Ron Dechert of Costello, Inc.; Mike Arterburn of Utility Tax Service, LLC ("Utility Tax"); Diane Bailey of McLennan and Associates; Susan Lang of the City of Richmond ("City"); Melia Durham of Planned Community Developers Ltd. ("PCD"); Greg Lentz of FirstSouthwest, a division of Hilltop Securities; Jeanne McDonald, and Olivia Galvan of Jeanne H. McDonald, P.C and members of the public listed on the sign in sheet attached hereto.

The Board meeting was called to order in the former offices of Amegy Bank at 2277 Plaza Drive, Suite 100, Sugar Land, Texas 77479, instead of the noticed location (moved downstairs from Suite 290 of the same building to allow for large attendance). Notice informing the public of the changed meeting location was posted on the door of Suite 290 as well as on the building elevators. Ms. Durham further assisted with directing members of the public to the revised meeting room.

PUBLIC COMMENTS

Director Brady called the meeting to order and thanked everyone for attending. He then introduced himself as the President of the District's Board of Directors and further introduced the District's attorney, Ms. McDonald. Ms. McDonald then explained the procedure for conducting the District's meeting and the rights of the public to listen to the discussion of District business and the ability to comment during the public comments portion of the meeting. She then opened the meeting to the public for questions or comments.

Mr. Sammy Larbi then reported on his discussions with the District's financial advisor regarding his calculations on the feasibility of financing a levee around the District. He then

asked if the Board would consider a bond refunding to extend the length of maturity of the District's existing bonds. In response, Mr. Lentz explained how bond refunding is traditionally used by municipal utility districts and how rare it is for a district to extend the length of existing bonds. Director Brady then stated that the District had previously approved refunding bonds that produced at least a three percent savings. Mr. Larbi then inquired about the City of Richmond's interest in the District extending the length of the District's bonds. In response, Ms. McDonald explained how cities consent to the creation of municipal utility districts and the restrictions that can be imposed and then explained the District's current relationship with the City. Ms. Lang then explained the City's process when considering annexation of a municipal utility district.

Mr. Harrigan then commented on the high water experienced in the Summer Trace cul-de-sac during heavy rains and the slab elevation difference for some homes in the District. He then inquired about the District's ability to pursue litigation regarding the slab elevation of some homes in the District. In response, Ms. McDonald explained that the District can only sue for its own damages and has no legal standing to sue for damages to residents if their builders did not construct their slabs to the required minimum slab elevation. Mr. Dechert then explained the criteria used to set the slab elevation for homes in the District. He then reported that Mr. Frank received several certificates of elevation from District homeowners at the recent town hall meeting and was currently reviewing them with regard to the elevation datum adjustments and benchmarks used.

HIGH WATER EVENT

a. Report on discussions had at town hall meeting held on July 14, 2016;

Director Brady and Ms. McDonald then reported on the town hall meeting. No action was necessary.

b. Report on status of storm sewer drainage along northern boundary of District and authorize maintenance program;

Mr. Dechert then reported on the efforts to locate and clean four District inlet drains along the District's north property line. He also reported that a fifth drain was discovered during the process and was also cleaned by James King Construction. Mr. Dechert then recommended that the Board place all of the inlets on a six (6) month maintenance schedule going forward and explained that a subcontractor would need to be obtained as the City does not consider maintenance of the inlet drains a contractual obligation. After discussion, Director Coward moved to approve adding all five drainage inlets on a six (6) month maintenance schedule. Director Braswell seconded the motion, which passed unanimously.

c. Report on engineering work regarding feasibility of reconstructing an earthen embankment along or adjacent to the Brazos River to the west of Rio Vista;

Mr. Dechert then reported that work on the watershed model was still being conducted and that surveying information from the land in Fort Bend Municipal Utility District

No. 145 ("FB145") would be needed. He also reported that Costello had contacted Justin Ring, engineer for FB145 to request access to FB145 property for surveying purposes and was awaiting approval from FB145 to proceed. No action was necessary.

- d. Report on regional efforts to address flooding in the District and greater Fort Bend County, if appropriate.

Ms. McDonald then reported on the discussion regarding regional efforts from the town hall meeting and stated that no regional solutions were currently available at this time.

LEGAL UPDATE – EMBANKMENT REMOVAL

This item was tabled until later in the meeting.

MEETING TIME/LOCATION

Ms. McDonald then asked if the Board wished to consider changing the time and place the District holds its regular meeting. Director Brady state that he prefers not to change Board meeting times and locations but for the Board to consider holding additional town hall meetings near the District in the evening so that residents could ask questions and receive information instead of simply being able to listen to the Board handle its business. He suggested that the next town hall meeting be held once the District's engineers have completed the feasibility analysis of reconstructing an embankment adjacent to Rio Vista. Mr. Dechert then reported that the analysis should be completed by October. The Board then requested that a town hall meeting be coordinated upon completion of the engineer's analysis.

PUBLIC INFORMATION ACT REQUESTS

Ms. McDonald then reported on the recent public information act request received by the District and explained the statutory procedures that limit the fees the District can charge for fulfilling public information acts requests. She then recommended that the Board consider establishing a protocol to address fees associated with public information act requests going forward. After discussion, Director Myers moved to charge fees for public information act requests that exceed 50 pages as allowed by law and regulation. Director Yeatts seconded the motion, which passed unanimously.

MINUTES

The Board considered approving the minutes of its regular meeting on June 21, 2016. After discussion, Director Myers moved to approve the minutes of the June 21, 2016, regular meeting as presented. Director Coward seconded the motion, which passed unanimously.

ACTION LIST

The action list was reviewed.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Arterburn distributed and reviewed with the Board the Tax Assessor-Collector's Report for June 2016, a copy of which is attached hereto. He reported that as of June 30, 2016, the District's 2015 taxes were 98.56% collected. After discussion, Director Yeatts moved to approve the Tax Assessor/Collector's Report and payment of the bills. Director Brady seconded the motion, and it passed unanimously.

DELINQUENT TAX ATTORNEY'S REPORT

There was no report from the Delinquent Tax Attorney.

AUDITOR

Ms. Garcia then presented for the Board's consideration an engagement letter from McGrath & Co., PLLC to perform the District's annual audit for fiscal year ending July 31, 2016. Ms. Garcia reported that the proposed fee was \$10,250 and was the same as the previous year's fee. Director Brady moved to approve the engagement of McGrath & Co., PLLC to perform the District's audit for fiscal year ending July 31, 2016. Director Myers seconded the motion, which passed unanimously.

BOOKKEEPER

Ms. Bailey then distributed and reviewed with the Board the Bookkeeper's Report from June 21, 2016, through July 19, 2016, and an Investment Report for June, copies of which are attached hereto. She reported a 17.77 month reserve in the District's operating account. After discussion, Director Coward moved to approve the Bookkeeper's Report, the Investment Report and the payment of the bills. Director Myers seconded the motion, which passed unanimously.

BUDGET

Ms. Bailey then presented a second draft of the District's operating budget for fiscal year ending July 31, 2017. Ms. McDonald then explained that the District's legal fees were higher than usual in response to work conducted during and after the recent high water event. Ms. McDonald then asked whether the Board would like to add line items to the District's budget for both the attorney and engineer to address work conducted in connection with the high water event. After discussion, Director Yeatts moved to adopt the operating budget for fiscal year ending July 31, 2017 with the two additional line items. Director Braswell seconded the motion, and it passed unanimously.

OPERATOR'S REPORT

Ms. Lang next presented the Operator's Report for June 2016, a copy of which is attached hereto. She reported 709 connections, 30 delinquent accounts and no identity thefts for June 2016. Ms. Lang then presented a request from Ms. Christa Rollock at 318 Autumn Creek Lane for a water bill adjustment due to high water usage she claimed was caused by unknown persons while

she was on vacation. Ms. McDonald then explained that the customer did not provide an adjustment amount and explained the District's established policy for adjustment requests for leaks or usage from the customer's side of the meter. After discussion, Director Myers moved to approve the Operator's report, deny the request from a customer at 318 Autumn Creek Lane, and terminate service to those customers with delinquent accounts. Director Yeatts seconded the motion, which passed unanimously.

SURFACE WATER

Ms. Lang reported that the surface water plant did not sustain any flooding during the recent high water event.

GROUNDWATER FACILITIES

Ms. Lang had nothing new to report.

MAINTENANCE OF RECREATIONAL FACILITIES

- a. Report on work performed by Champions Hydrolawn and approve annual budget for such maintenance services;

There was no report. Ms. McDonald next presented the annual maintenance budget for fiscal year 2017 from Champions Hydrolawn for the Board's approval. Director Braswell moved to approve the maintenance budget for fiscal year 2017 from Champions Hydrolawn. Director Yeatts seconded the motion, which passed unanimously.

- b. Report on work performed by James King Construction and consider proposal to repair the District's Nature Trail;

Mr. Dechert then reported that Mr. King had completed the location and cleaning of five drainage inlets and the installation of temporary fencing near the Brazos River and recommended that the District approve his invoice in the amount of \$5,018.38 in connection with the location and cleaning of five drainage inlets and the installation of temporary fencing near the Brazos River. Director Myers moved to approve payment in the amount of \$5,018.38 to James King Construction for the location and cleaning of five drainage inlets and the installation of temporary fencing near the Brazos River. Director Coward seconded the motion, which passed unanimously.

Mr. Dechert then reported that the District's Nature Trail suffered excessive silt with some areas reaching up to 3' and that park amenities like benches had also been lost. Ms. McDonald then reported that Mr. King had submitted a proposal for repair of the District's Nature Trail in the amount of \$49,000 and recommended that the Board table the proposal until the District's engineer could review for possible drainage issues. Director Yeatts moved to table the proposal from James King Construction in the amount of \$49,000 and authorized review of the proposal by the District's

engineer for possible drainage issues. Director Braswell seconded the motion, which passed unanimously.

- c. Report on work performed by Lake Management Services, L.P., and consider and approve annual budget for Additional Services; and

Ms. McDonald next presented the annual maintenance budget for fiscal year 2017 from Lake Management Services, L.P. for the Board's approval. Director Yeatts moved to approve the maintenance budget for fiscal year 2017 from Lake Management Services, L.P. Director Brady seconded the motion, which passed unanimously.

- d. Consider proposal to make the District's baseball field a multi-age facility; and

Ms. McDonald next presented a request from Scott Lease regarding modifying the current mound and base paths to accommodate multi-age use. Director Braswell then explained the ability to convert the District's baseball fields to a multi-age facility. The Board then requested that Ms. McDonald contact the Homeowners' Association to determine if the homeowners desire this change and to determine if any groups who reserve the fields on a long term basis would be willing to do the work.

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

There was no report.

ENGINEER'S REPORT

- a. Consider and approve proposal for the televising of the storm sewer lines in Section 1

Mr. Dechert then presented a proposal for televising of the storm sewer lines in Section 1, a copy of which is attached hereto. He explained that the proposal came in higher than expected. He then reviewed other options for televising the lines and recommended additional research be conducted before moving forward. No action was taken.

BOND ISSUE

Ms. McDonald reported that the District's bond application had been submitted to the TCEQ.

DEVELOPER

There was no report.

LEGAL UPDATE – EMBANKMENT REMOVAL

Ms. McDonald asked the Board to convene in Executive Session to discuss this matter.

EXECUTIVE SESSION TO DISCUSS: (A) PENDING OR CONTEMPLATED LITIGATION IN ACCORDANCE WITH SECTION 551.071 OF THE TEXAS GOVERNMENT CODE; (B) ACQUISITION OF REAL PROPERTY IN ACCORDANCE WITH SECTION 551.072 OF THE TEXAS GOVERNMENT CODE; (C) PERSONNEL MATTERS IN ACCORDANCE WITH SECTION 551.074 OF THE TEXAS GOVERNMENT CODE; (D) TO RECEIVE INFORMATION FROM EMPLOYEES OR QUESTION EMPLOYEES IN ACCORDANCE WITH SECTION 551.075 OF THE TEXAS GOVERNMENT CODE; OR (E) ECONOMIC DEVELOPMENT NEGOTIATIONS OR OFFERS OF FINANCIAL INCENTIVES FOR ECONOMIC DEVELOPMENT IN ACCORDANCE WITH SECTION 551.087 OF THE TEXAS GOVERNMENT CODE.

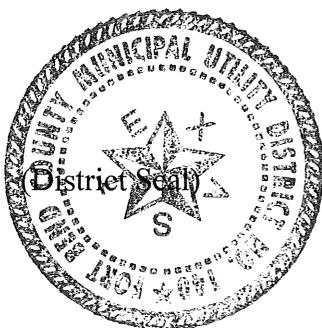
The Board convened into Executive Session at 1:33 p.m. pursuant to Section 551.071 of the Texas Government Code to discuss pending litigation.

RECONVENE IN OPEN SESSION: RECONVENE IN PUBLIC SESSION TO CONSIDER AUTHORIZING DISTRICT STAFF AND CONSULTANTS TO TAKE ANY ACTION NECESSARY WITH RESPECT TO (A) PENDING OR CONTEMPLATED LITIGATION; (B) ACQUISITION OF REAL PROPERTY; (C) PERSONNEL MATTERS; AND (D) RECEIVING INFORMATION FROM OR QUESTIONING EMPLOYEES; (E) ECONOMIC DEVELOPMENT NEGOTIATIONS OR OFFERS OF FINANCIAL INCENTIVES; AND (F) ANY OTHER MATTERS RELATIVE TO ANY OF THESE MATTERS WHICH WAS DISCUSSED IN EXECUTIVE SESSION.

The Board then reconvened into open session at 1:45 p.m. No action was taken.

ADJOURNMENT

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



Arden Myers
Secretary

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
Meeting Sign-in Sheet.....	1
Tax Assessor/Collector Report	4
Bookkeeper's Report/Investment Report.....	4
Operator's Report.....	5
Engineer's Report	6

ACTION LIST

There was no action list.