

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

August 15, 2017

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 August 15, 2017, 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
Harry Murray	Assistant Vice President
Rosa Coward	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 Ron Dechert of Costello, Inc. (“Costello”); Monica Pena of Utility Tax Service, LLC (“Utility Tax”); Jorge Diaz of McLennan and Associates, L.P.; Susan Lang and Scott Fajkus of the City of Richmond (“City”); Les Newton of Planned Community Developers Ltd. (“PCD”); Josh Fort of Champions Hydrolawn, Inc. (“Champions”); Greg Lentz of FirstSouthwest, a division of Hilltop Securities (“FirstSouthwest”); Colette Garcia of McGrath & Co., PLLC; Joel Cleveland and Olivia Galvan of Jeanne H. McDonald, P.C; and those persons listed on the sign-in sheet attached hereto.

PUBLIC COMMENTS

There were no public comments.

BERM CONSTRUCTION

Mr. Dechert reported that Fort Bend County Drainage District approved the new berm alignment; however, he stated that the Fort Bend County Engineer has not yet approved the berm project and is requesting additional data to determine its impact on communities farther up-river. Mr. Dechert assured the Board that Costello is working with the County Engineer to resolve the issue and is emphasizing the fact that, functionally, the District is merely proposing to rebuild a berm that was previously approved by the County and constructed. In response to questions from the Board, Mr. Cleveland stated that the District cannot construct the berm without the County’s approval even if Fort Bend County Municipal Utility District No. 145 approves the project.

Mr. Cleveland then asked if the Board wished to hold another town hall meeting. After discussion, the Board concurred to wait until all necessary approvals for the berm project are received before holding the meeting.

#### MINUTES

The Board next considered approving the minutes of its regular meeting held on July 18, 2017. Director Myers moved to approve the minutes of the July 18, 2017, regular meeting as presented. Director Murray 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 July 2017, a copy of which is attached hereto. She reported that as of July 31, 2017, the District's 2016 taxes were 99.42% collected. After discussion, Director Murray moved to approve the Tax Assessor-Collector's Report and the payment of the bills. Director Coward seconded the motion, which passed unanimously.

#### DELINQUENT TAX ATTORNEY

There was no report.

#### TAX RATE

This item was taken out of order. Mr. Lentz next presented his tax rate recommendation for the District's 2017 taxes based, in part, on an estimated District value, as of January 1, 2017, of \$191,557,463 (consisting of \$186,847,025 of certified value and 90% of uncertified value in the amount of \$5,233,820). He recommended that the Board set the District's debt service tax rate at \$0.75 to provide sufficient collections to make the District's future bond payments. He then reviewed with the Board possible maintenance tax rates, noting that a rate of \$0.3223 would result in the revenue necessary to produce the District's proposed budget for fiscal year 2018 and that a rate of \$0.50 would result in a total tax rate of \$1.25, the same tax rate the District levied in 2016 and essentially equal to the parity tax rate of \$1.2466. Discussion then ensued regarding whether and to what extent to lower the District's tax rate, with a focus on ongoing and possible future capital projects and potential changes in the District's valuation. After discussion, Director Myers moved (a) that the Board approve an anticipated debt service tax rate of \$0.75 and maintenance tax rate of \$0.40, for a total 2017 tax rate of \$1.15 per \$100 of valuation; (b) that the Board set the public hearing for September 19, 2017, 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; and (c) that the Board authorize the tax assessor-collector to publish notice as required by law. Director Braswell seconded the motion, which passed unanimously.

## UNLIMITED TAX REFUNDING BONDS, SERIES 2017

Mr. Cleveland reported that on July 27, 2017, Jack Brady executed the Officer's Pricing Certificate, as authorized and directed by the Board, agreeing to and stipulating certain terms and provisions of the sale of the District's \$3,210,000 Unlimited Tax Bonds, Series 2017 (the "Bonds"). Mr. Cleveland further reported that the Bonds were approved by the Attorney General of the State of Texas and that closing will occur on August 29, 2017.

- a. Consider and approve bond closing documents including but not limited to the Federal Tax Certificate, the No Litigation Certificate, the District's Receipt, the 8038-G, and the other customary receipts, certificates and documents concerning the District's \$3,210,000 Unlimited Tax Refunding Bonds, Series 2017; and

Mr. Cleveland then reviewed with the Board the following documents and asked that the Board approve such documents: the Federal Tax Certificate, the No Litigation Certificate, the District's Receipt, the 8038-G, and the other customary receipts, certificates and documents concerning the District's \$3,210,000 Unlimited Tax Refunding Bonds, Series 2017. Action was taken below.

- b. Consider and act upon approving disbursement of bond proceeds and any other matters concerning the District's \$3,210,000 Unlimited Tax Refunding Bonds, Series 2017.

Mr. Cleveland reported that the final refunding numbers will result in a net present value savings of 6.136669%. He then requested that the Board authorize the disbursement of the proceeds of the District's Series 2017 Unlimited Tax Refunding Bonds in accordance with the closing letter prepared by the District's Financial Advisor and the checks presented by the bookkeeper for such costs.

After discussion, Director Myers moved to approve such documents and authorize the disbursement of proceeds as requested and outlined above. Director Braswell seconded the motion, which passed unanimously.

## DEVELOPER REIMBURSEMENT AUDIT

Ms. Garcia then distributed and reviewed with the Board the Developer Reimbursement Reports (Independent Accountant's Reports) auditing certain amounts owed Houston River's Edge Venture, L.P., the District's Developer, for outstanding funds advanced by Developer for construction of public facilities. She reported that \$70,502 may be reimbursed to Developer for park facilities and \$20,962 may be reimbursed for water, sewer, and drainage facilities. She then explained that the amounts are available from the surplus proceeds of the District's Series 2016 and Series 2016A Bonds and that the Texas Commission on Environmental Quality has approved this use of surplus funds. After discussion, Director Coward moved to approve the reimbursement of Developer in accordance with the Developer Reimbursement Reports. Director Murray seconded the motion, which passed unanimously.

## BOOKKEEPER

Mr. Diaz distributed and reviewed with the Board the Bookkeeper's Report from July 19, 2017, through August 15, 2017, and an Investment Report for June, copies of which are attached hereto. He reported a 14.86-month reserve in the District's operating account. After discussion, Director Murray moved to approve the Bookkeeper's Report, the Investment Report, and the payment of the bills. Director Braswell seconded the motion, which passed unanimously.

## AWBD

Mr. Cleveland then asked if the Board would like to authorize its directors to attend the AWBD Winter Conference. After discussion, Director Murray moved to authorize all directors to attend the AWBD Winter Conference and to authorize up to a maximum of three (3) per diems and reimbursement for up to two (2) hotel nights for attendance at the conference. The motion was seconded by Director Myers, which passed unanimously.

## OPERATOR'S REPORT

Ms. Lang next presented the Operator's Report dated July 31, 2017, a copy of which is attached hereto. She reported 783 connections, 27 delinquent accounts, and no identity thefts for July 2017. Mr. Fajkus also reported that notices have gone out to District customers regarding the switch to the use of chloramines to treat the potable water supplied to the District. After discussion, Director Murray moved to approve the Operator's report and terminate service to those customers with delinquent accounts. Director Myers seconded the motion, which passed unanimously.

## MAINTENANCE OF RECREATIONAL FACILITIES

### a. Report on work performed by Champions Hydrolawn;

Mr. Fort distributed the Detention and Drainage Facilities Report dated August 15, 2017, a copy of which is attached hereto. Mr. Murray then asked Champions to trim some of the growth in the nature park blocking the viewing area of the river. No action was necessary.

### b. Consider repair and/or reopening of the District's Nature Trail;

This item was tabled.

### c. Report on work performed by James King Construction;

There was no report.

### d. Report on work performed by Lake Management Services, L.P.; and

There was no report.

- e. Report on work performed by Brazos River's Edge Community Association, Inc. ("BRECA"), and consider request for maintenance of the District's baseball field.

Mr. Newton reported that BRECA is replacing LED lighting for the main entrance monument to River's Edge. He also reported that he is seeking a quote for additional maintenance of the baseball field. No action was necessary.

ENGINEER'S REPORT

There was no additional report.

DEVELOPER

Mr. Newton reviewed the status of development within the District. No action was necessary.

PUBLIC COMMENTS

This item was revisited.

Mr. Smith, a District resident, then reported that his insurance agent notified him of the loss of his homes' grandfathered designation status with the Federal Emergency Management Agency. 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.



*John Brawell*  
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Assistant Secretary

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ACTION LIST

There was no action list.