KINGSBRIDGE MUNICIPAL UTILITY DISTRICT

MINUTES OF BOARD OF DIRECTORS MEETING

May 10, 2018

The Board of Directors (the "Board") of Kingsbridge Municipal Utility District (the "District") met in regular session, open to the public at 6:30 p.m., at the District's meeting place located inside the boundaries of the District at Providence Community Center, 9114 Woodleigh, Houston, Texas, on Thursday, May 10, 2018 pursuant to the notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board to-wit:

Robert C. Shindler
John Buhner
Juanita Yarneau
Carl A. Peters
John Pertgen

President
Vice President
Secretary
Treasurer/Investment Officer
Assistant Secretary

All members of the Board were present, thus constituting a quorum. Consultants in attendance were: David Miller of Miller & Associates ("Engineer" or "M&A"); Rick Van Dyke of SiEnviromental, LLC ("Operator" or "SI"); Diane Bailey of McLennan & Associates ("Bookkeeper"); Simon Van Dyk and Michael Willett of Triton Consulting Group ("Triton"); Melvin Holly and Charles Cook of ETD Landscaping ("ETD"); Major Montgomery and Lieutenant Hanna of SEAL Security Services ("SEAL"); and Zach Petrov, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also in attendance were Vicky Estick and Candy Fair of Renn Road Municipal Utility District; Santos Martinez, a developer in the District; and Maria Martinez, a resident of the District.

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 6:50 p.m. and declared it open for such business as may come before the Board.

1. **Public Comment.** The President recognized Mr. Martinez who discussed the reimbursement process for the facilities built by the developer. Mr. Martinez also stated that the sanitary sewer line had to be re-routed, thus increasing the project's cost by approximately $49,000. Director Shindler stated that Mr. Martinez's questions will be answered later in the meeting under the Engineer's Report.

2. **Election Agenda.** Ms. Croon presented Directors Shindler and Buhner with the Certificates of Election and the Directors executed the sworn Statements of Elected Officer and Oaths of Office, as required by the Texas Constitution. Mr. Petrov declared that Directors Shindler and Buhner were now officially elected for additional four (4) year terms.

Ms. Croon then inquired if the Board would like to change any of the officers at this time. Upon motion by Director Yarneau, seconded by Director Buhner, after
full discussion and with all Directors present voting aye, the Board determined to keep the officers as they are at this time.

3. **Approve Minutes of April 12, 2018 Board meeting.** Upon motion by Director Pertgen, seconded by Director Peters, after full discussion and with all Directors present voting aye, the Board approved the minutes of the April 12, 2018 Board meeting, as amended.

4. **Consent Agenda.** The Board then considered the Tax Assessor/Collector's Report, the Bookkeeper's Report, the Operator's Report, the Engineer's Report, and the Communication Services Report, copies of which are attached hereto as Exhibits "A", "B", "C", "D", and "E", respectively, all previously distributed to the Board for review.

Next, upon motion by Director Buhner, seconded by Director Pertgen, after full discussion and with all Directors present voting aye, the Board approved the Consent Agenda, including: (i) the Tax Assessor/Collector's Report and the issuance of checks presented therein; (ii) Bookkeeper's Report and the issuance of checks presented therein; (iii) the Operator's Report; (iv) the Engineer's Report; and (v) the Communications Services Report.

5. **General Matters.**

a. **SEAL Security Report.** Lieutenant Hanna reviewed the Security Report, a copy of which is attached hereto as Exhibit "F". Major Montgomery discussed the crime statistics comparison between 2016 and 2017 noting that the crime rate has been steadily decreasing. He further explained that a part of the District borders International Management District, which is patrolled by SEAL officers 40 to 60 hours per week. Responding to a question related to arrests, Major Montgomery stated that SEAL may arrest and detain an alleged perpetrator and then wait for the Sheriff's Office to take the perpetrator to the station. A benefit to the District is that the SEAL officer does not leave the District and can continue his patrols.

b. **Insurance Renewal.** Ms. Croon reminded the Board that their current insurance coverage expires on June 30, 2018 and asked whether or not the Board wanted her to solicit proposals for renewal. Discussion ensued and it was the consensus of the Board that they would like to see the current provider's proposal only at this time.

c. **Sugar Grove Community Association – Assignment of Energy Contract.** Upon motion by Director Buhner, seconded by Director Pertgen, after full discussion and with all Directors present voting aye, the Board approved the Assignment of Energy Contract, a copy of which is attached hereto as Exhibit "G".

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6. **Regular Agenda.**

a. **Additional Action Items from the Tax Collector.** Ms. Lina presented to and reviewed with the Board correspondence from a resident requesting a waiver of penalties and interest related to his delinquent tax account. Ms. Lina stated that the resident claims that he never received the bill and that the address on the Fort Bend County Appraisal District record is incorrect. She also explained that according to the Tax Code, the District should not waive the penalties and interest unless an error was made by the County or the District. In this case, there was no error made by either jurisdiction as the bill was sent to the address on file.

Upon motion by Director Yarneau, seconded by Director Peters, after full discussion and with all Directors present voting aye, the Board voted to deny the penalties and interest waiver request for the above-discussed account.

b. **Additional Action Items from the Bookkeeper.** Ms. Bailey stated that check no. 8690 will be listed on the next Bookkeeper's Report. She then reported that FB 2 made payments through January and February; however, the bills for March and April remain unpaid. Discussion ensued and the Board asked JP to send a demand letter to FB 2, if needed.

c. **Additional Action Items from the Operator.** Mr. Van Dyke then presented the termination list for the Board's approval, a copy of which is attached to the Operator's Report.

Upon motion by Director Buhner, seconded by Director Yarneau, after full discussion and with all Directors present voting aye, the Board approved the termination list and authorized the Operator to terminate service as required by the Rate Order to all listed on the list.

d. **Additional Action Items from the Engineer.** Mr. Miller reviewed the Engineer's Report.

Next, upon motion by Director Peters, seconded by Director Buhner, after full discussion and with all Directors present voting aye, the Board approved Pay Application No. 6 to Grava, LLC in the amount of $321,408.08 for the Storm Sewer Reconstruction in Dover, Section 1 project.

Upon motion by Director Yarneau, seconded by Director Pertgen, after full discussion and with all Directors present voting aye, the Board approved Change Order No. 2 to Extend Contract Time by 27 calendar days for the Dover Storm Reconstruction project.

Mr. Miller next discussed Change Order No. 1 for the Water and Sanitary Sewer Extensions contract for the 5.91 acres Martinez Business Park.
Mr. Miller stated that the change order relates to itemization of sanitary sewer construction changes to the original contract with a net addition of $46,218.13 and 25 calendar days. Mr. Miller explained that the sanitary sewer line had to be rerouted as the District was unable to obtain an easement for the sanitary sewer line to go through the vacant lot. It was noted that the sanitary sewer line will benefit the District.

Mr. Petrov next distributed and reviewed a memorandum related to the proposed revisions to the District's Annexation Policy, a copy of which is attached hereto as Exhibit "H". It was proposed that the District amend its Annexation Policy to allow the District to, in its sole discretion, pay for the costs of any portion of the Facilities if the Board makes a finding that either: (a) the taxable assessed value of the Applicant's proposed project exists or will exit at the time of construction of the Facilities; or (b) any portion of the Facilities benefit the District.

Director Shindler stated that the District would benefit by paying the costs of Change Order No. 1 for the Martinez tract as the Developer would be able to open the business sooner than anticipated and start paying taxes to the District sooner.

Next, upon motion by Director Shindler, seconded by Director Buhner, after full discussion and with all Directors present voting aye, the Board amended the Annexation Policy.

Upon motion by Director Shindler, seconded by Director Peters, after full discussion and with Director Buhner abstaining, the Board voted to pay the costs of Change Order No. 1 for the Martinez tract.

Next, upon motion by Director Buhner, seconded by Director Pertgen, after full discussion and with all Directors present voting aye, the Board approved Pay Application No. 2 Revised to Canyon Construction Co., Inc. in the amount of $100,748.13 for Water Line and Sanitary Sewer Extensions along State Highway 6 for the Martinez tract.

Upon motion by Director Yarneau, seconded by Director Pertgen, after full discussion and with all Directors present voting aye, the Board authorized the Engineer to solicit two (2) proposals from qualified contractors for the relocation of approximately 300 linear feet of 16" water line in conjunction with Sugar Land-Howell Road widening construction project.

e. Additional Action Items from the Communications Consultant. Mr. Van Dyk reviewed the Communications Report. There were no additional action items.
7. **Attorney Report.**

a. **Service Agreement with Laterna Mobile Home Park (the "Agreement").** This matter was tabled.

b. **Sugar Grove Flood issues.** Mr. Miller stated that three items were agreed upon that can begin immediately by the District, Fort Bend County Drainage District, and Fort Bend County Road and Bridge: (1) the District will coordinate with Fort Bend County MUD 119 ("FB 119") to survey the condition of the existing outlet pipes from Sugar Grove Detention Pond southward through Woodbridge Estates, and into Ditch "A"; (2) Fort Bend County will contract the landowner of the Meditation Gardens tract on Dora Lane and acquire 32' easement needed to continue the existing north-to-south swale from Tomasa Street southward to Dora Lane and into Ditch "A".; and (3) the District will coordinate with Trunkline Pipeline Co. and FB 119 to allow a notched weir opening in the high bank of Sugar Grove Detention Pond to discharge into an improved v-swale southeasterly down to State Highway 6 South.

Mr. Petrov asked the Board to authorize JP to work with Engineer on the Sugar Grove Flood issues, if needed.

Upon motion by Director Buhner, seconded by Director Shindler, after full discussion and with all Directors present voting aye, the Board authorized JP to work with the Engineer on the Sugar Grove flooding issues, if needed.

c. **Amend Annexation Policy.** This matter was discussed previously in the meeting.

d. **Amend Rate Order.** Mr. Petrov reviewed the memo related to the proposed changes in the Rate Order. It was noted that the District's tap fee for non-single family residential users is three (3) times the District's actual costs, which is the maximum allowed rate under state law. Mr. Petrov stated that the District's Engineer and Operator expressed some concern that the tap fees in the District are becoming too expensive. Mr. Van Dyke then proposed the tap fee be calculated based on the cost plus 20 percent for contingencies, which would be refunded if not used. Director Buhner stated that the current tap fees were established when the District was brand new and needed funds. The District is currently mature and able to absorb costs out of its operating fund. Next, upon motion by Director Buhner, seconded by Director Shindler, after full discussion and with all Directors present voting aye, the Board amended the Rate Order to state that the tap fees will be charged based on the cost plus 20 percent contingency, which shall be returned if not used.
e. **Water Wise Interlocal Agreement.** Mr. Croon reported that per Harris-Galveston Subsidence District, Arizona Fleming School, has declined to participate in the Water Wise program this year as it has extra kits left from the past two (2) years. HGSD has provided a list of schools that need a sponsor this year. Discussion ensued after which upon motion by Director Peters, seconded by Director Buhner, after full discussion and with all Director present voting aye, the Board voted to sponsor Meadows Elementary School for the 2018/2019 school year.

8. **Director's Report.**

   a. **North Fort Bend Water Authority (the "Authority") meeting.** There were no matters to report.

   b. **The Authority Water Conservation Committee.** There were no matters to report.

   c. **Fort Bend County Emergency Services District No. 5 ("ESD 5").** Directors Yarneau and Shindler reported on matters discussed at the ESD 5 meeting.

   d. **Fort Bend Fresh Water Utility District No. 2 ("FB 2").** Directors Pertgen and Peters reported on matters discussed at the FB 2 Board meeting.

   e. **Renn Road Wastewater Treatment Plant ("WWTP").** There were no matters to report.

   f. **Keegan Bayou Improvement West District ("WKB").** There were no matters to report.

9. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:16 p.m.
PASSED AND APPROVED this 6th day of June, 2018.

(DISTRICT SEAL)

Exhibits:
"A" Tax Assessor Collector Report
"B" Bookkeeper Report
"C" Operator Report
"D" Engineering Report
"E" Communications Report
"F" SEAL Security Report
"G" Sugar Grove Community Association – Assignment of Energy Contract
"H" Memorandum