

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 151

February 21, 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 21st day of February, 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
Jennifer Keller	Vice President
Jordan C. Konesheck	Secretary
Sean R. Fitzsimmons	Assistant Secretary
Kara Morrison	Assistant Vice President

and all of the above were present, except Directors Keller and Morrison, thus constituting a quorum.

Also present at the meeting were Louis James, resident of the District; Christie Leighton of Best Trash, LLC ("Best Trash"); Anthea Moran and Christine Crotwell of Hilltop Securities, Inc.; Greg Sissel of BKD, LLP; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Justin Klump of Storm Water Solutions, LP ("SWS"); Elizabeth Reeves of Inframark Water & Infrastructure Services ("Inframark"); Laura Flores of Tax Tech, Inc.; Cheryl Rogers and Robert Dazey of Jones & Carter, Inc. ("J&C"); Mary Lutz of McLennan & Associates, L.P. ("M&A"); and Whitney Higgins and Jennifer Ramirez of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 22, 2018, regular meeting, which were provided in advance of the meeting. Following review and discussion, Director Fitzsimmons moved to approve the minutes as submitted. Director Konesheck seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DISCUSS OPTIONS FOR FIRE PROTECTION SERVICES FOR THE DISTRICT AND AUTHORIZE APPROPRIATE ACTION, IF NECESSARY

Ms. Moran distributed and reviewed a 2018 Operating Budget and Katy Fire Contract Analysis, a copy of which is attached.

Ms. Higgins stated ABHR is coordinating with the City of Katy to prepare a draft fire protection agreement.

Mr. Sissel distributed and reviewed an analysis of the Cumulative Net Revenues of the District, a copy of which is attached.

GARBAGE COLLECTION AND RECYCLING SERVICES

Ms. Leighton discussed garbage and recycling services in the District. She stated a representative from Best Trash will attend future Board meetings on a quarterly basis.

DISTRICT WEBSITE

There was no discussion on this matter.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Lutz distributed and reviewed the bookkeeper's report, a copy of which is attached, including the schedule of investments, energy billing report, budget comparison, and list of checks presented for payment. She noted the addition of check no. 5557 in the amount of \$39.38 to the Firethorne Community Association ("HOA") and check no. 5558 in the amount of \$100 to the Texas Commission on Environmental Quality ("TCEQ").

After review and discussion, Director Gier moved to approve the bookkeeper's report and payment of the bills. Director Konesheck seconded the motion, which passed unanimously.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board discussed the AWBD winter conference. After review and discussion, Director Fitzsimmons moved to approve reimbursement of eligible expenses for the winter conference as recommended by the bookkeeper and authorize all interested directors to attend the AWBD summer conference. Director Konesheck seconded the motion, which carried by unanimous vote.

AUTHORIZE RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board considered approving a proposal from Arthur J. Gallagher & Co. for renewal of the District's insurance policies and discussed optional coverages. Following review and discussion, Director Fitzsimmons moved to approve the proposal for renewal of the District's insurance policies, effective March 19, 2018, excluding any

additional optional coverages. The motion was seconded by Director Konesheck and passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Flores distributed and reviewed the tax assessor/collector's report, including a list of bills presented for payment, a copy of which is attached. She also reviewed the District's delinquent accounts list. The Board requested the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP, provide a report on the status of collection of delinquent taxes for the next regular Board meeting.

After review and discussion, Director Konesheck moved to approve the tax assessor/collector's report and payment of the tax bills. Director Gier seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Higgins and Ms. Moran reviewed optional exemptions from taxation, including a general residential homestead exemption, an exemption of travel trailers, and a homestead exemption for persons 65 years of age or older and disabled persons. Discussion ensued. Ms. Higgins reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Fitzsimmons moved to adopt the Resolution Concerning Exemptions from Taxation reflecting a homestead exemption in the amount of \$20,000 to persons 65 years of age or older and disabled persons and rejecting any exemption of general residential homesteads and travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Gier seconded the motion, which passed by unanimous vote.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME

Ms. Higgins reviewed the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions and as required by SEC Rule 15c2-12. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. Following review and discussion, Director Fitzsimmons moved to approve the annual report and authorize filing of same in compliance with the continuing disclosure provisions contained in the District's bond resolutions and as required by SEC Rule 15c2-12. Director Gier seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. After review, the Board determined no changes are required at this time.

ENGINEERING MATTERS

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

Ms. Rogers updated the Board on the status of the reclaimed water system Phase II project, as reflected in her report. She stated she had no action items for the Board's consideration.

Ms. Rogers updated the Board on the status of the water plant no. 1 and remote well improvement project, as reflected in her report. She stated she had no action items for the Board's consideration.

Ms. Rogers updated the Board on the status of the wastewater treatment plant access road relocation project, as reflected in her report. She requested the Board authorize a website notice regarding the project.

Ms. Rogers updated the Board on the status of the Lake Firethorne bank improvements and erosion repair project, as reflected in her report.

Ms. Rogers reminded the Board that J&C previously solicited bids for the Joan Collier Trace culvert crossing improvement project and received one proposal in the amount of \$35,750 from Bluegrass Maintenance, Inc. ("Bluegrass"). She stated that per the Board's instruction, no additional sections were included in the project.

Ms. Rogers requested the Board authorize reimbursement in the amount of \$52,700 from surplus funds to KM Firethorne for the construction of a public waterline along F.M. 1463, contingent upon TCEQ approval of the surplus funds application.

After review and discussion, Director Gier moved to (1) approve the engineer's report; (2) authorize a website notice regarding the wastewater treatment plant access road relocation project; (3) approve the proposal in the amount of \$35,750 from Bluegrass Maintenance for the Joan Collier Trace culvert crossing improvement project; and (4) authorize reimbursement in the amount of \$52,700 to KM Firethorne, contingent upon TCEQ approval of the surplus funds application and as recommended by the engineer. The motion was seconded by Director Fitzsimmons and passed by unanimous vote.

TCEQ PHASE II SMALL MS4 GENERAL PERMIT

Ms. Rogers presented and reviewed the Year 4 Annual Report, which is due to the TCEQ on March 31, 2018. After review and discussion, Director Gier moved to authorize the submittal of the Year 4 Report to the TCEQ. Director Fitzsimmons seconded the motion, which passed by unanimous vote.

UPDATE ON SURPLUS FUNDS APPLICATION

Ms. Rogers updated the Board on the status of the surplus funds application. She stated the application will be submitted to the TCEQ this week.

NORTH FORT BEND WATER AUTHORITY MATTERS

There was no discussion on this matter.

MAINTENANCE AND MOWING OF DISTRICT FACILITIES, ENVIRONMENTAL MONITORING OF FACILITIES, FEES FOR VIOLATION, AND HEARING AND OPPORTUNITY FOR APPEAL FOR WITHHOLDING TAP SERVICE FOR NONPAYMENT OF BACKCHARGES

Mr. Klump distributed the builder inspection program and mowing and maintenance report, a copy of which is attached. He noted that eleven notices of inspection and zero notices of violation were issued to builders. Mr. Klump reviewed the back charges and receivables reflected in his report, noting the outstanding receivables over 60 days' delinquent.

Mr. Klump next reviewed a summary of the mowing and maintenance work completed at District facilities during the prior month, as reflected in his report.

The Board discussed two empty lots near the drill site along Wood Lily Drive. Mr. Klump stated that the HOA removed the silt fencing as previously requested by the Board, but now silt is accumulating in the street. After review and discussion, the Board requested ABHR follow up with the HOA regarding the immediate plan for maintenance and long term plan for development.

Following review and discussion, Director Gier moved to approve the builder inspection program and mowing and maintenance report. The motion was seconded by Director Fitzsimmons and carried by unanimous vote.

PARK AND LANDSCAPE MATTERS

The Board discussed replacing the lights at the Texas Laurel mailbox kiosk with LED lights. The Board reviewed a proposal from Inframark for the replacement of the light fixtures and LED bulbs at the Texas Laurel mailbox kiosk in the amount of \$1,720.

The Board also reviewed an estimate provided by Bluegrass for replacement of all the existing bulbs at the District's mailbox kiosks with LED bulbs in the amount of \$5,200. After discussion, the Board took no action on the proposals.

The Board discussed the cleanup of the shoreline of the lakes along the eastern portion of S. Firethorne Road and reviewed an estimate in the amount of \$10-11,000 from Bluegrass to complete the work. After review and discussion, the Board requested Bluegrass and Lake Management Services, L.P. ("LMS") provide estimates for the shoreline cleanup of the lakes for the Board's review at the next regular meeting.

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.

Mr. Wailes stated that MSA requested proposals from five companies for the replacement of the deck at Lake Firethorne with treated wood, composite material, or a combination of the two materials.

The Board reviewed a report from LMS regarding lake maintenance in the District, a copy of which is attached. Mr. Wailes reported that the well control unit in the east detention pond requires replacement in the amount of \$3,613.50. He stated he requested LMS provide additional information on possible causes for the well control unit failure. After review and discussion, the Board concurred to defer consideration of the proposal for replacement of the well control unit, pending receipt of further information from LMS.

Mr. Wailes noted that LMS conducted the annual fish survey on January 31, 2018, and is preparing the report for the Board's review.

Mr. Wailes updated the Board on the status of duck trapping in the District.

After review and discussion, Director Gier moved to approve the report from MSA. Director Konesheck 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 97.02%.

Ms. Reeves updated the Board on the status of smart meter installation in the District. She reported that 138 meters have been installed as of the date of Inframark's report.

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.

Ms. Reeves reviewed correspondence from a customer at 27518 Pinkstone requesting an adjustment to their high utility bill. She stated that Inframark field tested the meter and found no meter issues or leaks. Discussion ensued.

Ms. Reeves stated that the District received an inquiry regarding whether a resident can pay to have an irrigation meter installed. Discussion ensued regarding the costs associated with the installation of an additional meter.

After review and discussion, Director Gier moved to (1) approve the operator's report; (2) authorize Inframark to turn over the accounts with an outstanding balance in excess of \$25.00 to the collection agency; and (3) authorize Inframark to adjust the utility bill to charge the resident at the lowest tier rate and offer the resident a three month payment plan. Director Fitzsimmons 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 Gier 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 Fitzsimmons seconded the motion, which carried by unanimous vote.

DIRECTOR AND DISTRICT CONSULTANT REPORTS

Ms. Higgins reviewed an arbitrage rebate report for the District's \$6,500,000 Unlimited Tax Bonds, Series 2012 from OmniCap Group LLC, noting that there is no payment due to the Internal Revenue Service.

2018 DIRECTORS ELECTION

Ms. Higgins updated the Board on the status of the 2018 Directors Election.

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.


Secretary, Board of Directors

(SEAL)

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