

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 118

Minutes of Meeting of the Board of Directors

June 13, 2017

The Board of Directors (“Board”) of Fort Bend County Municipal Utility District No. 118 (“District”) met at the office of the Greater Fort Bend EDC, One Fluor Daniel Drive, Sugar Land, Fort Bend County, Texas on June 13, 2017 in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Alex Reid Garrett, Vice President
Jaime Benoliel, Secretary
James Hines, Assistant Secretary
James A. Waltz, Director

and the following absent:

Dennis Rooney, President.

Also present were Debbie Arellano, Breah Campbell, Dana Davis, Romain Barski, Chief Wooley, Mark Treybig, Julie Williams, Grady Turner, Christine Leighton, Paul S. Radich, G. Taylor Goodall, Jr., and members of the public.

In the absence of the President, the Vice President called the meeting to order and declared it open for such business as might properly come before it. President Rooney observed the meeting via telephone, but did not participate.

1. The Board considered the minutes of the meeting held on May 9, 2017. After a brief review and discussion, upon motion duly made and seconded, the Board unanimously approved the minutes as presented.

2. Chief Wooley gave an update regarding the Pecan Grove Volunteer Fire Department. Chief Wooley noted that there were 17 calls for service in the District, and the budgeting process for the fiscal year end 2018 is underway with more updates to be provided at a later date.

3. At 6:05 p.m., the Board entered into executive session pursuant to Texas Government Code §551.071 to consult with the District’s attorney.

At 6:56 p.m., the Board exited the executive session.

4. The Board considered the Section 1205 legal proceedings. Paul Radich gave a brief update regarding the status and certain changes in circumstance which had occurred since the previous Board meeting. Due to changed circumstances, the Board decided it would be appropriate to authorize Mr. Radich to amend the lawsuit and remove specific individuals referenced in the 1205 proceedings and reduce the legal budget by 80% for the proceedings. Subject to that discussion, upon motion duly made and seconded, the Board unanimously

authorized amending the Section 1205 proceedings to exclude specific individuals referenced therein and reduce the budget for the proceedings by 80%.

5. The Board considered creation of a park committee and appointment of non-Board members to said committee. Director Waltz noted that he felt it would be appropriate to form a park committee and solicit proposals from community members to serve on the committee in an effort to solicit additional feedback regarding park plan implementation. It was decided that the specific make-up of the committee shall be decided at a later date, but members of the community interested in serving on the committee should submit a statement of interest to the Board by the July 11, 2017 Board of Directors meeting. Statements of interest can be submitted through the District's attorneys or turned in at the July 11, 2017 meeting. There was an initial discussion regarding the composition of the committee, and it was noted that the intent is to provide a wide range of viewpoints. More details will be determined at a later date.

6. The Board opened the floor for public comments. Mark Treybig asked questions about the splash pad and noted concerns about water loss and the cost of splash pad water. It was noted that the District's regular engineers were both absent from the meeting. The Board will follow-up with Mr. Treybig's questions and concerns with the District's engineers at a later date.

7. Julie Williams approached the Board and presented a proposed plan of financing for a Series 2017 refunding bond issue, copy attached. Ms. Williams noted that the District could potentially refund approximately \$6,065,000 of current bonds resulting in a total net savings to the District, after cost of issuance, of \$303,590. The numbers presented are representative, but nonetheless are close approximations based on current market conditions. Ms. Williams noted that state and local regulations dictate that the District must achieve at least a minimum of 3% present value savings with level debt service and no extension to the term of the debt in order to fund the bonds. After discussion, the Board approved Ms. Williams taking steps to move forward with the transaction consistent with the analysis provided and asked that an item to approve documents to move forward with a transaction be placed on the July agenda for consideration.

8. The Board next considered the tax assessor/collector's report, copy attached. The District's 2016 taxes are 99.2% collected and the District collected \$9,478.39 during the reporting period. After a brief review and discussion, upon motion duly made and seconded, the Board unanimously approved the tax assessor/collector's report as presented and authorized disbursement of the items listed therein.

9. Breah Campbell presented the operator's report, copy attached. The District accounted for 98.8% of water produced and maintained 1,391 connections. There were no permit violations during the month. Ms. Campbell reviewed the routine maintenance items with the Board of Directors. The Board approved replacement of Blower No. 2 at the wastewater treatment plant digester, and additional sidewalk repairs were authorized.

Proposed changes to the operations contract will be considered at the District's July Board of Directors meeting.

There was discussion regarding garbage can and recycling can clean up on District properties. The operator agreed to temporarily address the issue of trash in, and around the cans, at the request of Mr. Goodall. The Board will consider a permanent solution at the District's July meeting.

The operator then submitted a list of delinquent accounts to the Board for termination of utility service and stated that the accounts in question have been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain, or correct the charges, services, or disconnection. The operator noted that the accounts listed have neither attended the Board meeting nor contacted the operator's office or the District to contest or explain the charges. After discussion, upon motion duly made, seconded and unanimously carried, the Board authorized the District's operator to proceed with termination of utility service to said accounts pursuant to the provisions of the District's Rate Order and approved the operator's report as presented.

10. Dana Davis presented a bookkeeper's report, copy attached. The District's operating fund balance is \$3,270,004.32, and the capital projects fund balance is \$1,266,393.05. The District's debt service fund balance is \$4,549,939.94. Subject to that discussion, upon motion duly made and seconded, the Board unanimously approved the bookkeeper's report as presented and authorized the disbursements contained therein.

11. The Board considered the ethics letter and update by the District's investment officer. Mr. Goodall reported that the District's investment officer is required, on an annual basis, by the Public Funds Investment Act to file an ethics letter and disclosure update. It was noted that the District's bookkeeper/investment officer filed the necessary document noting that there were no ethical conflicts to disclose and that Mr. Goodall's office would file the letter as required by law. Upon motion duly made, seconded and unanimously carried, the Board unanimously approved and accepted the ethics letter and update by the investment officer.

12. Mr. Goodall then distributed Director Conflict Disclosures questionnaires for completion by members of the Board. The questionnaires indicated that the directors had no conflicts of interest to disclose.

13. Romain Barski distributed a Champions Hydro-Lawn report on behalf of Jerry Schroeder, copy attached. Romain Barski noted that Mr. Schroeder had provided the report to her in advance of the meeting. There was a discussion regarding the potential need for additional mowing, and Director Garrett will monitor the situation. It was noted that Champions Hydro-Lawn's contract is with the District and the point of contact should be District representatives, not HOA representatives. Given that, it is inappropriate for Mr. Schroeder to contact Ms. Barski about the report and Mr. Schroeder should make contact with District representatives in the future.

14. Grady Turner presented an engineer's report, copy attached. Mr. Turner reviewed the report with the Board and requested that an item for authorizing a release of escrow shall be placed on the July 11, 2017 Board meeting agenda. Final payment to CFG Industries, LLC in the amount of \$30,500 for the hydropneumatic tank recoating project was recommended for approval, as was approval of Pay Application No. 1 to Hassel Construction in the amount of

\$19,800. The Board requested that the engineers contact the splash pad bid award winner and request an extension until the financing is in place. The Board approved payment to Millis Equipment in the amount of \$18,057.60 for the parking lot project.

Subject to that discussion, upon motion duly made and seconded, the Board unanimously approved the engineer's report as presented and authorized the action items contained therein.

15. Christie Leighton presented a quarterly report from Best Trash and conducted a brief question and answer session with the Board regarding Best Trash's service in the District.

16. The Board considered an HOA report. Romain Barski requested that the District allow the HOA fencing contractor to use a District lift station area as a staging area in an effort to provide a secure onsite area for the fencing supplies. It was noted that the District operators and engineers did not oppose using the District lift station area for such purposes. Mr. Goodall reported that the HOA will need a right-of-entry agreement with the District for the use of the area, and that his office will draft a proposed right-of-entry agreement and place an item on the July agenda for Board consideration.

There was discussion regarding the previously discussed proposed landscaping to the median down south Mason Road, and it was decided that further discussion should be tabled until the next Board of Directors meeting. There was a motion to authorize Director Waltz to consult with District engineers prior to the next meeting regarding the median design project. The motion failed for lack of a second. It was noted that the Board previously discussed the median project but the extent to which the HOA is seeking District participation is significantly greater than originally anticipated and would require the project to become a District project, rather than an HOA-lead project with District contributions. The amount proposed to be spent on the project and the scope of the project would subject the project to certain legal standards that the District, as a political subdivision in the state of Texas, must follow that the HOA is not beholden to.

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

Secretary