

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

June 20, 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 June 20, 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 with the exception of Director Coward, thus constituting a quorum.

Also present during all or part of the meeting were Brent Palermo of Costello, Inc. ("Costello"); Monica Pena of Utility Tax Service, LLC ("Utility Tax"); Jorge Diaz of McLennan and Associates; Marika Fernandez of the City of Richmond ("City"); Les Newton of Planned Community Developers Ltd. ("PCD"); Josh Fort of Champions Hydrolawn, Inc. ("Champions"); Colette Garcia of McGrath & Co., PLLC; Greg Lentz of FirstSouthwest, a division of Hilltop Securities ("FirstSouthwest"); 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 Brady welcomed everyone to the meeting.

There were no public comments.

BERM CONSTRUCTION

Mr. Palermo reported that Costello and Fort Bend County Municipal Utility District No. 145's ("MUD 145") engineers are coordinating a meeting to discuss an outstanding engineering question concerning the proposed berm. He then reported that the engineers must also meet with the Fort Bend Drainage District. He stated that the meetings might not be held in time for MUD 145's Board of Directors to act on approval of the project at their June meeting.

Mr. Palermo further reported that Costello solicited and received bids for the construction of the berm and that the bids are considerably higher than projected. Discussion then ensued regarding the bids and bidding process. Mr. Cleveland then explained that because all solicited

bids are over \$75,000, the District is required to advertise for bids. After discussion, Director Myers moved to authorize advertisement for bids for construction of the berm project. Director Murray seconded the motion, which passed unanimously.

MINUTES

The Board next considered approving the minutes of its regular meeting held on May 16, 2017. Director Myers moved to approve the minutes of the May 16, 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 May 2017, a copy of which is attached hereto. She reported that as of May 31, 2017, the District's 2016 taxes were 98.71% collected. She then reported that the District's preliminary value for 2017 is \$193,125,555, an increase of approximately 10% compared to the previous year. After discussion, Director Murray moved to approve the Tax Assessor-Collector's Report and the payment of the bills. Director Braswell seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY

There was no report.

UNLIMITED TAX REFUNDING BONDS, SERIES 2017

Mr. Lentz with FirstSouthwest, the District's financial advisor, stated that he has been monitoring the financial markets on behalf of the District and that a potential refunding opportunity has presented itself. He stated that the District could sell refunding bonds to essentially refinance its outstanding debt at a lower interest rate. He then stated that the proposed issue would be in the approximate amount of \$3,230,000 and that the proceeds would be used to currently refund the District's outstanding 2007 and 2007A series bonds and advance refund the District's outstanding 2011 series bonds, for an estimated net present value savings of 5.124412%.

a. Approve plan of financing for the District's Unlimited Tax Refunding Bonds, Series 2017

Mr. Lentz then presented and reviewed preliminary projections in connection with the proposed Unlimited Tax Refunding Bonds, Series 2017. He explained that the estimated present value savings based on current pricing is approximately \$160,364.10. He then explained that, if the Board elects to move forward, pricing will occur around July 27, 2017, with the closing to take place during the last week of August and redemption of the outstanding bonds to occur approximately one week after closing. After discussion, action was taken below.

- b. Approve engagement letter for Special Tax Counsel Services with Orrick, Herrington & Sutcliffe, LLP

Mr. Cleveland then presented a proposal from Orrick, Herrington & Sutcliffe, LLP (“Orrick”) to serve as special tax counsel in connection with the District’s Series 2017 Refunding Bonds. He stated that the proposed fee for special tax counsel is \$10,000. Action was taken below.

- c. Appoint underwriter in connection with the issuance of the District’s Unlimited Tax Refunding Bonds, Series 2017

Next, Mr. Lentz requested that the Board consider appointing an underwriter for the District’s Unlimited Tax Refunding Bonds, Series 2017. He then presented and reviewed with the Board a list of providers of underwriting services and recommended RBC Capital Markets, LLC. Action was taken below.

After discussion, Director Murray moved to approve the plan of financing; engage Orrick, Herrington & Sutcliffe, LLP as the District’s special tax counsel in connection with the issuance of the District’s Series 2017 Refunding Bonds; and appoint RBC Capital Markets, LLC as the underwriter. Director Braswell seconded the motion, which passed unanimously.

AUDITOR

Ms. Garcia then presented an annual estimate of the fee for the preparation of the audit report for District’s fiscal year ending July 31, 2017. She stated that the fee would be \$10,750, an increase of \$500 due to the District’s recent bond issues. After discussion, Director Myers moved to authorize preparation of the District’s audit report for fiscal year ending July 31, 2017, for a fee of \$10,750. Director Braswell seconded the motion, which passed unanimously.

BOOKKEEPER

Mr. Diaz distributed and reviewed with the Board the Bookkeeper’s Report from May 17, 2017, through June 20, 2017, and an Investment Report for May, copies of which are attached hereto. He reported a 15.21-month reserve in the District’s operating account. Action was taken below.

Mr. Cleveland then reported that the District’s deposit with MUD 145, for costs associated with the berm project, is low and requested that the Board consider authorizing the deposit of an additional \$3,000 to avoid halting progress. He further stated that any surplus funds would be remitted back to the District. After discussion, Director Myers moved to approve the Bookkeeper’s Report, the Investment Report, the additional \$3,000 deposit with MUD 145 for costs incurred in connection with the proposed berm, and the payment of the bills. Director Murray seconded the motion, which passed unanimously.

- b. Report on work performed by James King Construction;

There was no report.

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

Mr. Cleveland next presented the annual maintenance budget for fiscal year 2018 from Lake Management Services, L.P. for the Board's approval. Director Myers moved to approve the maintenance budget for fiscal year 2018 from Lake Management Services, L.P. as presented. Director Braswell seconded the motion, which passed unanimously.

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

Director Murray reported that BRECA has retained a new pool contractor. He then reported on the state of the District's baseball field and recommended that the Board consider amenity improvements and increasing maintenance. Mr. Newton then reminded the Board that the baseball field was intended as a practice field. After discussion, Mr. Newton and Director Murray stated that they will discuss increased maintenance of the baseball field with BRECA.

WEST FORT BEND MANAGEMENT DISTRICT

Ms. Hughes, Executive Director of the West Fort Bend Management District ("WFBMD"), introduced herself and Mr. Chuck Bertrand, of Pecan Grove Municipal Utility District ("Pecan Grove"), to the Board. She stated that WFBMD is coordinating with the District, MUD 145 and Pecan Grove to obtain financing for the mowing of the median along FM 359. She stated that WFBMD is proposing 17 annual mowings in addition to the three performed by the Texas Department of Transportation. She stated that if all three districts participate, the District's share of the mowing contract will be \$1,568.03 per year. Mr. Newton then reported that BRECA currently mows that portion of the FM 359 median adjacent to the District 50 times per year. Discussion then ensued regarding how often the median should be mowed. After discussion, this item was tabled for further consideration at the Board's July meeting.

ENGINEER'S REPORT

There was no additional report.

Director John Braswell left the meeting at 1:47 p.m.

ARBITRAGE COMPLIANCE SPECIALISTS

Mr. Cleveland presented the Tenth Year Rebate Report on the District's \$4,620,000 Unlimited Tax Bonds Series 2007 from Arbitrage Compliance Specialists and explained that the

District has no arbitrage liability at this time. Director Myers moved to approve the Tenth Year Rebate Report on the District's \$4,620,000 Unlimited Tax Bonds Series 2007. Director Murray seconded the motion, which passed unanimously.

DEVELOPER

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

PUBLIC COMMENTS

This item was revisited.

Mr. Lopez, a District resident, then inquired about the District's responsibility in regards to curb and storm sewer maintenance. In response to Mr. Lopez's inquiry, Mr. Cleveland responded that he believes the County is responsible for such maintenance. Mr. Palermo then stated that he will investigate the matter and follow up with Mr. Lopez. No action was necessary.

Director Murray then inquired about the possibility of streaming an audio feed of the District's meetings. Mr. Cleveland reported that the District does not have the authority under the Open Meetings Act to live stream audio of the District's meetings.

Director Braswell returned to the meeting at 1:53 p.m.

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

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
Meeting Sign-in Sheet.....	1
Tax Assessor/Collector Report	2
Bookkeeper's Report/Investment Report.....	3
Operator's Report.....	4
Consumer Confidence Report.....	4
Champions Report	4

ACTION LIST

There was no action list.