

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

February 26, 2019

The Board of Directors ("Board") of Brazoria County Municipal Utility District No. 39 (the "District") met in regular session, open to the public, on the 26th day of February, 2019, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, outside the boundaries of the District, and the roll was called of the members of the Board:

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| Nancy Davis | President |
| Danny Traylor | Vice President |
| Michael Yu | Secretary |
| Terry Reeves | Assistant Secretary |
| Jordan Nightingale | Assistant Vice President |

and all of the above were present, except Directors Reeves and Davis, thus constituting a quorum.

Also present at the meeting were Alice Collins and Larry Collins, members of the public; Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); David L. Wood Jr. of Robert W. Baird & Co. Incorporated ("Baird"); Rick Marriott of Si Environmental, LLC ("Si"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Jorge Diaz of McLennan & Associates, LP ("McLennan"); Scott Wright of MHI Partnership, Ltd.; Russell Bynum of Hillwood Communities ("Hillwood"); Katie Summers of TBG Partners ("TBG"); Brian Edwards of LJA Engineering, Inc. ("LJA"); and Tim Austin, Diana Soriano, and Holly Huston of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the January 22, 2019, meeting minutes. After review and discussion, Director Yu moved to approve the January 22, 2019, meeting minutes. Director Nightingale seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Marriott reviewed the operator's report, a copy of which is attached. He reported on maintenance and repairs completed during the previous month. After review and discussion, Director Traylor moved to approve the operator's report. Director Yu seconded the motion, which passed by unanimous vote.

Mr. Marriot reported that the Si will replace the meter on the District's emergency interconnect with Brazoria County Municipal Utility District No. 25 ("MUD 25") at a cost not to exceed \$10,000.00.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

There was no action taken on this agenda item.

TERMINATE CONTRACT FOR BOOKKEEPING SERVICES

The Board discussed terminating the Contract for Bookkeeping Services with McLennan effective as of April 1, 2019. Upon a motion made by Director Yu and seconded by Director Traylor, the Board voted unanimously to terminate the contract with McLennan as the District's bookkeeper.

REVIEW CONTRACT FOR BOOKKEEPING SERVICES

Mr. Burton discussed bookkeeping services provided by MAC and reviewed a proposed Contract for Bookkeeping Services between the District and MAC for the Board's consideration. After review and discussion, Director Yu moved to (1) engage MAC as the District's bookkeeper effective as of April 1, 2019; and (2) authorize execution of the Contract for Bookkeeping Services. Director Traylor seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

Discussion ensued regarding the winter AWBD conference in Austin. After discussion, Director Traylor moved to approve reimbursement of eligible expenses from the AWBD winter conference and authorize attendance of the directors to attend the summer conference. Director Nightingale seconded the motion, which carried by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bryant distributed and reviewed the monthly tax assessor/collector's report, a copy of which is attached. She stated that the report reflects the District's 2018 taxes were 95.72% collected as of January 31, 2019. After review and discussion, Director Yu moved to approve the tax assessor/collector's report and the checks presented for payment. Director Nightingale seconded the motion, which passed by unanimous vote.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Traylor moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects any exemptions

of residential homesteads and direct that the Resolution be filed appropriately and retained in the District's official records. Director Yu seconded the motion, which passed by unanimous vote.

REPORT FROM STORM WATER SOLUTIONS, L.L.C., INCLUDING DISCUSS CHANNEL AND DETENTION POND MAINTENANCE

There was no report on this agenda item.

ENGINEER'S REPORT

Mr. Edwards reviewed an engineering report, a copy of which is attached.

WATER SUPPLY PLANT NO. 1 WELL STUDY

Mr. Edwards updated the Board regarding the Water Supply Plant No. 1 well study, stating the well ran continuously from December 5, 2018, to January 3, 2019 with Si conducting water quality tests daily. He reported the well was taken off-line on January 7, 2019 to allow Weisinger Incorporated ("Weisinger") to replace the damaged parts as a result of the investigation into vibration and wear with the top bearing, and should be back online by February 25, 2019. Mr. Edwards stated the District's water system will remain on the interconnect water supply with MUD 25 until the Texas Commission on Environmental Quality ("TCEQ") authorizes the well to be placed back into service. He next reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$12,219.30 to Weisinger. Following review and discussion, and based upon recommendation by the engineer, Director Yu moved to approve Pay Estimate No. 5 in the amount of \$12,219.30 payable to Weisinger. Director Nightingale seconded the motion, which passed by unanimous vote.

WASTEWATER TREATMENT PLANT, PHASE 2 TO SERVE POMONA

Mr. Edwards reported on the construction of the Wastewater Treatment Plant, Phase 2 to serve Pomona. He reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$41,373.00 to Gilleland Smith Construction, Inc. ("Gilleland"). Following review and discussion, and based upon recommendation by the engineer, Director Yu moved to approve Pay Estimate No. 2 in the amount of \$41,373.00 to Gilleland for the construction of the Wastewater Treatment Plant, Phase 2 to serve Pomona. Director Nightingale seconded the motion, which carried by unanimous vote.

WATER REUSE APPLICATION

Mr. Edwards reported on the status of the water reuse application, which requests authorization from the TCEQ to utilize the wastewater treatment plant effluent to irrigate the tree farm adjacent to the facility.

WATER SUPPLY PLANT NO. 1, PHASE 2

Mr. Edwards updated the Board regarding the construction of the Water Supply Plant No. 1, Phase 2 expansion project. He stated no pay estimates were submitted by Gemini Contracting Services, Inc., for Board approval.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards updated the Board regarding the construction of water, sewer, and drainage facilities and paving to serve Pomona Parkway, Phase 3, stating the project will be completed by Brazoria County Municipal Utility District No. 40 ("MUD 40") in accordance with the Cost Sharing Agreement between the District and MUD 40. Mr. Austin next presented a Cost Sharing Agreement for water, sanitary sewer, drainage, paving and appurtenances to serve Pomona Parkway, Phase 3 ("CSA") between the District, MUD 40, and Pomona Phase 4, LLC for approval. Following review and discussion and based on the engineers recommendation, Director Yu moved to approve the CSA, and direct that the agreement be filed appropriately and retained in the District's official records. Director Nightingale seconded the motion, which passed by unanimous vote.

CROIX PARKWAY WATER LINE EXTENSION AND STORM SEWER OUTFALL

Mr. Edwards reported on the plans for the Croix Parkway water line extension and storm sewer outfall project. He requested Board approval of the construction plans and specifications for the Croix Parkway water line extension and storm sewer outfall project, and authorization for LJA to advertise the project for bids. Following review and discussion, and based on the engineer's recommendation, Director Yu moved to (1) approve the construction plans and specification for the Croix Parkway water line extension and storm sewer outfall project; and (2) authorize LJA to advertise the project for bids. Director Nightingale seconded the motion, which carried by unanimous vote.

UPDATE ON BOND APPLICATION NO. 3

Mr. Edwards updated the Board regarding Bond Application No. 3.

LANDSCAPE ARCHITECT'S REPORT

Ms. Summers reported on landscape architect matters.

PHASE 2B LANDSCAPE FOR POMONA, SECTIONS 7 AND 8

Ms. Summers updated the Board regarding Phase 2B landscape to serve Pomona, Sections 7 and 8. She reviewed and recommended approval of Pay Estimate No.

11 and final in the amount of \$62,164.37 to Earthfirst Landscapes, LLC ("Earthfirst"). Following review and discussion, and based on the landscape architect's recommendation, Director Traylor moved to approve Pay Estimate No. 11 and final in the amount of \$62,164.37, payable to Earthfirst and acceptance of the Phase 2B landscape to serve Pomona, Sections 7 and 8. Director Yu seconded the motion, which carried by unanimous vote.

PHASE 4 POMONA PARKWAY

There was no update on this agenda item.

DEEDS AND EASEMENTS

Mr. Austin stated that Pomona Phase 2B, LLC will grant a 0.008-acre Storm Sewer Easement to the District. After review and discussion, Director Yu moved to authorize acceptance of the Storm Sewer Easement from Pomona Phase 2B, LLC, and direct that the Easement be filed appropriately and retained in the District's official records. Director Traylor seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

ANNEXATION OF APPROXIMATELY 40 ACRES OF LAND INTO THE DISTRICT

There was no action taken on this agenda item.

BOOKKEEPER'S REPORT

Mr. Diaz presented and reviewed the bookkeeper's report, a copy of which is attached, and submitted the monthly bills of the District for the Board's review. After review and discussion, Director Traylor moved to approve the bookkeeper's report and the checks presented for payment. Director Nightingale seconded the motion, which passed by unanimous vote.

AMEND BUDGET FOR FISCAL YEAR END MARCH 31, 2019

There was no action taken on this agenda item.

BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2020

Mr. Diaz reviewed a proposed budget for the District's fiscal year ending March 31, 2020, a copy of which is included in the bookkeeper's report. He stated that the budget will be presented to the Board for adoption at the next meeting.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

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