

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

April 23, 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 23rd day of April, 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 Mark Oullette, Manny Bourque, Donald Holl and Kelly Carter, residents of the District; Mary Dubois of Acclaim Energy Providers, LLC ("Acclaim"); Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Jan Bartholomew of Robert W. Baird & Co. Incorporated; Rick Marriott of Si Environmental, LLC ("Si"); Britney Bogard of Assessments of the Southwest, Inc.; Brian Edwards of LJA Engineering, Inc.; Russell Bynum of Hillwood Communities ("Hillwood"); Katie Summers of TBG Partners ("TBG"); Tim Austin and Holly Huston of Allen Boone Humphries Robinson LLP.

MINUTES

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

PUBLIC COMMENTS

Mr. Carter introduced himself to the Board and addressed concerns regarding water quality within the District. He discussed correspondence received from the Si and water quality testing results received from a third party.

Mr. Oullette introduced himself to the Board and addressed concerns regarding water quality within the District.

Mr. Bourque introduced himself to the Board and stated his purpose for attending the meeting was to learn more about the purpose and powers of the District. He also stated his concerns regarding water quality within the District.

Mr. Holl introduced himself to the Board and stated his purpose for attending the meeting was to learn more about the District.

Mr. Austin introduced himself to the residents and generally described the purpose and powers of the District.

#### OPERATOR'S REPORT

Mr. Marriott introduced himself to the residents and discussed Si's functions as the District's operator. He generally discussed the water quality tests required by the Texas Commission on Environmental Quality ("TCEQ"). Mr. Marriott then updated the Board regarding the Water Supply Plant Study, stating the well should be back online within the next few weeks pending approval from the TCEQ. He noted that during the duration of the Water Supply Plant Study, the District has been receiving water from an interconnect with Brazoria County Municipal Utility District No. 25. Mr. Marriott reported that it is common to see water discoloration in a district when construction is occurring in the area, stating that during construction water lines are constantly being flushed which stirs up naturally occurring sediment and could be the cause for discoloration in the water. He noted throughout the duration of the Water Supply Plant Study, Si has continuously monitored the water quality within the District. In response to questions, Mr. Marriott offered to take interested residents offline and send a water quality expert from SI to determine the source of water discoloration issues. Director Nightingale reported that he experienced water discoloration but has not had an issue with discoloration since construction was completed in his section.

Mr. Holl stated he recently reviewed the City of Manvel's plan to transfer to surface water and requested clarification on whether the District plans on converting to surface water in the future. Mr. Austin reported that there are currently no plans for the District to convert to surface water.

Mr. Bynum introduced himself to the residents and generally discussed Hillwood's history with the District.

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 Traylor seconded the motion, which passed by unanimous vote.

Mr. Marriott stated that the Identity Theft Prevention Program was reviewed and no incidents of identity theft or fraud have occurred.

## HEARING ON TERMINATION OF WATER AND SEWER SERVICE

There was no discussion on this agenda item.

## WIDESPREAD WATER DISCOLORATION ISSUE

There was no further discussion on this agenda item.

## REPORT FROM ACCLAIM

Ms. Dubois presented a pricing report from Acclaim of electricity rates, a copy of which is attached. After discussion, Director Traylor moved to approve a contract with the Hudson Energy for a 24-month contract term to begin September 1, 2022, and to authorize Director Davis to execute the contract, and direct that the Contract be filed appropriately and retained in the District's official records. Director Reeves seconded the motion, which carried unanimously.

## BOOKKEEPER'S REPORT

Mr. Burton then presented the bookkeeper's report and submitted the bills for the Board's review. A copy of the bookkeeper's report is attached. He reported MAC will present recommendations for various certificates of deposit investments at the May Board meeting.

Mr. Burton presented and reviewed with the Board a Resolution Changing and Appointing Investment Officer reflecting Ghia Lewis and Mark Burton as the Investment Officers for the District.

The Board considered accepting annual disclosures from the District's bookkeeper and Investment Officer for filing with the Texas Ethics Commission as required by the Public Funds Investment Act.

Mr. Austin stated that due to the appointment of Ghia Lewis and Mark Burton as the new Investment Officers, Exhibits A to the Depository Pledge Agreements between the District and Compass Bank will be amended. He then reviewed amended Exhibits A to the Depository Pledge Agreements between the District Compass Bank.

The Board then considered authorizing filing of an updated District Registration Form with the TCEQ, reflecting the new Bookkeeper.

After discussion, Director Traylor moved to (1) approve the bookkeeper's report and the payment of bills; (2) accept the Annual Disclosure Statement under the Public Funds Investment Act from the District's bookkeeper and Investment Officer and direct that the Statements be filed with the Texas Ethics Commission and retained in the District's official records; (3) adopt the Resolution Changing and Appointing Investment Officer and direct that the Resolution be filed appropriately and retained in

the District's official records; (4) approve the amended Exhibit A to the Depository Pledge Agreement between the District and Compass Bank and direct that they be filed appropriately and retained in the District's official records; and (5) authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Nightingale seconded the motion, which passed 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 99.13% collected as of March 31, 2019. After review and discussion, Director Traylor moved to approve the tax assessor/collector's report and the checks presented for payment. Director Davis seconded the motion, which passed by unanimous vote.

#### 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.

#### 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. 4 in the amount of \$106,312.50 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. 4 in the amount of \$106,312.50 to Gilleland for the construction of the Wastewater Treatment Plant, Phase 2 to serve Pomona. Director Reeves 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. He stated the application was submitted to the TCEQ on April 18, 2019.

#### 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 presented and reviewed a report on landscape matters, a copy of which is attached.

PHASE 4 POMONA PARKWAY

Ms. Summers reported on the plans for landscaping improvements to serve Phase 4 Pomona Parkway. She stated TBG requests Board authorization prepare plans and specifications for landscaping improvements to serve Phase 4, Pomona Parkway. Following review and discussion, Director Nightingale moved to authorize TBG to prepare plans and specifications for landscaping improvements to serve Phase 4, Pomona Parkway. Director Davis seconded the motion, which carried by unanimous vote.

DEEDS AND EASEMENTS

There was no action on this agenda item.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

PARTIAL ASSIGNMENTS OF REIMBURSEMENTS TO POMONA, PHASE 4

Mr. Austin stated that Pomona Phase 2A, LLC, has partially assigned its right to receive reimbursement from the District related to a 3.988-acre tract to be developed as Pomona Phase 4, LLC ("Pomona Phase 4") pursuant to the Financing and Reimbursement Agreement for Road Facilities, Financing and Reimbursement

Agreement for Water, Sewer, and Drainage Facilities, Development Agreement and Subsequent Amendments, Financing and Reimbursement Agreement for Recreational Facilities and Financing and Reimbursement Agreement for Financing Operations Expenses.

Mr. Austin presented a Partial Assignment of Financing and Reimbursement Agreement for Financing Operations Expenses, Partial Assignment of Financing and Reimbursement Agreement for Road Facilities, Partial Assignment of Financing and Reimbursement Agreement for Water, Sewer, and Drainage Facilities, Partial Assignment of Development Agreement, and Partial Assignment of Development Financing Agreement for Recreational Facilities (the "Partial Assignments") from Pomona Phase 2A, LLC as assignor to Pomona Phase 4, as assignee. He stated that the District has been requested to consent to the Partial Assignments. Mr. Austin stated that by consenting to the Partial Assignments, the District acknowledges the assignment of Pomona Phase 2A, LLC's right to receive reimbursement from the District to Pomona Phase 4 for certain projects related to the 3.988-acre tract. After review and discussion, Director Traylor moved to consent to the Partial Assignments, authorize the President and the Secretary of the Board to execute the consent clause of the Partial Assignments and direct that the Partial Assignments be filed appropriately and retained in the District's official records. Director Davis seconded the motion, which passed unanimously.

Mr. Austin stated that Pomona Phase 4, has assigned its right to receive reimbursement from the District, pursuant to the Partial Assignments, to Texas Capital Bank National Association, in connection with the 3.988-acre tract. He presented an Acknowledgement and Consent to Assignment (the "Acknowledgement") and stated that the District has been requested to acknowledge and consent to the assignment. Mr. Austin stated that by consenting to the assignment, the District acknowledges the assignment of Pomona Phase 4's right to receive reimbursement from the District to Texas Capital Bank National Association for certain projects related to the 3.988-acre tract. After review and discussion, Director Traylor moved to acknowledge and consent to the assignment, authorize the President of the Board to execute the Acknowledgement and direct that the Acknowledgement be filed appropriately and retained in the District's official records. Director Davis seconded the motion, which passed by unanimous vote.

#### SIXTH AMENDMENT TO DEVELOPMENT AGREEMENT

Mr. Austin reviewed the Sixth Amendment to the Development Agreement with the City of Manvel. After discussion, Director Davis moved to approve the Sixth Amendment to the Development Agreement, subject to final review and approval by ABHR. Director Nightingale seconded the motion, which carried by unanimous vote.

ANNEXATION OF APPROXIMATELY 40 ACRES OF LAND INTO THE DISTRICT

There was no discussion on this agenda item.

ATTORNEY'S REPORT

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

(SEAL)



*M. L. J.*  
Secretary, Board of Directors

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