

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

October 17, 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 October 17, 2017, at 6:00 p.m., at 2277 Plaza Drive, 1st Floor, 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	Secretary
Harry Murray	President
Janice Suchyta	Vice-President
John Braswell	Assistant Secretary
Gene Tomas	Assistant Vice-President

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

Also present during all or part of the meeting were Greg Frank and Ron Dechert of Costello, Inc. (“Costello”); Mike Arterburn of Utility Tax Service, LLC (“Utility Tax”); Olivia Cuellar of McLennan and Associates, L.P.; Joel Cleveland and Olivia Galvan of Jeanne H. McDonald, P.C; and those persons listed on the sign-in sheet attached hereto.

PUBLIC COMMENTS

Director Murray welcomed everyone to the meeting and asked if anyone wished to make a public comment. Vanessa Marsters then reported that she is a member of the Steering Committee for proposed Fort Bend County Levee Improvement District No. 22 (“LID 22”). She reported regarding the recent committee meeting held on October 12 and on the status of the proposed levee project in general. David Smith and Greg Frank further commented on the proposed levee and on draft modeling that had been performed before Hurricane Harvey concerning river elevations and project flood inundation. In response, Director Murray stated that the Board understands the importance of and is supportive of a levee that would include and protect the District. He requested that the District be better informed about the status of the project so that it can determine how to get involved.

ENGINEER’S REPORT

This item was taken out of order.

d. Emergency Contingency Plan.

Mr. Frank, using a map of the District, reviewed with the Board the four main areas where flood water can enter the District during a river flooding event. He then explained potential means of blocking off the flow of water into the District. After

discussion, Director Murray moved to establish an Emergency Preparedness Committee, initially consisting of himself and Director Suchyta, for the purpose of investigating and making recommendations to the Board on matters related to flood mitigation and the District's emergency preparedness. Director Suchyta seconded the motion, which passed unanimously.

MINUTES

The Board next considered approving the minutes of its special meeting held on October 3, 2017. After discussion, Director Suchyta moved to approve the minutes of the October 3, 2017, special meeting as amended. Director Murray seconded the motion, which passed unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Arterburn stated that the monthly Tax Assessor-Collector's Report for September 2017 was distributed at the October 3, 2017, special meeting and that there is no additional report at this time. He also reported that notices were mailed to the District's residents concerning the closure of the Nature Park and the disaster reappraisal being conducted by the Fort Bend Central Appraisal District. After discussion, no action was necessary.

DELINQUENT TAX ATTORNEY

There was no report.

PUBLIC HEARING ON 2017 TAXES

Mr. Cleveland opened the public hearing for comments. Sami Larby, a District resident, commented that the proposed combined tax rate of \$1.25 per \$100 of assessed value may not be sufficient given upcoming District flood mitigation projects. He also noted that the District may desire to raise additional capital to help fund proposed LID 22 creation costs. Ms. Marsters and Mr. Smith then commented on the costs of the initial land survey that will need to be completed for LID 22, noting that costs are in the range of \$500,000.00. There were no additional public comments, and the hearing was closed.

LEVY 2017 TAXES

Next, Mr. Cleveland stated that the Board needed to consider levying the District's 2017 tax rates. He reminded the Board that it approved publishing notice of a combined tax rate of \$1.25 per \$100 of assessed value, consisting of proposed rates of \$0.75 for debt service and \$0.50 for maintenance and operations, at its meeting on September 19, 2017. He then presented for the Board's consideration the Order Levying Taxes for 2017 establishing a debt service tax rate of \$0.75 and a maintenance tax rate of \$0.50, for a total rate of \$1.25 per \$100 of assessed value. He then presented an Amended District Information Form for the Board's consideration. After discussion, Director Tomas moved to adopt the Order Levying Taxes as presented and to approve

and authorize recordation of the Amended District Information Form. Director Suchyta seconded the motion, which passed unanimously.

BOOKKEEPER

Ms. Cuellar distributed and reviewed with the Board the Bookkeeper's Report from October 4, 2017, through October 17, 2017, and an Investment Report for September, copies of which are attached hereto. She reported a 13.17-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.

OPERATOR'S REPORT

Mr. Cleveland distributed to the Board for its review the Operator's Report for September, a copy of which is attached. He stated that nobody from the City of Richmond (the "City") was able to attend the meeting. Mr. Cleveland also presented a request from the Brazos River's Edge Community Association ("BRECA") for waiver of penalty and interest associated with the late payment of its water bill that was due in September. After review, Director Braswell moved to approve the Operator's Report, not to terminate water service to customers with delinquent accounts, and approve the request from BRECA for waiver of penalty and interest. Director Suchyta seconded the motion, which passed unanimously.

RATE ORDER

Mr. Cleveland then explained that the City, in its role as administrator of the regional Groundwater Reduction Plan ("GRP"), of which the District is a participant, has increased the surface water fees charged to all GRP participants effective October 1, 2017. He then asked the Board if it would like to pass through the fee increase to the District's customers by amending its Rate Order to increase its surface water rate from \$2.10 to \$2.20 per 1,000 gallons. After discussion, Director Braswell moved to amend the District's Rate Order to increase its surface water rate to from \$2.10 to \$2.20 per 1,000 gallons of water, effective November 1, 2017. Director Suchyta seconded the motion, which passed unanimously.

Director Murray then announced that one-page summaries of the District's water and sewer rates were located at the back of the meeting room.

AWBD

Mr. Cleveland stated that this item was added for the Board to reconsider whether to authorize director attendance at the Association of Water Board Directors Winter Conference in January 2018. Director Murray stated that he believes every director should attend at least one of the two annual AWBD conferences each year as part of continuing education related to serving as a water board director. He also stated that the cost is not prohibitive. Director Brady stated that he would cancel his plans to attend the conference if the Board wished. After discussion, the Board

concurring not to alter its previous action authorizing attendance at the AWBD Winter Conference for any Board member wishing to attend.

MAINTENANCE OF RECREATIONAL FACILITIES

- a. Report on work performed by Champions Hydrolawn, and consider proposal for removal of tree;

The Detention and Drainage Facilities Report dated October 12, 2017, a copy of which is attached hereto, was distributed to the Board. Mr. Cleveland also presented a proposal from Champions Hydrolawn to remove a fallen tree near one of the District's detention ponds at a total cost of \$960.00. Director Murray moved to approve the proposal to remove the fallen tree. Director Suchyta seconded the motion, which passed unanimously.

- b. Report on work performed by James King Construction, consider authorizing tree removal, consider proposal for regrading or other modification to a drainage inlet along the northern boundary of the District;

Mr. Cleveland stated that Mr. King has not yet been able to assess the fallen tree at the edge of the District's nature trail, which fell on neighboring property owned by Bill Windrow, due to the wet conditions. He stated that Mr. Windrow is aware of the situation. Mr. Cleveland also reported that Mr. King is working with the homeowner regarding the regrading of the drainage inlet has no proposal at this time for Board approval. After discussion, this item was then tabled.

- c. Report on work performed by Lake Management Services, L.P., and consider proposal for coliform bacteria testing at District ponds; and

Mr. Cleveland presented a proposal from Lake Management Services, L.P. to perform testing of coliform bacteria levels at the District's two amenity lakes for a cost of \$434.00. After discussion, Director Murray moved to approve the proposal to test the coliform bacteria levels at the District's amenity lakes and to follow up with Lake Management Services, L.P. regarding what can be done to remediate the issue should the levels turn out to be high. Director Tomas seconded the motion, which passed unanimously.

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

Director Murry stated that he is still awaiting a proposal to rehabilitate the District's baseball field. This item was then tabled.

ENGINEER'S REPORT

Mr. Dechert distributed and reviewed with the Board the Engineer's Report dated October 17, 2017, a copy of which is attached hereto.

a. Sinkhole.

Mr. Dechert reported that Crostex Construction Inc. will mobilize the site later in the week. No action was necessary.

b. District's Rio Vista Berm.

Mr. Dechert reviewed the bid tabulations for construction of the District's berm adjacent to Rio Vista, noting that four bids were received and that the low bidder was Solid Bridge Construction, LLC with a bid of \$100,940.00. He stated that he would like to get additional references for the contractors before recommending award of the contract at the Board's November meeting, especially given that he has not previously worked with the low bidder. After discussion, no action was necessary.

c. District Berm.

Mr. Dechert reported that the survey of the berm washout near the west bank of the DRS detention is complete. He also reported that Costello is in the process of determining a new alignment for the berm further from the river bank. He also stated that the new alignment will require an easement to fill in a portion of the existing DRS sand pit, an outfall pipe into the Brazos River with a gate structure, and approval from Fort Bend County. After discussion, Director Suchyta moved to authorize Costello to commence design work for replacement berm. Director Murray seconded the motion, which passed unanimously.

e. Erosion.

Mr. Dechert presented statements of qualifications from engineering firms for the study of Brazos River bank erosion affecting the District. The Board concurred to review the statements of qualifications in advance of the District November meeting.

APPRAISAL

Mr. Cleveland presented and reviewed with the Board statements of qualifications from appraisers for the valuation of certain tracts of land that the District is considering acquiring for flood mitigation purposes. After discussion, Director Suchyta moved to authorize negotiation of a contract for such appraisal services with O'Connor & Associates and to authorize Director

Murray to approve the terms and final form of such contract, subject to attorney review. Director Tomas seconded the motion, which passed unanimously.

ATTORNEY/LEGAL UPDATE – EMBANKMENT REMOVAL

Mr. Cleveland asked the Board to convene in Executive Session to consult with its attorney on possible legal action.

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 7:32 p.m. pursuant to Section 551.071 of the Texas Government Code to discuss anticipated 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 8:27 p.m.

ATTORNEY/LEGAL UPDATE – EMBANKMENT REMOVAL

Director Murray then moved to approve the Settlement Agreement and associated easements regarding the Rio Vista Berm project and to submit same to Fort Bend County Municipal Utility District No. 145 (“FBMUD145”) for its approval, to approve the engagement of Olson & Olson, L.L.P. for general legal services related to proposed condemnation of tracts of land for flood mitigation purposes, to authorize Directors Murray, Director Suchyta, and the attorney and engineer for the District to attend the next Board meeting of FBMUD145. Director Braswell seconded the motion, which passed unanimously.

ACTION LIST

The Board then reviewed the action list.

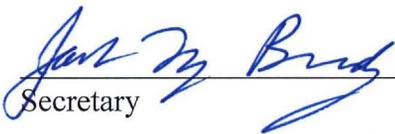
PUBLIC COMMENTS

A resident then inquired about bids for a District website. In response, Mr. Cleveland reported that the District is requesting proposal for creation of a District website but has not yet received the proposals. He reported that he expects to have proposals by the November meeting.

A resident then inquired about when the District will learn of the decision from FBMUD145 regarding the Settlement Agreement and associated easements. In response, Director Murray stated that the members of the Board and the District's engineer and attorney plan to attend the next meeting board meeting for FBMUD145, at which time they should know whether FBMUD145 will approve the documents.

ADJOURNMENT

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


Secretary



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ACTION LIST

DIRECTORS

Director Murray will contact the Developer to obtain additional baseball field proposals.

Directors will review statements of qualifications for river geomorphologists for discussion at the November Board meeting.

ENGINEER

Costello will procure a proposal from James King to re-grade an existing Type-A inlet along District's northern boundary.

Costello will coordinate with Emergency Preparedness Plan subcommittee to schedule meetings regarding review of emergency preparedness plan measures.

Costello will commence plans for repair of the washed out section of the District's berm.

Costello will obtain additional references from contractors regarding bids obtained for construction of the District's Rio Vista Berm and will bring a recommendation to award at the November Board meeting.

ATTORNEY

Attorneys will present proposals for website designers at the November Board meeting.

Attorneys will revise the proposed settlement agreement in regard to the Rio Vista Berm and submit to FBMUD145 for approval.

Attorneys will investigate availability of proposed meeting places near the District.

Attorneys will revise and finalize the minutes of the October special meeting.

Attorneys will obtain a contract for appraisal services and present to Director Murray for approval.

RECREATIONAL FACILITY MAINTENANCE

Champions Hydrolawn will obtain and place signage that the Nature Park is closed.

James King will provide a proposal for tree removal along the Nature Park.