

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 140

Minutes of Regular Meeting of Board of Directors

May 15, 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 May 15, 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	Assistant Secretary
Suzan Orr	Secretary

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

Also present during all or part of the meeting were Kyle Worrell and Anthony Cantu of Er-Con Technologies, LLC (“Er-Con”); Ron Dechert of Costello, Inc. (“Costello”); Mike Arterburn of Utility Tax Service, LLC (“Utility Tax”); Jorge Diaz of McLennan and Associates, L.P.; Susan Lang of the City of Richmond (“City”); 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.

INSURANCE

This item was taken out of order. Director Orr inquired about the process of obtaining insurance proposals and whether it is a competitive process. Mr. Cleveland stated that the District’s insurance broker compares pricing. After discussion, Director Orr requested that the Board table approval until the June meeting with the expectation that a representative of McDonald & Wessendorff Insurance will attend. This item was tabled.

ENGINEER’S REPORT

Mr. Dechert presented the Engineer’s Report dated May 15, 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 substantially completed the project. He then presented and recommended approval of Pay Estimate No. 2 in the amount of \$28,163.25 and Final Quantity Adjustment for a net increase of \$3,950.00. He stated that SBC still has a couple of remaining check list items to complete. Action was taken below.

b. Southern Berm:

Mr. Dechert reported on a meeting with the Texas Department of Transportation ("TxDOT") regarding the South Berm project. He stated that TxDOT only has a 30 foot right-of-way and that an easement will need to be obtained from Rick Florez. He and Mr. Cleveland then reported on a meeting with Mr. Florez, stating that he is considering the matter. Mr. Cleveland stated that he will prepare a draft easement for Mr. Florez to consider as previously authorized by the Board.

c. Sluice Gate:

Mr. Dechert reported that the outfall at FM 359 and Jones Creek is owned by Pecan Grove Municipal Utility District ("Pecan Grove") and that Costello has contacted Pecan Grove's engineer regarding installation of a sluice gate. After discussion, the Board concurred that the District should discuss cost sharing with Pecan Grove.

d. Drainage Inlets:

Mr. Dechert reported receipt of a response from the DRS homeowner at 2411 DRS Drive regarding the installation of an additional drainage inlet sent by the District's attorney. He also reported that Costello is coordinating with Mr. Cleveland to obtain a drainage easement for the construction of the inlet. Mr. Cleveland then requested authority to prepare and accept a drainage easement from Mr. Tran at 2411 DRS Drive in connection with the installation of an additional drainage inlet. The Board then inquired about a response from the owner of the vacant lot behind Director Smith's home. Mr. Cleveland stated that his office distributed a letter but that no response was received. Director Orr then moved to authorize the District's attorney to prepare and accept an easement from Mr. Tran at 2411 DRS Drive in connection with the installation of an additional drainage inlet. Director Murray seconded the motion, which passed unanimously.

e. Emergency Flood Mitigation:

Mr. Dechert 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 in the event of a predicted high river event on the Brazos. He stated that an additional operator, Texas Flood Fighters, was contacted and that they declined to offer a proposal. Ms. Lang

then commented that the City may be able to install the tubes. After discussion, Mr. Cleveland stated that he will forward the City details on the project for consideration.

DISTRICT BERM

a. Report/Authorize Bidding:

Mr. Dechert reported that Fort Bend County has reviewed and commented on the design plans for the District's DRS berm. He also reported that final approval is expected once the District has obtained easements allowing access to the construction site. Mr. Cleveland then inquired if the Board wished to authorize the engineer to advertise for competitive bids for the construction of the project. After discussion, Director Murray moved to authorize the engineer to advertise for competitive bids for the construction of the District DRS Berm. Director Orr seconded the motion, which passed unanimously.

b. Condemnation:

This item was tabled until the end of the meeting.

BRAZOS RIVER EROSION

b. Presentation:

Mr. Dechert reported on Costello's investigation for a bank stabilization and erosion mitigation alternative in connection with the District's Natural Resources Conservation Service ("NRCS") grant application. He then introduced Kyle Worrell and Anthony Cantu of Er-Con Technologies, LLC ("Er-Con"), a contractor that specializes in constructing erosion control systems known as Palisades. Mr. Worrell and Mr. Cantu then gave a presentation regarding their firm's erosion control services. No action was taken.

BOND ISSUE

Mr. Dechert reported that the District's Bond Application was submitted to the Texas Commission on Environmental Quality on May 14, 2018. No action was necessary.

BRAZOS RIVER EROSION

a. NRCS Grant:

Mr. Cleveland reported that the District's negotiations with engineers specializing in bank stabilization/erosion mitigation have been delayed to allow the Board to consider the alternative palisade option presented by Er-Con. Mr. Dechert then outlined the District's options regarding bank stabilization/erosion mitigation. He stated that the District may pursue a bank stabilization/erosion mitigation method as previously submitted to the NRCS, it may pursue the Palisades, or it may do nothing. Director Suchyta then inquired about the NRCS Grant requirements in pursuing the Palisade

method. In response, Mr. Cleveland reported that the Palisade option is believed to be within the scope of the NRCS grant, but the District will need approval from the NRCS to move forward with contracting with Er-Con for design and construction of the project using a sole source procurement method. The Board then inquired about the land acquisition required for the project. In response, Mr. Dechert explained that the project will require land acquisition outside the District's boundaries. The Board then inquired if the Er-Con presentation provided has been presented to Fort Bend County Municipal Utility District No. 145 ("FB145"). In response, Mr. Dechert reported that the presentation has only been presented to the Board and its consultants. Mr. Cleveland reported that he did speak with FB145's attorney regarding the project. After discussion, Director Suchyta moved to authorize the District's attorney to submit a request to the NRCS for approval to contract with Er-Con for design and construction of the project, utilizing the palisade option, on a sole source basis. Director Murray seconded the motion, which passed unanimously.

MINUTES

The Board next considered approving the minutes of its regular meeting held on April 17, 2018, and special meeting held on April 25, 2018. After discussion, Director Murray moved to approve the minutes of the April 17, 2018, regular meeting and April 25, 2018, special meeting as presented. Director Smith 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 April 2018, a copy of which is attached hereto. He reported that as of April 30, 2018, the District's 2017 taxes were 97.68% collected. After discussion, Director Suchyta moved to approve the Tax Assessor/Collector's Report and payment of the bills. Director Orr seconded the motion, which passed unanimously.

DELINQUENT TAX ATTORNEY

There was no report.

BOOKKEEPER'S REPORT

Mr. Diaz distributed and reviewed with the Board the Bookkeeper's Report from April 18, 2018, through May 15, 2018, and Investment Report for April, copies of which are attached hereto. He reported a 15.13-month reserve in the District's operating account. After discussion, Director Smith moved to approve the Bookkeeper's Report, the Investment Report, and the payment of the bills. Director Suchyta seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Lang presented the Operator's Reports for April, a copy of which is attached hereto. She reported 823 connections, 23 delinquent accounts, and no identify thefts for April 2018. Ms.

Lang then presented two customer requests for bill adjustments for the Board's consideration. She reported that Ms. Dacosta, a District resident living at 215 River Bluff Lane, was displaced due to Hurricane Harvey, that the home was vacant for over seven months, and that she is requesting a bill credit for the time the home was vacant. Ms. Lang explained that residents may request to have their service suspended to avoid being billed but that in this instance a request was not received. Ms. Lang next reported on a request for a billing adjustment from Ms. Hope Perez, a District resident living at 2835 Lost Field Lane. She reported that that Ms. Perez experienced a leak on her side of the meter in March and received a bill with a higher average for her sewer fees since the incident. Ms. Lang then explained that the District has an established policy that it does not make bill adjustments for leaks or usage from the customer's side of the meter, but in this instance the leak coincided with the winter consumption period that the District uses to establish customer sewer rates for the remainder of the year. Director Murray then inquired about adjusting the resident's sewer rate based on her consumption in January and February. After discussion, Director Murray moved to approve the Operator's Report; terminate service to those customers with delinquent accounts; deny Ms. Dacosta's adjustment request to her water bill; and approve Ms. Perez's request for adjustment to her 2018 sewer fees based on the average of consumption between January and February 2018. Director Orr seconded the motion, which passed unanimously.

ANNUAL WATER REPORTS

Ms. Lang then presented a preliminary Consumer Confidence Report and stated that a final version for the Board's approval will be presented at the June Board meeting. Director Orr then presented her comments to the preliminary Consumer Confidence Report. Director Murray then inquired regarding the accuracy of the radioactive contaminants presented in the report. In response, Ms. Lang stated that she will inquire with the department responsible for preparing the report and report back to the District's attorney regarding the Board's inquiries and comments.

WEBSITE

Director Murray reported on the status of the District's website. He reported that a draft of the District's website was disseminated to the Board for review by Off Cinco. Director Murray then distributed and reviewed with the Board a summary of his comments to the draft of the District's website. Director Murray also reported that the number of mailers to provide notice to District residents of the website will be higher than previously presented and that a new proposal will need to be addressed at the District's next meeting. He also encouraged the Board to complete the Off Cinco survey previously disseminated in connection with the conceptual design of the District logo. No action was necessary.

MAINTENANCE OF RECREATIONAL FACILITIES

- a. Report on work performed by Champions Hydrolawn;

Mr. Cleveland presented the Detention and Drainage Facilities Report from Champions dated May 15, 2018, a copy of which is attached hereto.

Mr. Dechert reported that Costello contacted Champions regarding the installation of the plugs for the fencing near the Nature Park, but he did not have confirmation that the work has been completed.

b. Report on work performed by James King Construction;

There was no report.

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

Mr. Cleveland stated that Lake Management Services completed the fountain repairs.

d. Report on work performed by Brazos River's Edge Community Association, Inc., and consider reimbursing BRECA for costs associated with repair/replacement of District equipment.

Ms. Marsters reported on the replacement of the District's volleyball net and trash can liner near the Party Barn. Director Murray then inquired about an invoice submitted to the District by Sterling Association Services, Inc. ("Sterling"), BRECA's management company, regarding the equipment. In response, Ms. Marsters stated that she had recently been made aware of the invoice and that it covers the garbage can liner, volleyball net, and labor. After discussion, Mr. Cleveland stated that he will prepare a letter to Sterling to clarify protocol regarding expenditures for District facilities.

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 8:29 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 RECONVENE IN OPEN SESSION.

The Board then reconvened into open session at 8:47 p.m.

DISTRICT BERM

b. Condemnation:


No action was necessary.

ACTION LIST

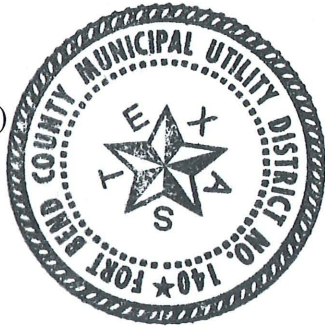
The Board then reviewed the action list.

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 prepare an easement regarding the installation of a District drainage inlet between the District and DRS property owner.

Mr. Cleveland will contact the District's Insurance Agent regarding the procurement process of the District's insurance policies.

OPERATOR

Susan Lang will follow-up on language in Consumer Confidence Report regarding level of Beta/photon Emitters.

ENGINEER

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

Costello will contact operators regarding willingness to set up emergency materials upon purchase.

Costello will draft an operations manual for flood mitigation facilities.

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

NRCS GRANT ACTION LIST

ATTORNEY

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

Mr. Cleveland will work with Costello to submit request to NRCS for contracting with Er-Con Technologies LLC on a sole source procurement basis and request NRCS approval of palisade option.

Mr. Cleveland will contact FBMUD145 regarding easement acquisition and potential financial contribution toward the project.