

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 151

August 15, 2018

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 151 (the "District") met in regular session, open to the public, on the 15th day of August, 2018, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

| | |
|---------------------|--------------------------|
| Keith Gier | President |
| Vacant | Vice President |
| Sean R. Fitzsimmons | Secretary |
| Louis James | Assistant Secretary |
| Kara Morrison | Assistant Vice President |

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Nathan Shipley and Tom Hughes, residents of the District; Christie Leighton of Best Trash, LLC; Kimberly Courte of Arthur J. Gallagher & Co.; Wendy Swinarsky of BKD, LLP ("BKD"); Anthea Moran of Masterson Advisors LLC ("Masterson"); Simon VanDyk of Touchstone District Services ("Touchstone"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Elizabeth Reeves of Inframark Water & Infrastructure Services ("Inframark"); Esther Flores of Tax Tech, Inc.; Robert Dazey of Jones & Carter, Inc. ("J&C"); Mary Lutz of McLennan & Associates, L.P.; and Heather Trachtenberg, Whitney Higgins, and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

COMMENTS FROM THE PUBLIC

There were no comments from the public.

CONSENT AGENDA

Director Gier offered Board members the opportunity to remove items from the consent agenda for individual discussion. After discussion, Director Gier moved to approve all items on the consent agenda. Director Fitzsimmons seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

There were no items removed from the consent agenda.

DISCUSS CURRENT INSURANCE COVERAGE AND AUTHORIZE ADDITIONAL INSURANCE COVERAGE, IF APPROPRIATE

Ms. Courte reviewed the insurance coverage and limits provided by the City of Katy's insurance for the District's fire engine and associated equipment. The Board considered adding additional insurance coverage under the District's insurance policy. Ms. Courte stated that, if the Board would like to add additional insurance coverage for the District's fire engine and associated equipment, her recommendation would be to purchase the additional coverage through the Texas Municipal League for an approximate cost of \$5,000 per year. After review and discussion, the Board concurred to take no action on adding additional insurance coverage at this time.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

Ms. Lutz requested approval of check no. 5844 in the amount of \$2,500 and handwritten check no. 5845 in the amount of \$54.50. After review and discussion, Director Gier moved to approve check no. 5844 and handwritten check no. 5845. Director Fitzsimmons seconded the motion, which passed by unanimous vote.

Mr. Dazey reported the District's surplus funds application was approved by the Texas Commission on Environmental Quality ("TCEQ"). Ms. Higgins stated that because a portion of the surplus funds application is to reimburse the developer for a public waterline, a development reimbursement report is required.

Ms. Swinarsky then presented an engagement letter for BKD to prepare a developer reimbursement report, at BKD's standard hourly rates, in connection with the reimbursement of the developer for the public waterline. After review and discussion, Director Gier moved to engage BKD to prepare the developer reimbursement report. Director James seconded the motion, which passed by unanimous vote.

APPOINTMENT OF NEW DIRECTOR

The Board discussed the appointment of a new director to fill the vacancy on the Board.

After discussion, Director Fitzsimmons moved to appoint Nathan Shipley to the Board of Directors for a term ending May 7, 2020. Director Gier seconded the motion, which passed by unanimous vote.

SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE

Ms. Higgins reviewed the Sworn Statement, Official Bond, and Oath of Office for Director Shipley. After review and discussion, Director Gier moved to accept the Sworn Statement, Official Bond, and Oath of Office for Director Shipley, authorize the attorney to file the Oath of Office with the Secretary of State, and direct that the Statement, Bond, and Oath be filed appropriately and retained in the District's official records. Director Fitzsimmons seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

After discussion, Director Gier moved to reorganize the Board as follows:

| | |
|---------------------|--------------------------|
| Keith Gier | President |
| Kara Morrison | Vice President |
| Sean R. Fitzsimmons | Secretary |
| Louis James | Assistant Secretary |
| Nathan Shipley | Assistant Vice President |

Director Fitzsimmons seconded the motion, which passed unanimously.

DISTRICT REGISTRATION FORM

The Board next considered authorizing filing of a District Registration Form reflecting the new Board of Directors. After review and discussion, Director Gier moved to authorize the filing of the District Registration Form with the TCEQ and direct that the Form be filed appropriately and retained in the District's official records. Director Fitzsimmons seconded the motion, which passed by unanimous vote.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

The Board reviewed a memorandum from ABHR regarding the Texas Open Meetings Act requirements, a copy of which is attached. The Board noted that Director Shipley, as an appointed public official, is required to complete a course on training responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551 within 90 days of taking the oath of office.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND LIST OF LOCAL GOVERNMENT OFFICERS

The Board reviewed a memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code, a copy of which is attached, which requires directors and consultants to disclose certain conflicts of interest.

Ms. Higgins stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. She reviewed a List of Local Government Officers. After review and discussion, Director Gier moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Fitzsimmons seconded the motion, which passed unanimously.

ENGAGE AUDITOR FOR FISCAL YEAR END AUGUST 31, 2018

Ms. Swinarsky presented an engagement letter for BKD to prepare the District's audit for the fiscal year ending August 31, 2018, for an estimated cost of \$18,300 plus expenses. After review and discussion, Director Fitzsimmons made a motion to engage BKD to conduct the District's audit for the fiscal year ending August 31, 2018. Director Gier seconded the motion, which passed unanimously.

DISCUSS 2018 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Moran discussed the two-step process for setting the District's tax rate, noting the actual rate levied may be less than the published rate. She then distributed and reviewed a debt service tax rate analysis reflecting a recommended 2018 debt service tax rate of \$0.56 per \$100 of assessed valuation. A copy of the debt service tax rate analysis is attached. The Board then discussed setting a maintenance and operations tax. Following review and discussion, Director Gier moved to authorize the tax assessor/collector to publish a notice in the Katy Times of the District's September 19, 2018, meeting to set the proposed 2018 total tax rate of \$0.95 per \$100 of assessed valuation, with \$0.56 allocated to debt service and \$0.39 allocated to maintenance and operations. Director Morrison seconded the motion, which passed unanimously.

ADOPT BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

Ms. Lutz reviewed an updated draft budget for the fiscal year ending August 31, 2019, a copy of which is attached to the bookkeeper's report. After review and discussion, Director Fitzsimmons moved to adopt the budget for the fiscal year ending

August 31, 2019, as discussed. Director Gier seconded the motion, which passed unanimously.

REVIEW PROPOSAL FOR WEBSITE SERVICES, AND AUTHORIZE APPROPRIATE ACTION IF NECESSARY

Mr. VanDyk presented and reviewed a proposal from Touchstone in the amount of \$2,500 to design and host the District's website and \$150 a month for maintenance. He presented and reviewed a draft website for the District. The Board discussed adding SMS emergency messaging services. Mr. VanDyk stated that an SMS emergency messaging service would cost \$600 for set up and approximately \$80-\$100 per month to maintain the database.

The Board then discussed the current contract with Joe Hallmark for website support services.

After discussion, Director Fitzsimmons moved to (1) terminate the contract with Joe Hallmark for website support services; (2) approve the proposal for design, hosting, and maintenance of a District website; and (3) designate Director Fitzsimmons as the Board liaison for website matters. Director Gier seconded the motion, which passed by unanimous vote. The Board took no action on the proposal for SMS emergency messaging services.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH AND EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH

Ms. Trachtenberg addressed the Board regarding the provisions of the Texas Public Information Act and procedures for responding to open records requests received by the District. Discussion ensued.

Directors Fitzsimmons and Morrison left the meeting.

The Board reviewed correspondence received from Fort Bend Emergency Medical Service ("FB EMS"), a copy of which is attached, requesting to address the Board regarding the services and operations provided by the FB EMS.

AUTHORIZE ENGINEER AND OPERATOR TO PREPARE THE 5-YEAR EVALUATION IN ACCORDANCE WITH SENATE BILL 902 ("SB 902")

Ms. Higgins reviewed the requirement for governmental entities with electricity billing in excess of \$200,000 annually to complete a 5-year internal evaluation on electricity usage and conservation efforts and goals, in accordance with SB 902. After review and discussion, Director Gier moved to authorize the District's engineer and

operator to prepare the 5-year evaluation in accordance with SB 902. Director James seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Dazey distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Dazey updated the Board on the status of the reclaimed water system Phase II project, as reflected in his report. He reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$124,730 and Change Order No. 2 to decrease the contract in the amount of \$5,203.31, submitted by Hassell Construction Company, Inc. ("Hassell"). The Board determined that Change Order No. 2 is beneficial to the District.

Mr. Dazey stated that the District received an invoice in the amount of \$291.75 from Bluegrass Maintenance, Inc. ("Bluegrass") for repair of District irrigation equipment damaged by Hassell as a result of construction of the reclaimed water system Phase II project. Mr. Dazey recommended the District hold payment on the invoice until J&C can meet with Hassell and Bluegrass to discuss the matter further.

Mr. Dazey updated the Board on the status of the water plant no. 1 and remote well improvement project, as reflected in his report. He stated he had no action items for the Board's consideration.

Mr. Dazey updated the Board on the status of the wastewater treatment plant access road relocation project, as reflected in his report. He recommended the Board continue to hold the check to DVL Enterprises, LLC ("DVL") until vegetation has been established.

Mr. Dazey updated the Board on the status of the Lake Firethorne bank improvements and erosion repair project, as reflected in his report. He recommended the Board authorize release of the final payment in the amount of \$41,327 to D.L. Meacham Construction.

Mr. Dazey updated the Board on the status of the Joan Collier Trace culvert crossing improvement project. He stated he had no action items for the Board's consideration.

Mr. Dazey stated that J&C solicited three proposals for the South Firethorne Road extreme event swale improvement project, but only one proposal was received. He recommended the Board approve the proposal in the amount of \$40,000, submitted by Bluegrass.

Mr. Dazey updated the Board on the status of the proposed sound wall along FM 1463 in the Texas Department of Transportation ("TXDOT") right-of-way. The Board reviewed information from Director James regarding the voting results from TXDOT, a copy of which is attached.

Mr. Dazey stated that J&C completed the TCEQ checklist for the annual water plant inspection and reported no urgent findings.

Mr. Dazey updated the Board on the status of the District's geographical information system ("GIS") mapping.

After review and discussion, Director James moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 7 in the amount of \$124,730, submitted by Hassell, as recommended; (3) approve Change Order No. 2 to decrease the contract in the amount of \$5,203.31, submitted by Hassell, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; (4) hold payment on the invoice to Bluegrass in the amount of \$291.75; (5) continue to hold the check for DVL, pending establishment of vegetation; (6) authorize release of the final payment to D.L. Meacham Construction; and (7) approve the proposal in the amount of \$40,000, submitted by Bluegrass, for the South Firethorne Road extreme event swale improvement project. The motion was seconded by Director Gier and passed by unanimous vote.

The Board discussed the previous resident request for installation of a fence at the end of Bradford Ridge Drive leading to the detention pond. After discussion, the Board confirmed its decision to deny the request for installation of a fence at that location.

TCEQ PHASE II SMALL MS4 GENERAL PERMIT

There was no discussion on this matter.

UPDATE ON SURPLUS FUNDS APPLICATION

There was no further discussion on this matter.

PARK AND LANDSCAPE MATTERS

The Board reviewed correspondence from a resident regarding rain barrels, a copy of which is attached.

MANAGEMENT AND MAINTENANCE OF DISTRICT FACILITIES

Mr. Wailes distributed and reviewed a report from MSA regarding management and maintenance of District fire station facilities and landscaping, a copy of which is

attached. He reported on facility inspections conducted during the prior month and the status of previously authorized maintenance and repairs, as reflected in MSA's report.

The Board reviewed a report from Lake Management Services, L.P. ("LMS") regarding lake maintenance in the District, a copy of which is attached.

Mr. Wailes stated that LMS reported that two fountains in the east lakes require repair. He stated one fountain requires replacement of the motor base plate for a cost of \$315.20 and the second fountain requires replacement of the motor base plate, motor bushings, and seals for a cost of \$832.05. Mr. Wailes noted that LMS installed demo fountains until repairs have been completed to the permanent fountains.

After review and discussion, Director Gier moved to (1) approve the report from MSA; and (2) approve the repairs to the two fountains in the east lakes for a cost of \$315.20 and \$832.05, respectively. Director Shipley seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Ms. Reeves distributed and reviewed the operator's report, a copy of which is attached. She reviewed maintenance and repair work included in Inframark's monthly invoice and reported on tap installations. Ms. Reeves reviewed the water production report and noted that water accountability for the prior billing cycle was 100.10%.

Ms. Reeves stated that the manhole survey previously authorized by the Board will commence in the next several weeks.

Ms. Reeves stated that the step screen at the wastewater treatment plant requires replacement and reviewed a proposal in the amount of \$79,290. Discussion ensued. After discussion, the Board requested Inframark file an insurance claim for the part.

Ms. Reeves updated the Board on the status of smart meter installation in the District. She stated that there are currently 297 users on the online customer portal.

Ms. Reeves reviewed two abandoned accounts with an outstanding balance in excess of \$25.00, and requested authorization to turn over the accounts to the collection agency to pursue collection.

After review and discussion, Director James moved to (1) approve the operator's report; (2) approve the proposal in the amount of \$79,290 for replacement of the step screen at the wastewater treatment plant and authorize Inframark to file an insurance claim for the step screen; and (3) authorize Inframark to turn over the accounts with an outstanding balance in excess of \$25.00 to the collection agency. Director Gier seconded the motion, which carried by unanimous vote.

HEARING ON TERMINATION OF SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

Ms. Reeves reviewed the list of delinquent accounts and reported that the persons on the termination list provided to the Directors were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment. The Board conducted a hearing on the termination of utility service to delinquent accounts. After review and discussion, Director James moved to authorize termination of service to the delinquent accounts presented if payment is not received prior to scheduled termination since none of the residents on the termination list were either present at the meeting or presented any statement on the matter, in accordance with procedures set forth in the District's Rate Order. Director Gier seconded the motion, which carried by unanimous vote.

DISCUSS AMENDING DISTRICT RATE ORDER

The Board considered amending the District's Rate Order. Ms. Reeves reviewed changes recommended by Inframark, including an increase to tap fees, delinquent notices, and the service transfer fee. After review and discussion, the Board requested ABHR prepare a draft amended Rate Order for the Board's review at the next regular Board meeting.

FIRE PROTECTION SERVICES

Ms. Higgins updated the Board on the status of fire protection services in the District. She reported that the City of Katy ("City") is revising the response map included as part of the Agreement for Automatic Aid Assistance and stated that the City has requested to meet with the Board to discuss fire protection contract matters following revision of the response map. Discussion ensued.

In response to an inquiry from the City, the Board concurred to request the City to remit a check to the District for the amount owed back to the District as a result of the first quarterly true-up of actual versus budgeted expenditures related to fire protection services.

DISCUSS MEETING SCHEDULE

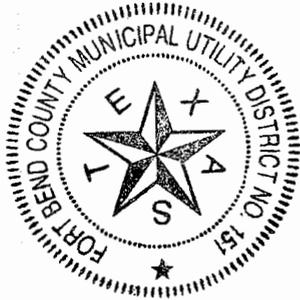
Ms. Ramirez reported that the Firethorne Community Association ("HOA") will consider the District's request to hold quarterly in-District meetings at the HOA Clubhouse on August 23, 2018, beginning with the first in-District meeting to be scheduled on October 9, 2018.

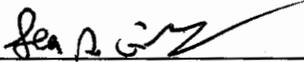
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board did not convene in Executive Session.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

| | Minutes |
|---|-------------|
| | <u>Page</u> |
| CPI increase letter from Best Trash | 1 |
| Bookkeeper's report | 1 |
| Tax assessor/collector's report | 1 |
| Builder inspection program and mowing/maintenance report | 1 |
| Memorandum from ABHR regarding the Texas Open Meetings Act requirements.... | 3 |
| Memorandum from ABHR regarding conflict of interest disclosure | 4 |
| Debt service tax rate analysis | 4 |
| Proposal and handout from Touchstone District Services | 5 |
| Correspondence received from Fort Bend Emergency Medical Service | 5 |
| Engineer's report..... | 6 |
| Information regarding the voting results from TXDOT..... | 7 |
| Report on management and maintenance of District facilities | 7 |
| Report regarding lake maintenance | 8 |
| Operator's report..... | 8 |