

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

March 27, 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 27th day of March, 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 Dave Rodriguez and Alice Collins, members of the public; Jordan Nightingale, a resident of the District; Mary Dubois of Acclaim Energy Advisors ("Acclaim"); Crystal Horn of McGrath & Co., PLLC ("McGrath"); Ryan R. Nesmith of Robert W. Baird & Co., Inc. ("RWB"); Justin Cox of Storm Water Solutions, L.P. ("SWS"); Russell Bynum of Hillwood Communities; Rick Marriott of Si Environmental, LLC ("Si"); Katie Summers of TBG Partners ("TBG"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Allyson Baker of McLennan & Associates, LP; Brian Edwards of LJA Engineering, Inc. ("LJA"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP.

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.

Mr. Marriott reported on a lead and copper rule monitoring and reporting violation and reviewed a notice to customers, which will be included in customer utility bills, a copy of which is attached. He stated the violation was due to an error made by the laboratory contracted to perform the testing.

After review and discussion, Director Traylor moved to approve the operator's report. Director Collins seconded the motion, which passed by unanimous vote.

## ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Marriott reviewed the District's current Drought Contingency Plan ("Plan"). The Board concurred that no changes were necessary to the current Plan and took no further action.

## 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 Traylor 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 Collins and passed by unanimous vote.

## AUTHORIZE EXECUTION OF FIRST BILLING PAYMENT SERVICES AGREEMENT

Mr. Marriott presented a Payment Services Agreement between First Billing and the District in connection with processing water bill payments by District residents. Following review and discussion, Director Traylor moved to approve the Payment Services Agreement between First Billing and the District and direct that the Payment Services Agreement be filed appropriately and retained in the District's official records. The motion was seconded by Director Collins and carried by unanimous vote.

## MINUTES

The Board considered approval of the January 23, 2018, meeting minutes. After review and discussion, Director Yu moved to approve the January 23, 2018, meeting minutes. Director Davis seconded the motion, which passed by unanimous vote.

## REPORT FROM ACCLAIM ENERGY ADVISORS

Ms. Dubois presented a pricing report from Acclaim of electricity rates, a copy of which is attached. After discussion, Director Reeves moved to approve a contract with the Texas General Land Office ("GLO") for a 36-month contract term to begin September 1, 2019, 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 Yu seconded the motion, which carried unanimously.

AUTHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END MARCH 31, 2018

Ms. Horn requested authorization for McGrath to prepare the District's audit report for fiscal year ending March 31, 2018. After discussion, Director Davis moved to authorize McGrath to prepare the District's audit report for fiscal year ending March 31, 2018. Director Traylor seconded the motion, which carried by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Baker 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 Reeves moved to approve the bookkeeper's report and the checks presented for payment. Director Collins seconded the motion, which passed by unanimous vote.

ADOPT BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2019

Ms. Baker reviewed the budget for the fiscal year ending March 31, 2019. Following review and discussion, Director Collins moved to adopt the budget for fiscal year ending March 31, 2019. Director Davis seconded the motion, which carried by unanimous vote. A copy of the bookkeeper's report is attached.

JOIN THE ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") AND AUTHORIZE ATTENDANCE AT THE SUMMER CONFERENCE

The Board considered joining the AWBD. Ms. Baker stated that the annual membership fee is \$650. Following discussion, Director Traylor moved to (1) authorize the Board to join the AWBD; and (2) authorize all interested directors to attend the AWBD summer conference which is scheduled for June 21-24, 2018 in San Antonio, Texas. Director Davis seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bryant distributed and reviewed the tax assessor/collector's reports for the months of January and February, copies of which are attached. She stated that the reports reflect the District's 2017 taxes were 95.33% collected as of February 28, 2018. After review and discussion, Director Traylor moved to approve the tax assessor/collector's reports and the checks presented for payment. Director Davis seconded the motion, which passed by unanimous vote.

## AMENDMENT AND ASSIGNMENT OF THE TAX/ASSESSOR/COLLECTOR CONTRACT

Ms. Bryant presented an Assignment of Tax Assessor/Collector Contract, which assigns the District's current contract with Thomas W. Lee for assessment and collection of District taxes to ASW. She then reviewed an Amendment of the District's Tax Assessor/Collector Contract, which includes a fee increase. Ms. Bryant reviewed rate changes and an estimated total annual fee increase. Following review and discussion, Director Yu moved to approve the Assignment of Tax Assessor/Collector Contract and the Amendment of the District's Tax Assessor/Collector Contract. Director Davis seconded the motion, which passed unanimously.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Yu moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects any exemptions of residential homesteads and rejects any exemption of travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Collins seconded the motion, which passed by unanimous vote.

## APPROVE FIFTH AMENDMENT TO DEVELOPMENT AGREEMENT

Mr. Austin reviewed the Fifth Amendment to the Development Agreement with the City of Manvel. After discussion, Director Traylor moved to approve the Fifth Amendment to the Development Agreement. Director Collins seconded the motion, which carried by unanimous vote.

## ENGINEER'S REPORT

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

## 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 recommended approval of Pay Estimate No. 2 in the amount of \$421,391.20 to Hurtado Construction Company ("Hurtado"). After review and discussion, and based on the engineer's recommendation, Director Yu moved to approve Pay Estimate No. 2 in the amount of \$421,391.20 to Hurtado. Director Traylor 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. He recommended approval of Pay Estimate No. 1 in the amount of \$93,240.00 to D&J Construction, Inc. ("D&J"). After review and discussion, and based on the engineer's recommendation, Director Yu moved to approve Pay Estimate No. 1 in the amount of \$93,240.00 to D&J. Director Traylor seconded the motion, which passed by unanimous vote.

## CHANNEL AND DETENTION POND MAINTENANCE

Mr. Cox stated Storm Water Solutions, LP is maintaining the Phase I and Phase II drainage improvements. He presented and reviewed a proposal in the amount of \$14,956.00 to perform repairs to landlok spillways to eliminate existing erosion and to refresh matted areas by installing sod, a copy of which is attached. Following review and discussion, Director Yu moved to approve the proposal in the amount of \$14,956.00. Director Traylor seconded the motion, which carried by unanimous vote.

## 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. 5 in the amount of \$170,010.00 and Pay Estimate No. 6 in the amount of \$62,024.10 to Division III + Constructors, Inc. ("Division III"). Following review and discussion, and based upon the engineer's recommendation, Director Yu move to (1) approve Pay Estimate No. 5 in the amount of \$170,010.00; and (2) approve Pay Estimate No. 6 in the amount of \$62,024.10 to Division III. Director Traylor seconded the motion, which passed by unanimous vote.

## WATER SUPPLY PLANT NO. 1 PHASES 1 AND 2

Mr. Edwards updated the Board regarding the construction of Water Supply Plant No. 1 Phases 1 and 2. He stated that bids were received for construction of Water Supply Plant No. 1 Phases 1 and 2. Mr. Edwards recommended that the Board award the contract to Weisinger Incorporated ("Weisinger") in the amount of \$181,686.00. The Board concurred that, in its judgment, Weisinger was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Yu moved to award the contract for construction of Water Supply Plant No. 1 Phases 1 and 2 to Weisinger in the amount of \$181,686.00, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and verification of insurance. 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 recommended approval by the Board of the plans and specifications for the construction of the wastewater treatment plant, phase 2 to serve Pomona. Mr. Edwards next requested authorization from the Board to advertise the project for bids. Following review and discussion, and based upon the engineer's recommendations, Director Yu moved to (1) approve the plans and specifications for the construction of the wastewater treatment plant, phase 2 to serve Pomona; and (2) authorize LJA to advertise the project for bids. Director Traylor seconded the motion, which carried by unanimous vote.

## BOND APPLICATION NO. 2

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

## ADDITIONAL ENGINEERING MATTERS

Mr. Edwards reported on the status of the wastewater treatment plant discharge permit renewal application. He stated LJA has completed the discharge permit renewal application and requests Board authorization to submit the discharge permit renewal application to the Texas Commission on Environmental Quality ("TCEQ").

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 LJA has completed the water reuse application and requests Board authorization to submit the water reuse application to the TCEQ.

Following review and discussion, Director Yu moved to (1) authorize submittal of the wastewater treatment plant discharge permit renewal application to the TCEQ; and (2) authorize submittal of the water reuse application to the TCEQ. Director Traylor seconded the motion, which carried by unanimous vote.

## PHASE 2A LANDSCAPE FOR POMONA, SECTIONS 5 AND 6

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

Ms. Summers updated the Board regarding the Phase 2A landscape improvements to serve Pomona, Sections 5 and 6.

## 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.



Ms. Summers reviewed and recommended approval of Change Order No. 1 to the contract with Earth First Landscapes, LLC ("Earth First") for the Phase 2B landscape to serve Pomona, Sections 7 and 8 to increase the contract in the amount of \$7,966.77. The Board determined that Change Order No. 1 is beneficial to the District.

Ms. Summers reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$8,354.70 and Pay Estimate No. 2 in the amount of \$52,373.72 from Earth First for the Phase 2B landscape to serve Pomona, Sections 7 and 8.

Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to (1) approve Change Order No. 1 in the amount of \$7,966.77 as an increase to the contract with Earth First, based upon the Board's finding that the Change Order is beneficial to the District and the landscape architect's recommendation; (2) approve Pay Estimate No. 1 in the amount of \$8,354.70 from Earth First; and (3) approve Pay Estimate No. 2 in the amount of \$52,373.72 from Earth First. Director Collins seconded the motion, which carried by unanimous vote.

#### PHASE 2B PARK TO SERVE POMONA

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

#### DEEDS AND EASEMENTS

No deeds or easements were submitted for Board approval.

#### AGREEMENT REGARDING TREE FARM

The Board took no action on this agenda item.

#### REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

#### 2018 DIRECTOR'S ELECTION

Mr. Austin discussed procedures related to the 2018 Directors Election. He presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received three candidate applications that were not withdrawn for the three director positions for the May 5, 2018, Directors Election. Following review and discussion, Director Traylor moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Davis seconded the motion, which passed unanimously.

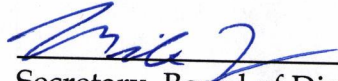
Mr. Austin presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 5, 2018, Directors Election is cancelled and that the unopposed candidates, Danny Traylor, Terry Reeves, and Jordan Nightingale are declared elected to office to serve from the May 5, 2018, election until the May 7, 2022, Directors Election. Following review and discussion, Director Traylor moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office. The motion was seconded by Director Davis and passed unanimously.

Mr. Austin discussed that the Board had approved entering into a contract with Brazoria County (the "County") to administer the District's 2018 Directors Election. After discussion, Director Traylor moved to cancel the contract with the County for election services for the May 5, 2018 Directors Election. Director Davis seconded the motion, which passed unanimously.

Mr. Austin reported on the City of Manvel meeting held on March 1, 2018, at ABHR to promote regional facilities.

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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