

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

March 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 March, 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:

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, thus constituting a quorum.

Also present at the meeting were Blake Kridel of Storm Water Solutions, LLC ("SWS"); Crystal Horn of McGrath & Co., PLLC ("McGrath"); Cory Burton of Municipal Accounts & Consulting, L.P.; Jan Bartholomew of Robert W. Baird & Co. Incorporated; Rick Marriott of Si Environmental, LLC ("Si"); Britney Bogard of Assessments of the Southwest, Inc. ("ASW"); Jorge Diaz of McLennan & Associates, LP; Scott Wright of MHI Partnership, Ltd.; Katie Summers of TBG Partners ("TBG"); Brian Edwards of LJA Engineering, Inc. ("LJA"); Angie Lutz and Holly Huston of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the February 26, 2019, meeting minutes. After review and discussion, Director Traylor moved to approve the February 26, 2019, meeting minutes. Director Davis 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 Davis moved to approve the operator's report. Director Reeves seconded the motion, which passed by unanimous vote.

Ms. Lutz stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. She then reviewed an Amended and

Restated Drought Contingency Plan with the Board. After review and discussion, Director Davis moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director Reeves seconded the motion, which passed by unanimous vote.

#### HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Marriott presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Davis moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Reeves and passed by unanimous vote.

#### AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MARCH 31, 2019

Ms. Horn requested authorization for McGrath to prepare the District's audit report for fiscal year ending March 31, 2019. She stated the estimated fee for such work to be approximately \$10,500.00. After discussion, Director Yu moved to authorize McGrath to prepare the District's audit report for fiscal year ending March 31, 2019. Director Traylor seconded the motion, which carried by unanimous vote.

#### 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 Davis moved to approve the bookkeeper's report and the checks presented for payment. Director Traylor seconded the motion, which passed by unanimous vote.

#### BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2020

Mr. Burton reviewed a proposed budget for the District's fiscal year ending March 31, 2020, a copy of which is attached. Following review and discussion, Director Davis moved to adopt the budget for fiscal year ending March 31, 2020. Director Yu seconded the motion, which carried by unanimous vote.

## TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bogard 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 97.79% collected as of February 28, 2019. After review and discussion, Director Traylor moved to approve the tax assessor/collector's report and the checks presented for payment. Director Reeves seconded the motion, which passed by unanimous vote.

## REPORT FROM SWS INCLUDING DISCUSS CHANNEL AND DETENTION POND MAINTENANCE

Mr. Kridel presented and reviewed a report regarding channel and detention pond maintenance, a copy of which is attached. He requested authorization to oversee and fertilize phase 1 of Mustang Bayou. Following review and discussion, Director Davis moved to (1) approve the report from SWS; and (2) authorize SWS to oversee and fertilize phase 1 of Mustang Bayou. Director Nightingale seconded the motion, which passed by unanimous vote.

## 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, reporting the well was placed back on-line on March 5, 2019. He stated the District's water system will remain on the interconnect water supply with Brazoria County Municipal Utility District No. 25 until the Texas Commission on Environmental Quality authorizes the well to be placed back into service. Mr. Edwards next reviewed and recommended approval of Pay Estimate No. 6 and final in the amount of \$19,939.80, payable to Weisinger Incorporated ("Weisinger") and recommended acceptance of the project. Following review and discussion, and based upon recommendation by the engineer, Director Davis moved to approve Pay Estimate No. 6 and final in the amount of \$19,939.80, payable to Weisinger and acceptance of the project. Director Traylor 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. 3 in the amount of \$143,122.50 to Gilleland Smith Construction, Inc. ("Gilleland"). Following review and discussion, and based upon recommendation by the engineer, Director Davis moved to approve Pay Estimate No. 3 in the amount of \$143,122.50 to Gilleland for the construction of the

Wastewater Treatment Plant, Phase 2 to serve Pomona. Director Traylor 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. He stated no pay estimates were submitted by Clearwater Utilities, Inc., for Board approval.

#### 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.

#### 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 4 POMONA PARKWAY

There was no update on this agenda item.

#### DEEDS AND EASEMENTS

There was no action on this agenda item.

#### REPORT ON DEVELOPMENT

Mr. Wright reported on development in the District.

## PARTIAL ASSIGNMENTS OF REIMBURSEMENTS TO POMONA, PHASE 4

The Board concurred to defer action of this agenda item.

## ANNEXATION OF APPROXIMATELY 40 ACRES OF LAND INTO THE DISTRICT

Mr. Edwards presented and reviewed a feasibility study for the proposed annexation.

The Board considered accepting the Petition for Addition of Certain Land to Brazoria County Municipal Utility District No. 39.

The Board next considered authorizing execution of the Petition for Consent to Annex Land into Brazoria County Municipal Utility District No. 39, which petition asks the City Council of the City of Manvel for its written consent to the annexation by the District of the property.

Following review and discussion, Director Traylor moved to (1) approve the feasibility study; (2) accept the Petition for Addition of Certain Land to the District; and (3) authorize execution of the Petition for Consent to Annex Land into the District. Director Nightingale seconded the motion, which carried by unanimous vote.

## ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Lutz stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Lutz explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. Ms. Lutz stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. She then reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Yu moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Nightingale seconded the motion, which passed by unanimous vote.

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



Secretary, Board of Directors



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