

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

July 18, 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 July 18, 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.; Marika Fernandez 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”); Jeanne H. McDonald, 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.

WEST FORT BEND MANAGEMENT DISTRICT

Ms. Ellen 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 then presented and reviewed the exhibits to the proposed joint landscape maintenance agreement between WFBMD, Pecan Grove, the District, and Fort Bend County Municipal Utility District No. 145 (“MUD 145”), regarding the median along FM 359. She informed the Board that Pecan Grove has agreed to participate in the agreement and that WFBMD is still waiting to present to MUD 145. Ms. Hughes also reported that the WFBMD is proposing 19 annual mowings in addition to the three performed by the Texas Department of Transportation after comment from the District. She stated that if the project can be fully funded, the District will only be responsible for an advance contribution of \$1,857.45 for

the first year. After discussion, Director Myers moved to approve the joint landscape maintenance agreement for the median along FM 359 provided that all of the above-mentioned districts participate, that the District's share does not exceed the amount of \$1,857.45, and subject to attorney review. Director Murray seconded the motion, which passed unanimously.

BERM CONSTRUCTION

Mr. Dechert reported that Costello and MUD 145's engineers held a meeting to discuss an outstanding engineering question concerning the proposed berm. He then reported that the engineers for MUD 145 requested a new alignment of the proposed berm and that MUD 145's engineers inferred that the District's current alignment might not be approved by the MUD 145 Board. Mr. Dechert then presented and reviewed a comparison of the proposed berm alignments. He further explained that the requested alignment would be equivalent to the District's current design in terms of functionality but may be more expensive due to additional infrastructure requirements. Mr. Cleveland then stated that the construction bids received for the berm project will need to be rejected, given the need to partially redesign the berm. Mr. Dechert then recommended that the Board move forward with redesign of the requested new alignment, reject all bids received for construction of the berm project, and hold further bidding of the project until receipt of approval from MUD 145. He also stated that the engineers for both districts will meet with the Fort Bend Drainage District next week. After discussion, Director Brady moved to approve design of the requested re-alignment; reject all bids for construction of the berm project; and delay advertising for bids until receipt of approval from MUD 145 on the proposed berm. Director Murray seconded the motion, which passed unanimously.

BOARD MEETINGS

Mr. Cleveland then reminded the Board that Director Murray requested an item on the agenda to discuss changing the time and/or location at which the District's regular meetings are held. Director Murray then stated that he requested the item in response to resident inquiries about the convenience of the District's meetings for residents. In response to an inquiry by Director Murray, Mr. Cleveland explained the District's legal obligations related to the time and place of public meetings. He stated that the law does not require the meetings to be held at any specific time or place and that the meeting schedule is established at the Board's discretion. After discussion, Director Murray moved to continue to hold the District's meetings at noon on the third Tuesday of every month at the meeting locations set by District resolution. Director Braswell seconded the motion, which passed unanimously.

MINUTES

The Board next considered approving the minutes of its regular meeting held on June 20, 2017. Director Myers moved to approve the minutes of the June 20, 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 June 2017, a copy of which is attached hereto. She reported that as of June 30, 2017, the District's 2016 taxes were 99.14% collected. After discussion, Director Braswell moved to approve the Tax Assessor-Collector's Report and the payment of the bills. Director Murray seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY

There was no report.

UNLIMITED TAX REFUNDING BONDS, SERIES 2017

- a. Approve Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2017;

Mr. Lentz presented updated projections in connection with the District's Unlimited Tax Refunding Bonds, Series 2017 ("Refunding Bonds"). He explained that the estimated net present value savings based on current pricing is approximately \$172,196.78, which, he stated, is over a 5% savings. Ms. McDonald explained that most districts require a savings of 3% to undertake a refunding. Mr. Lentz reviewed with the Board the Preliminary Official Statement and plan of financing. Ms. McDonald stated that the Board could approve the Preliminary Official Statement subject to further consultant review. She stated that refunding bond sales are negotiated rather than competitively bid. Mr. Lentz stated that the District's BBB credit rating with Standard & Poor's has been affirmed. He further explained that the District will apply for bond insurance. Mr. Lentz explained that pricing will occur around July 27, 2017, with the closing during the last week of August and redemption approximately one week after closing, for those bonds to be refunded that are currently callable. Director Murray moved to approve the Preliminary Official Statement subject to further consultant review. Director Braswell seconded the motion, which passed unanimously.

- b. Appoint Pricing Committee pursuant to Section 1207.007, Texas Government Code to effect the sale of the District's Unlimited Tax Refunding Bonds, Series 2017;

Ms. McDonald explained that in order to allow the District to sell its Refunding Bonds as soon as the requisite 3% savings can be realized, the Board needs to appoint a pricing committee or Board representative and delegate to such committee or representative the authority to approve certain terms of the bonds as set out in the Bond Order. She further explained that a parameter sale is proposed in which the Board sets a minimum savings threshold and appoints a Pricing Committee or

representative to approve the bond sale on the day the bonds are priced, provided the minimum savings and any other prerequisites are achieved. After discussion, Director Myers moved to appoint Jack Brady as the District's authorized representative and delegate to him the authority to effectuate sale of the Refunding Bonds pursuant to the Bond Order, provided that the par amount of the Refunding Bonds does not exceed \$4,000,000 and a net present value savings of at least 3% is achieved. Director Braswell seconded the motion, which passed unanimously.

c. Approve Bond Purchase Agreement;

Ms. McDonald then explained that the District needs to approve the Bond Purchase Agreement with RBC Capital Markets, LLC for the purchase of the Refunding Bonds, subject to the approval of the terms of the sale by Director Brady, and she reviewed the general terms of such agreement with the Board. She explained that the Board could approve the agreement subject to completion in accordance with the pricing certificate to be signed by Director Brady after pricing, which certificate will include the specific pricing and other pertinent information related to the sale (the "Pricing Certificate"). Director Braswell moved to approve the Bond Purchase Agreement subject to completion in accordance with the Pricing Certificate. Director Murray seconded the motion, which passed unanimously.

d. Adopt Order Authorizing Issuance of the District's Unlimited Tax Refunding Bonds, Series 2017;

Ms. McDonald then presented and reviewed with the Board the Order Authorizing Issuance of the District's Unlimited Tax Refunding Bonds, Series 2017 (the "Bond Order"). She explained that the Bond Order is the District's contract with its bondholders. She further explained that the Board could approve the Bond Order subject to completion in accordance with the Pricing Certificate. Director Braswell moved to adopt the Bond Order subject to completion in accordance with the Pricing Certificate. Director Myers seconded the motion, which passed unanimously.

e. Approve the Paying Agent/Registrar Agreement;

Ms. McDonald then explained that the District will need to enter into a Paying Agent/Registrar Agreement with the Bank of New York Mellon Trust Company, N.A., Dallas, Texas ("BONY") to serve as the District's Paying Agent/Registrar. She further explained that the Board could approve the agreement contingent upon closing the sale of the Bonds. Director Braswell moved to approve the Paying Agent/Registrar Agreement with BONY contingent upon the closing of the sale of the Bonds. Director Murray seconded the motion, which passed unanimously.

f. Approve the Deposit and Escrow Agreement;

Next, Ms. McDonald explained that the District will need to enter into an Escrow Agreement with BONY regarding the safekeeping and use of the proceeds of the

Refunding Bonds, and other amounts, to be held in escrow by BONY to redeem the 2007, 2007A, and 2011 Bonds being refunded, when redeemable. She further explained that the Board could approve the agreement contingent upon closing the sale of the Bonds. Director Braswell moved to approve the Escrow Agreement with BONY contingent upon the closing of the sale of the Bonds. Director Murray seconded the motion, which passed unanimously.

- g. Engage verification agent in connection with the issuance of the District's Unlimited Tax Refunding Bonds, Series 2017;

Mr. Lentz then explained that the Board will need to hire a verification agent for the Refunding Bonds to issue a report to the effect that the proceeds of the Refunding Bonds, along with other amounts available to the District, if any, to be deposited with BONY will be sufficient to pay all principal and interest due on the bonds being refunded at the time of their redemption. He then recommended the engagement of Grant Thornton LLP for an estimated fee of \$4,000.00. Director Murray moved to engage Grant Thornton LLP as verification agent. Director Braswell seconded the motion, which passed unanimously.

- h. Authorize the President and Secretary of the Board to sign all documents relating to the issuance of the District's Unlimited Tax Refunding Bonds, Series 2017;

Ms. McDonald then explained that there are numerous documents which must be signed in conjunction with the Refunding Bonds and that the President, Vice President or Assistant Vice President and Secretary or an Assistant Secretary of the Board would need to be authorized to sign those documents on behalf of the Board. Director Myers moved to authorize the President, Vice President or Assistant Vice President and Secretary or an Assistant Secretary of the Board to sign documents relating to the sale of the Refunding Bonds. Director Coward seconded the motion, which passed unanimously.

- i. Authorize Attorney and Financial Advisor to take all necessary action to deliver the District's Unlimited Tax Refunding Bonds, Series 2017 to the purchaser; and

Ms. McDonald requested that the Board consider authorizing the District's Attorney and Financial Advisor to take all necessary action to deliver the Refunding Bonds to the purchaser. Director Myers moved to authorize the District's Attorney and Financial Advisor to take all necessary action to deliver the Refunding Bonds to the purchaser. Director Murray seconded the motion, which passed unanimously.

- j. Consider and act upon any other matters concerning the District's Unlimited Tax Refunding Bonds, Series 2017

Mr. Lentz then reviewed the disclosures of First Southwest pursuant to Rule G-42 of the Municipal Securities Rulemaking Board ("MSRB"). Mr. Lentz then

reviewed the disclosures of RBC Capital Markets, LLC pursuant to Rule G-17 of the MSRB. No action was necessary.

BOOKKEEPER/BUDGET

Mr. Diaz distributed and reviewed with the Board the Bookkeeper's Report from June 21, 2017, through July 18, 2017, and an Investment Report for May, copies of which are attached hereto. He reported a 15.13-month reserve in the District's operating account. Mr. Diaz then presented a draft of the District's operating budget for fiscal year ending July 31, 2018. After discussion, Director Myers moved to approve the Bookkeeper's Report, the Investment Report, the payment of the bills, and the draft budget for fiscal year ending July 31, 2018. Director Murray seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Fernandez next presented the Operator's Report for June 30, 2017, a copy of which is attached hereto. She reported 774 connections, 14 delinquent accounts, and no identity thefts for June 2017. Mr. Fajkus also provided a surface water update and reported on the mixing of surface water and groundwater and treatment of such water with chloramines. After discussion, Director Murray moved to approve the Operator's report and terminate service to those customers with delinquent accounts. Director Braswell seconded the motion, which passed unanimously.

EMERGENCY PREPARATIONS

Mr. Fajkus distributed a handout regarding testing of the lift station generator. No action was necessary.

MAINTENANCE OF RECREATIONAL FACILITIES

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

Mr. Fort distributed the Detention and Drainage Facilities Report dated July 18, 2017, a copy of which is attached hereto. He then presented an annual budget for maintenance services for the Board's consideration. Mr. Cleveland then reported receipt of a request for additional mowing along the Nature Trail entrances and pathways leading to the trail from Director Murray and Mr. Newton after their inspection of the Nature Trail. Director Braswell then moved to approve the annual budget for maintenance services and include additional mowing along the Nature Trail entrances and pathways once per month. Director Murray seconded the motion, which passed unanimously.

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

Director Murray reported that he, Mr. Newton, and a District resident inspected the condition of the District's Nature Trail and recommended that the trail be reopened in its

current condition. Director Braswell moved to approve reopening of the District's Nature Trail. Director Murray seconded the motion, which passed unanimously.

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 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.

Arden Myers
Secretary

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ACTION LIST

There was no action list.