

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

January 23, 2018

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 January, 2018, 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
Larry Collins	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Jordan Nightingale, a resident of the District; Alice Collins; Katie Summers of TBG Partners ("TBG"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Diane Bailey and Karen Sears of McLennan & Associates, LP; Brian Edwards of LJA Engineering, Inc. ("LJA"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the December 12, 2017, meeting minutes. After review and discussion, Director Davis moved to approve the December 12, 2017, meeting minutes. Director Yu seconded the motion, which passed by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Bailey 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 Davis seconded the motion, which passed by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

Mr. Austin stated that in accordance with the District's Investment Policy, Shannon Taylor, as the bookkeeper, and Jorge Diaz, as Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. He added that the disclosure statements

will be filed with the Texas Ethics Commission. After review and discussion, Director Traylor moved to accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Yu seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bryant distributed and reviewed the tax assessor/collector's reports for the month of December, copies of which are attached. She stated that the reports reflects the District's 2017 taxes were 49.02% collected as of December 31, 2017. After review and discussion, Director Yu moved to approve the tax assessor/collector's reports and the checks presented for payment. Director Traylor seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

There was no report on this agenda item.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

There was no delinquent list to present to the Board this month.

ENGINEER'S REPORT

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

WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 7, AND POMONA PARKWAY AND KIRBY DRIVE, PHASE 2

Mr. Edwards updated the Board on the construction of water, sewer and drainage facilities to serve Pomona, Section 7, and Pomona Parkway and Kirby Drive, Phase 2. He stated the project is complete and has been accepted by the City of Manvel.

PAVING TO SERVE POMONA, SECTION 7, AND POMONA PARKWAY AND KIRBY DRIVE, PHASE 2

Mr. Edwards updated the Board on the paving to serve Pomona, Section 7, and Pomona Parkway and Kirby Drive, Phase 2. He stated the project is complete and has been accepted by the City of Manvel.

WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 8

Mr. Edwards updated the Board regarding water, sewer, and drainage facilities to serve Pomona, Section 8. He reviewed and recommended approval of Change Order No. 1 to the contract with Hurtado Construction Company ("Hurtado") for regarding

water, sewer, and drainage facilities to serve Pomona, Section 8 to increase the contract in the amount of \$17,325.00. The Board determined that Change Order No. 1 is beneficial to the District. Mr. Edwards next recommended approval of Pay Estimate No. 1 in the amount of \$136,715.20 to Hurtado. After review and discussion, and based on the engineer's recommendation, Director Reeves moved to (1) approve Change Order No. 1 in the amount of \$17,325.00 as an increase to the contract with Hurtado, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; and (2) approve Pay Estimate No. 1 in the amount of \$136,715.20 to Hurtado. Director Collins seconded the motion, which passed by unanimous vote.

PAVING TO SERVE POMONA, SECTION 8

Mr. Edwards updated the Board regarding paving to serve Pomona, Section 8.

CHANNEL AND DETENTION POND MAINTENANCE

Mr. Edwards stated Storm Water Solutions, LP is maintaining the Phase I and Phase II drainage improvements.

POMONA LAKE B PEDESTRIAN BRIDGE

Mr. Edwards updated the Board on the construction of the pedestrian bridge for Pomona Lake B. He recommended approval of Pay Estimate No. 4 in the amount of \$16,182.00 to Division III + Constructors, Inc. ("Division III"). Following review and discussion, and based upon the engineer's recommendation, Director Reeves move to approve Pay Estimate No. 4 in the amount of \$16,182.00 to Division III. Director Collins seconded the motion, which passed by unanimous vote.

WATER SUPPLY PLANT NO. 1 WELL STUDY

Mr. Edwards updated the Board regarding the Water Supply Plant No. 1 well study. He stated LJA is working with LBG-Guyton Associates to finalize the construction contracts and specifications for the project and LJA will begin advertising the project in the next couple of weeks. Mr. Edwards stated the District's water well is expected to be out of service for three to four months for the proposed testing and rehabilitation. He added that during this time, the District will utilize the water system emergency interconnect with Brazoria County Municipal Utility District No. 25 ("MUD 25") on the condition that the District's operator and engineer closely coordinate with MUD 25.

WASTEWATER TREATMENT PLANT, PHASE 2 TO SERVE POMONA

Mr. Edwards stated design is underway to expand the wastewater treatment plant from 0.125 million gallons per day to 0.250 million gallons per day.

BOND APPLICATION NO. 2

Mr. Edwards updated the Board regarding Bond Application No. 2.

PHASE 2A LANDSCAPE FOR POMONA, SECTIONS 5 AND 6

Ms. Summers reviewed a report from TBG, a copy of which is attached.

Ms. Summers reported on the Phase 2A landscape improvements to serve Pomona, Sections 5 and 6. Mr. Wright noted that following the substantial walkthrough held January 18, 2018, a punchlist of items for BrightView Development to address was generated, with a February 1, 2018, deadline of completion. He noted that if the punchlist items have not been addressed by February 1, 2018, TBG will deduct the punchlist items from the contractors final pay estimate and recommend steps to complete the project.

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 stating construction is underway.

PHASE 2B PARK TO SERVE POMONA

Ms. Summers reported on the plans for the Phase 2B Park stating design is underway.

DEEDS AND EASEMENTS

Mr. Austin stated that Pomona Phase 2B, LLC will grant a 0.0355-acre Sanitary Sewer Easement to the District. After review and discussion, Director Traylor moved to authorize acceptance of a 0.0355-acre Sanitary Sewer Easement from Pomona Phase 2B, LLC, and direct that the Easement be filed appropriately and retained in the District's official records. Director Davis seconded the motion, which passed unanimously.

AMENDMENT TO AGREEMENT FOR DEVELOPMENT AND MAINTENANCE OF RECREATIONAL FACILITIES

The Board reviewed a 2018 Landscape Maintenance Budget prepared by the HOA, a copy of which is attached. Mr. Wright noted that the District's 2018 monthly contribution to the HOA for landscape maintenance will be \$23,519.00. Following review and discussion, Director Davis moved to approve the 2018 Landscape Maintenance Budget, including the District's monthly contribution to the HOA in the amount of \$23,519.00 for landscape maintenance. Director Yu seconded the motion, which carried by unanimous vote.

AGREEMENT REGARDING TREE FARM

The Board took no action on this agenda item.

REPORT ON DEVELOPMENT

Mr. Wright reported on development in the District.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Mr. Austin reported that the District has not yet sold bonds and that no change to the District's compliance policy is recommended at this time.

2018 DIRECTORS ELECTION

ADOPT RESOLUTION DESIGNATING AN AGENT OF THE SECRETARY OF THE BOARD OF DIRECTORS DURING THE 2018 BOARD OF DIRECTORS ELECTION PERIOD

Mr. Austin discussed procedures related to the 2018 Directors Election. He reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors during the 2018 Directors Election Period. Following review and discussion, Director Yu moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Ashley Ramos as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Traylor seconded the motion, which was approved by unanimous vote.

AUTHORIZE NOTICE OF DEADLINE TO FILE APPLICATIONS FOR PLACE ON THE BALLOT

Mr. Austin reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Yu moved to authorize the Secretary's agent to post the notice as required. Director Traylor seconded the motion, which was approved by unanimous vote.

APPROVE CONTRACT FOR ELECTION SERVICES WITH BRAZORIA COUNTY

Mr. Austin stated that the District may contract with Brazoria County (the "County") to conduct the District's 2018 Directors Election. After discussion, Director Yu moved to contract with the County to administer the District's

election. Director Traylor seconded the motion, which was approved by unanimous vote.

ADOPT ORDER CALLING DIRECTORS ELECTION

The Board next considered adopting an Order Calling Director's Election. Mr. Austin stated that the election will be held on May 5, 2018. After review and discussion, Director Yu moved that the Board adopt the Order. Director Traylor seconded the motion, which passed by unanimous vote.

AUTHORIZE NOTICE OF ELECTION

Mr. Austin reported on requirements to post a Notice of Election if the District holds the 2018 Directors Election. Following discussion, Director Yu moved to authorize the Secretary's agent to post the notice as required, if the District holds the 2018 Directors Election. Director Traylor seconded the motion, which was approved by unanimous vote.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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