

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

April 17, 2018

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 April 17, 2018, at 6:00 p.m., at Joy Lutheran Church, 717 FM 359, Richmond, Fort Bend County, Texas 77406, 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:

Harry Murray	President
Janice Suchyta	Vice President
Gene Tomas	Assistant Vice President
David Smith	
Suzan Orr	

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

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

PUBLIC COMMENTS

The meeting was opened for public comments.

OFFICERS

Mr. Cleveland explained that the officer positions of Secretary and Assistant Secretary need to be filled. Mr. Cleveland then asked the Board if they wished to elect new officers. After discussion, Director Murray moved to elect Director Orr as Secretary of the Board and Director Smith as Assistant Secretary. Director Tomas seconded the motion, which passed unanimously.

ENGINEER’S REPORT

Mr. Dechert presented the Engineer’s Report dated April 17, 2018, a copy of which is attached hereto.

a. District’s Rio Vista Berm:

Mr. Dechert reviewed the status of the project to reconstruct the District’s Rio Vista Berm, reporting that the contractor, Solid Bridge Construction, LLC (“SBC”), has completed

the project. He stated that the final pay estimate will be presented at the next Board meeting. After discussion, no action was necessary.

b. Southern Berm:

Mr. Dechert reported that design of the Southern Berm is approximately 50% complete. He also reported scheduling a meeting with the Texas Department of Transportation (“TxDOT”) to discuss possible tie-in locations at the FM 359 right-of-way, and he noted that TxDOT appears to own the property on which the berm will be built. No action was necessary.

c. Sluice Gate:

Mr. Dechert reported that the sluice gate on the TxDOT outfall at FM 359 and Jones Creek is currently under design. He reported that design drawings have been received from TxDOT. No action was necessary.

d. Drainage Inlets:

Mr. Cleveland then reported that a letter was sent to the DRS homeowner at 2411 DRS Drive regarding the installation of an additional drainage inlet, but no response was received. The Board then proposed identifying the owner of the vacant lot behind Director Smith’s home and sending the owner a letter regarding pursuing alternative drainage options. Mr. Cleveland stated that his office would send the letter.

DISTRICT BERM

a. District Berm:

Mr. Dechert reported that that Fort Bend County has reviewed and commented on the design plans for the District’s berm. He also reported that final approval is expected once the District has obtained easements allowing access to the construction site. No action was necessary.

b. Condemnation:

This item was tabled until the end of the meeting.

EMERGENCY FLOOD MITIGATION

a. Purchase:

Mr. Frank then reported that bid packages for the flood mitigation materials for emergency deployment (the “Emergency Materials”) were advertised and that the District did not receive any viable bids. He explained that only one bid was received timely, but it included materials that Costello does not believe will perform as intended

and recommended that the Board reject all bids. Mr. Frank then recommended that the District pursue a sole source purchase of Emergency Materials from US Flood Control Corporation (i.e. the manufacturers of Tiger Tubes) once the District identifies an operator to install the materials. He stated that to the best of his knowledge, no other company manufacturers or provides a similar product that will meet the District's requirements for the project. Action was taken below.

b. Installation:

Mr. Frank then reported on the status of the District's requests for proposals from operators regarding a stand-by contract for installation of the Emergency Materials. He reported that the District did not receive any proposals despite initial interest from a couple of operating companies. Mr. Frank then stated that he spoke with US Flood Control and they recommended a company out of the Woodlands. Mr. Frank then requested authorization to solicit a proposal from the company. Action was taken below.

c. Storage:

This item was tabled.

After discussion, Director Murray moved to reject all bids received for Emergency Materials; authorize the engineer to obtain a proposal from US Flood Control Corporation for the Emergency Materials as the only source of such materials that meet the District's requirements for the project; and authorize the engineer to solicit an additional proposal for a stand-by operator contract for installation of Emergency Materials. Director Smith seconded the motion, which passed unanimously.

MINUTES

The Board next considered approving the minutes of its regular meeting held on March 20, 2018. After discussion, Director Suchyta moved to approve the minutes of the March 20, 2018, regular meeting as presented. Director Orr seconded the motion, which passed unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Arterburn distributed and reviewed with the Board the Tax Assessor-Collector's Report for March 2018, a copy of which is attached hereto. He reported that as of March 31, 2018, the District's 2017 taxes were 97.40% collected. After discussion, Director Orr moved to approve the Tax Assessor/Collector's Report and payment of the bills. Director Suchyta seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY

There was no report.

BOOKKEEPER'S REPORT

Ms. Cuellar distributed and reviewed with the Board the Bookkeeper's Report from March 21, 2018, through April 17, 2018, and Investment Report for March, copies of which are attached hereto. She reported a 16.43-month reserve in the District's operating account. After discussion, Director Suchyta moved to approve the Bookkeeper's Report, the Investment Report, and the payment of the bills. Director Orr seconded the motion, which passed unanimously.

OPERATOR'S REPORT

This item was tabled.

ANNUAL WATER REPORTS

This item was tabled.

WEBSITE

Director Murray reported on the status of the District's website. He also reported on a meeting with Off Cinco, the District website designer, to address the creation of the District's website, and he recommended that the District pursue a mailer to provide notice to District residents of the District's new website. He then presented a proposal from Off Cinco for the preparation and distribution of the mailers. He also reported that the initial version of the website is expected at the District's next meeting. After discussion, Director Suchyta moved to approve a proposal from Off Cinco for the mailers. Director Smith seconded the motion, which passed unanimously.

AWBD SEMINAR

This item was tabled.

MAINTENANCE OF RECREATIONAL FACILITIES

a. Report on work performed by Champions Hydrolawn;

Mr. Cleveland presented the Detention and Drainage Facilities Report from Champions dated April 17, 2018, a copy of which is attached hereto.

Mr. Dechert then provided an update regarding the fencing near the Nature Park. He reported that he contacted the original vendor and learned that plugs are available to address the holes visible in the District's fencing. He also reported that the fence plugs could be purchased at an estimated cost of \$58.37 plus shipping and that he could approach Champions for installation of the plugs. After discussion, Director Murray

moved to approve the purchase of the plugs and installation by Champions at a cost not to exceed \$300.00. Director Suchyta seconded the motion, which passed unanimously.

b. Report on work performed by James King Construction;

Mr. Cleveland then reported that Mr. King completed repairs to Mr. Windrow's fencing. No action was necessary.

c. Report on work performed by Lake Management Services, L.P.;

The Board then inquired whether the repair work at the fountain at Lake No. 2 has been completed. Mr. Cleveland stated that he would follow-up with the Lake Management Services on the status of the repair.

d. Report on work performed by Brazos River's Edge Community Association, Inc. ("BRECA"); and

Mr. Cleveland reported that the tables and chairs approved at the last District meeting have been purchased and that BRECA has disposed of the District's surplus equipment. Mr. Cleveland also reported that he received a request from Ms. Marsters regarding replacement of the District's volleyball net and the need for additional trash cans near the Party Barn but that he did not receive cost estimates for the items. After discussion, Mr. Cleveland stated that he will request cost estimates from BRECA.

Director Murray then reported that repairs to the District's ball field are almost complete but that punch list items still need to be addressed. No action was necessary.

NRCS GRANT

a. NRCS Grant.

Mr. Wilcox presented a memorandum regarding the District's proposed bank stabilization project and provided an update on the status of the District's grant from the United States Department of Agriculture, Natural Resources Conservation Service ("NRCS") to address bank erosion along the Brazos River. Mr. Cleveland also reported that Ms. McFarland of U.S. Representative Pete Olson's office has confirmed the support of Representative Olson for the project and any time extensions the District may need to complete the work. Mr. Cleveland then stated that the District's 220-day time frame to complete the project will begin after the District and NRCS sign the Sponsor Agreement.

Mr. Wilcox then reviewed the results of his investigation into palisades as an alternative bank erosion solution for the District. He reported that Costello was able to identify a company that installs palisades both locally and nationally. He also reported that Costello has scheduled a presentation by the company, Er-Con Technologies, LLC, formerly "Hold that River". After discussion, the Board concurred that the District's engineers and

attorney should attend the presentation for the purpose of determining the suitability of the palisade approach for the District's project.

b. Government Permissions to Construct.

There was no report.

c. Design Services.

Mr. Wilcox then explained that the District's proposed bank stabilization project is outside Costello's scope of expertise, and he recommended that the District obtain engineering services from a company with greater expertise in the area of bank stabilization/erosion mitigation. He then reminded the Board that the District previously obtained statements of qualifications from three engineering firms (Aecom Technical Services, Inc., SWCA Environmental Consultants, and Tetra Tech, Inc.) related to the design of bank stabilization/erosion mitigation improvements along the Brazos River. He then recommended that the Board rank the engineering firms based on their qualifications and authorize the District's attorney to negotiate a contract for engineering services. The Board concurred that of the three firms, Aecom Technical Services, Inc. ranked highest in qualifications, with SWCA Environmental Consultants, and Tetra Tech, Inc. ranking second and third, respectively. Director Orr moved that the Board approve contract negotiations to begin with Aecom Technical Services, Inc., with SWCA Environmental Consultants and Tetra Tech, Inc. as second and third options if an acceptable contract cannot be negotiated with Aecom Technical Services, Inc. Director Murray seconded the motion, which passed unanimously.

BOND ISSUE

Mr. Dechert then reviewed with the Board two draft summaries of costs for the projects to be included in the District's bond application. He stated that the difference between the drafts is the inclusion of funds to cover the District's estimated share of the NRCS grant project. He also stated that the Bond Application will be ready to submit after attorney review. After discussion, Director Suchyta moved to approve a summary of costs in the amount of \$5,700,000.00; approve a bond application in an amount not to exceed \$5,700,000.00, including the NRCS project costs, subject to attorney review; and approve the Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds. Director Murray seconded the motion, which passed unanimously.

Mr. Cleveland then introduced Mr. Lentz. Mr. Lentz then announced that he and several members of the municipal utility districts section at Hilltop Securities have left the firm and formed a new firm, Masterson Advisors, LLC. He then explained that he would not be able to provide further financial recommendations until the Board has contracted with Master Advisors, LLC for financial advisory services. He then requested that the Board consider holding a special meeting to consider engaging Masterson Advisors, LLC.

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 7:33 p.m. pursuant to Section 551.071 and Section 551.072 of the Texas Government Code to discuss anticipated litigation and acquisition of real property.

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 7:52 p.m.

DISTRICT BERM

b. Condemnation:

Mr. Cleveland then presented a Resolution of the Board of Directors of Fort Bend County Municipal Utility District No. 140, Determining that a 2.6002 Acre Tract of Land is Needed for an Easement and a 5.4100 Acre Tract of Land is Needed for a Temporary Construction Easement, Both Tracts, Located in the Randall Jones Survey, Abstract No. 42, Fort Bend County, Texas According to the Map or Plat Thereof Recorded as Clerk's File No. PB14-CPR-26824 of the Probate Records and File No. 2010096064 of the Official Public Records of Fort Bend County, Texas are Needed for the Construction, Operation Maintenance, Inspection, Replacement and Removal of a Flood Control Berm by Fort Bend County MUD No. 140; and Authorizing the District to Exercise its Eminent Domain Authority (the "McCaslin Resolution"). Mr. Cleveland then requested that the Board consider approval of the McCaslin Resolution and that each director announce if they are in favor or opposed to approval of the McCaslin Resolution. Director Murray then moved to adopt the McCaslin Resolution authorizing the use of the power of eminent domain to acquire a berm easement containing 2.6002 acres of land for a permanent easement and 5.4100 acres of land for a temporary construction easement located on DRS Drive in Fort Bend County, Texas to be used as a drainage and flood control berm as described in the McCaslin Resolution. Director Murray then announced that he was in favor of adopting the McCaslin Resolution; Director Suchyta then announced that she was

in favor of adopting the McCaslin Resolution; Director Smith then announced that he was in favor of adopting the McCaslin Resolution; Director Orr then announced that she was in favor of adopting the McCaslin Resolution; and Director Tomas announced that he was in favor of adopting the McCaslin Resolution. The motion therefore passed unanimously.

Mr. Cleveland then presented a Resolution of the Board of Directors of Fort Bend County Municipal Utility District No. 140, Determining that a 0.8153 Acre Tract of Land is Needed for an Easement and a 0.9340 Acre Tract of Land is Needed for a Temporary Construction Easement, Both Tracts, Located in the Randall Jones Survey, Abstract No. 42, Fort Bend County, Texas According to the Map or Plat Thereof Recorded as Clerk's File No. PB14-CPR-26824 of the Probate Records and File No. 2010096064 of the Official Public Records of Fort Bend County, Texas are Needed for the Construction, Operation Maintenance, Inspection, Replacement and Removal of a Flood Control Berm by Fort Bend County MUD No. 140; and Authorizing the District to Exercise its Eminent Domain Authority (the "Gonzalez Resolution"). Mr. Cleveland then requested that the Board consider approval of the Resolution and that each director announce if they are in favor or opposed to approval of the Gonzalez Resolution. Director Murray then moved to adopt the Gonzalez Resolution authorizing the use of the power of eminent domain to acquire a berm easement containing 0.8153 acres of land for a permanent easement and 0.9340 acres of land for a temporary construction easement located on DRS Drive in Fort Bend County, Texas to be used as a drainage and flood control berm as described in the Gonzalez Resolution. Director Murray then announced that he was in favor of adopting the Gonzalez Resolution; Director Suchyta then announced that she was in favor of adopting the Gonzalez Resolution; Director Smith then announced that he was in favor of adopting the Gonzalez Resolution; Director Orr then announced that she was in favor of adopting the Gonzalez Resolution; and Director Tomas announced that he was in favor of adopting the Gonzalez Resolution. The motion therefore passed unanimously.

OPERATOR'S REPORT

This item was revisited.

Mr. Cleveland reported that the District's Operator did not attend the Board meeting and inquired whether the Board wished to consider terminating service to those persons listed on the delinquent list provided to the Board. After discussion, Director Murray moved to terminate service to those customers with delinquent accounts. Director Suchyta seconded the motion, which passed unanimously.

PUBLIC COMMENTS

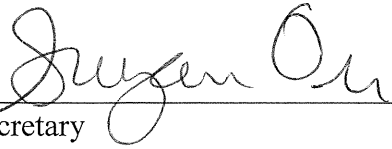
The Board then opened the floor to public comments.

ACTION LIST

The Board then reviewed the action list.

ADJOURNMENT

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


Secretary

(District Seal)



LIST OF ATTACHMENTS TO MINUTES

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ACTION LIST

ATTORNEY

Mr. Cleveland will prepare and negotiate any necessary easements for the District's emergency contingency measures.

Mr. Cleveland will look up the owner of vacant DRS property behind Director Smith's home and prepare a letter to the DRS property owner to request cooperation with the installation of a District drainage solution.

Ms. Galvan will follow up with a representative of the District's meeting location regarding use of technical equipment for a website presentation.

Mr. Cleveland will confirm the status of repair on the District's fountain in Lake 2 with Lake Management Services.

Mr. Cleveland will follow up with BRECA regarding a request for additional Party Barn equipment.

Olson & Olson will proceed with filing condemnation suits.

DIRECTORS

Director Orr will provide information regarding garbage pickup issues and submit same to the Attorney.

ENGINEER

Costello will design the sluice gate on TxDOT outfall at FM359 and Jones Creek.

Costello will work with U.S. Flood Control on proposal for purchase of emergency contingency materials.

Costello will contact additional company in the Woodlands regarding standby contract for installation services.

Costello will draft an operations manual for flood mitigation facilities.

Costello will notify the Board on the established meeting date with TXDOT.

Costello will contact Champions regarding installing fence plugs.

Costello will complete and submit Bond Application for Series 2018 Bonds.

NRCS GRANT ACTION LIST

ATTORNEY

Mr. Cleveland will request proposals from consultants specializing in NRCS Grant administration and compliance.

ENGINEER

Costello set up meeting with Er-Con regarding potential palisade solution to erosion along the Brazos River bank.

Costello and Attorney will review proposed contract for engineering services from AECOM.