

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

May 22, 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 22nd day of May, 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, except Director Reeves, thus constituting a quorum.

Also present at the meeting were Jordan Nightingale, a resident of the District; Alice Collins, a member of the public; Jan Bartholomew of Robert W. Baird & Co., Inc. ("RWB"); Rick Marriott of Si Environmental, LLC ("Si"); Katie Summers of TBG Partners ("TBG"); Russell Bynum of Hillwood Communities; Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Diane Bailey of McLennan & Associates, LP; Brian Edwards of LJA Engineering, Inc. ("LJA"); and Tim Austin, Angela Lutz, and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the April 24, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the April 24, 2018, meeting minutes. Director Yu seconded the motion, which passed by unanimous vote.

CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Terry Reeves, Danny Traylor, and Jordan Nightingale to the Board of Directors of the District each for a four-year term. After review and discussion, Director Davis moved to approve the Certificate of Election and the distribution of same to Directors Reeves, Traylor, and Nightingale and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Yu seconded the motion, which passed by unanimous vote.

## DIRECTORS' SWORN STATEMENTS, OFFICIAL BONDS AND OATHS OF OFFICE

Mr. Austin reviewed the Sworn Statements and Oaths of Office for Directors Reeves, Traylor, and Nightingale, and the Official Bond for Director Nightingale. After review and discussion, Director Davis moved that the Board (1) approve the Sworn Statements and Oaths of Office for Directors Reeves, Traylor, and Nightingale; (2) approve the Official Bond for Director Nightingale; and (3) direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Yu 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.

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

Mr. Austin reviewed with the Board the Critical Load Spreadsheet for the District's facilities. He noted that the District's bookkeeper, engineer, and operator have reviewed and approved the Critical Load Spreadsheet.

Mr. Marriott presented and reviewed a draft Consumer Confidence Report (the "CCR"), a copy of which is attached, to be mailed to District residents and filed with the Texas Commission on Environmental Quality ("TCEQ") by July 1, 2018.

After review and discussion, Director Davis moved to (1) approve the operator's report; (2) authorize the annual filing of the Critical Load Spreadsheet, subject to consultant revisions, and direct that the Critical Load Spreadsheet be filed appropriately and retained in the District's official records; and (3) approve the CCR and authorize the operator to mail the approved CCR to District customers and file with the TCEQ. Director Traylor 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 Traylor and passed by unanimous vote.

#### REORGANIZE THE BOARD

The Board considered reorganizing the Board of Directors. Following discussion, Director Davis moved to reorganize the Board as follows:

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

Director Traylor seconded the motion, which passed by unanimous vote.

#### DISTRICT REGISTRATION FORM

The Board then considered authorizing filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Davis made a motion to 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 Traylor seconded the motion, which passed by unanimous vote.

#### DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Lutz reviewed for Director Nightingale a memorandum from ABHR regarding Open Meetings Act training requirements, a copy of which is attached. She said the Texas Legislature requires each elected or appointed public official to complete a course of training regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act within ninety days of receiving the appointment.

#### CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Lutz next reviewed for Director Nightingale Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. She reviewed the forms adopted by the Texas Ethics Commission for

making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District within seven days of a disclosable conflict arising. Ms. Lutz encouraged Director Nightingale and other Board members to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure. A copy of the Conflict of Interest Disclosure memorandum is attached.

Ms. Lutz stated that pursuant to Chapter 176 of the Texas Local Government Code, the District maintains a List of Local Government Officers. She reviewed the List of Local Government Officers and noted that Director Nightingale has been added to the list. After review and discussion, Director Davis moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Traylor seconded the motion, which passed by unanimous vote.

\$4,410,000 UNLIMITED TAX BONDS, SERIES 2018

REVIEW BIDS AND AWARD SALE OF THE DISTRICT'S \$4,410,000 BONDS, SERIES 2018 ("SERIES 2018 BONDS")

The Board received four bids for the District's Series 2018 Bonds. Ms. Bartholomew presented and reviewed bids from SAMCO Capital Markets, Inc., with a net effective interest rate of 3.895835%, George K. Baum & Co., with a net effective interest rate of 3.915025%, RBC Capital Markets, with a net effective interest rate of 3.950314%, and FMSbonds, Inc., with a net effective interest rate of 3.963546%. Ms. Bartholomew stated that good faith checks had been submitted by the bidders as required and the accuracy of the bids had been verified.

The Board considered awarding the sale of the District's Series 2018 Bonds. Ms. Bartholomew recommended that the Board accept the bid with the lowest net effective interest rate, submitted by SAMCO Capital Markets, Inc. ("SAMCO"). After review and discussion, Director Traylor moved that the Board award the sale of the District's Series 2018 Bonds to SAMCO, whose bid contained the lowest net effective interest rate. Director Davis seconded the motion, which passed by unanimous vote. A copy of the bid results is attached.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$4,410,000 BONDS, SERIES 2018

Mr. Austin presented and reviewed the Resolution Authorizing Issuance of the Bonds. After review and discussion, Director Traylor moved that the Board adopt the Resolution Authorizing Issuance of the District's \$4,410,000

Unlimited Tax Bonds, Series 2018. Director Davis seconded the motion, which passed by unanimous vote.

APPROVE PAYING AGENT/REGISTRAR AGREEMENT

Mr. Austin then presented and reviewed the Paying Agent/Registrar Agreement between the District and Amegy Bank, a division of ZB, N.A. ("Amegy"). After review and discussion, Director Traylor moved that the Board approve the Paying Agent/Registrar Agreement with Amegy. Director Davis seconded the motion, which passed by unanimous vote.

APPROVE OFFICIAL STATEMENT

Ms. Bartholomew stated that the Preliminary Official Statement will be updated to include information from the accepted bid. After review and discussion, Director Traylor moved that the Board approve the Official Statement for the Series 2018 Bonds. Director Davis seconded the motion, which passed by unanimous vote.

CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Director Traylor moved to authorize execution of a Certificate Regarding Provision of Financial Advice certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Bonds and that the Board has relied on the municipal advisor, RWB, for financial advice. Director Davis seconded the motion, which carried by unanimous vote.

AUTHORIZE THE BOARD OF DIRECTORS TO SIGN THE DOCUMENTS RELATING TO THE BOND SALE AND AUTHORIZE THE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER

Mr. Austin stated that it will be necessary for the President and the Secretary of the Board to sign documents relating to the sale of the District's Series 2018 Bonds, and for ABHR to submit a transcript of the bond proceedings to the Attorney General of Texas. He added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. After discussion, Director Traylor moved that the Board authorize the President and Secretary to sign the documents relating to the bond sale and to authorize the attorney and financial advisor to submit a transcript of the bond proceedings to the Attorney General of Texas, and take all necessary action to deliver the bonds to the purchaser. Director Davis seconded the motion, which passed by unanimous vote.

APPROVE CHECK TO ATTORNEY GENERAL RELATING TO BOND ISSUE  
TRANSCRIPT REVIEW

The Board discussed approving a check to the Attorney General for the Series 2018 Bonds transcript review. Mr. Austin explained that a check in the amount of \$4,410 will be sent to the Attorney General. After discussion, Director Traylor moved to approve the check to the Attorney General in the amount of \$4,410. Director Davis seconded the motion, which was approved by unanimous vote.

AUTHORIZE EXECUTION OF AMENDMENT TO THE INFORMATION FORM

Mr. Austin stated that the Texas Water Code requires the District to file an Amendment to the Information Form with Fort Bend County and the TCEQ in order to reflect the amount of bonds issued by the District. He then reviewed the Amendment to the Information Form with the Board. After review and discussion, Director Traylor moved that the Board authorize execution of the Amendment to the Information Form. Director Davis 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 Yu moved to approve the bookkeeper's report and the checks presented for payment. Director Traylor seconded the motion, which passed by unanimous vote.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES

Mr. Austin generally discussed the District's Travel Reimbursement Guidelines in anticipation of the Association of Water Board Directors summer conference.

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 2017 taxes were 98.69% collected as of April 30, 2018. Ms. Bryant stated the District's 2018 certified preliminary value is \$96,585,190, with \$14,464,018 in uncertified value. After review and discussion, Director Davis moved to approve the tax assessor/collector's report and the checks presented for payment. Director Yu seconded the motion, which passed 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 the construction of water, sewer, and drainage facilities to serve Pomona, Section 8. He reviewed and recommended approval of Change Order No. 2 to the contract with Hurtado Construction Company for the construction of water, sewer, and drainage facilities to serve Pomona, Section 8 to increase the contract in the amount of \$4,210.00. The Board determined that Change Order No. 2 is beneficial to the District. Mr. Edwards next recommended approval of Pay Estimate No. 3 and Final in the amount of \$129,347.42 to Hurtado Construction Company. After review and discussion, and based upon recommendation by the engineer, Director Traylor moved to (1) approve Change Order No. 2 in the amount of \$4,210.00 as an increase to the contract with Hurtado Construction Company, 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. 3 in the amount of \$129,347.42 and final acceptance of the project. Director Davis seconded the motion, which passed by unanimous vote.

### PAVING TO SERVE POMONA, SECTION 8

Mr. Edwards updated the Board regarding the construction of paving to serve Pomona, Section 8. He reviewed and recommended approval of Change Order No. 1 to the contract with D&J Construction, Inc. ("D&J Construction") for the construction of paving to serve Pomona, Section 8 to decrease the contract in the amount of \$2,310.00. The Board determined that Change Order No. 1 is beneficial to the District. Mr. Edwards next recommended approval of Pay Estimate No. 2 in the amount of \$310,222.80 and Pay Estimate No. 3 and Final in the amount of \$54,329.20 to D&J Construction. After review and discussion, and based upon recommendation by the engineer, Director Traylor moved to (1) approve Change Order No. 1 in the amount of \$2,310.00 as a decrease to the contract with D&J Construction, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; (2) approve Pay Estimate No. 2 in the amount of \$310,222.80 to D&J Construction; and (3) approve Pay Estimate No. 3 in the amount of \$54,329.20 and final acceptance of the project. Director Davis seconded the motion, which passed by unanimous vote.

### CHANNEL AND DETENTION POND MAINTENANCE

Mr. Edwards stated Storm Water Solutions, LP ("SWS") is maintaining the Phase I and Phase II drainage improvements. He added SWS is working on the Mustang Bayou Phase 1 repairs.

## POMONA LAKE B PEDESTRIAN BRIDGE

Mr. Edwards updated the Board on the construction of the pedestrian bridge for Pomona Lake B. He reviewed and recommended approval of Change Order No. 2 to the contract with Division III + Constructors, Inc. ("Division III") for the construction of the pedestrian bridge for Pomona Lake B to decrease the contract in the amount of \$5,446.00. The Board determined that Change Order No. 2 is beneficial to the District. After review and discussion, Director Traylor moved to approve Change Order No. 2 in the amount of \$5,446.00 as a decrease to the contract with Division III, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Davis 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.

## 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 stated that bids were received for the Wastewater Treatment Plant Phase 2 Lease to serve Pomona. Mr. Edwards recommended that the Board award the contract to AUC Group ("AUC") in the amount of \$9,400.00 for set-up and installation, a 60-month lease term at \$2,215.00 per month, with a \$2,215.00 per month lease payment after the initial term, and a lease buyout option after the 60<sup>th</sup> month of \$108,922.00. The Board concurred that, in its judgment, AUC 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 Traylor moved to award the contract for the Wastewater Treatment Plant Phase 2 Lease to serve Pomona to AUC, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Davis seconded the motion, which passed by unanimous vote.

Mr. Edwards next requested authorization to advertise the Wastewater Treatment Plant, Phase 2 site work project for bids. He stated LJA will open the project for bids on May 25, 2018. Following review and discussion, Director Traylor moved to authorize LJA to advertise the project for bids. Director Davis seconded the motion, which carried by unanimous vote.

WASTEWATER TREATMENT PLANT DISCHARGE PERMIT RENEWAL APPLICATION

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 submitted the application to the Texas Commission on Environmental Quality ("TCEQ") on April 11, 2018.

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 LJA has provided the water reuse application to the District's consultants and developer for their review prior to submitting the water reuse application to the TCEQ.

BOND APPLICATION NO. 3

Mr. Edwards presented and reviewed a proposal in the amount of \$50,000 for engineering fees, including reimbursable expenses, related to the preparation of Bond Application Report No. 3, based upon the Engineering Service Agreement between LJA and the District. Following review and discussion, Director Traylor moved to approve the proposal from LJA and to authorize LJA to prepare Bond Application Report No. 3. Director Davis seconded the motion, which carried by a unanimous vote.

ROAD BOND ISSUE NO. 3

Mr. Edwards presented and reviewed a proposal in the amount of \$20,000, including reimbursable expenses, for engineering services related to Road Bond Issue No. 3. Following review and discussion, Director Traylor moved to approve the proposal in the amount of \$20,000 for engineering services related to Road Bond Issue No. 3. Director Davis 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. She reviewed and recommended approval of Change Order No. 4 to the contract with BrightView Development ("BrightView") for the Phase 2A landscape improvements to serve Pomona, Sections 5 and 6 to decrease the contract in the amount of \$63,354.30. The Board determined that Change Order No. 4 is beneficial to the District. Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to approve Change Order No. 4 in the amount of \$63,354.30 as a decrease to the contract with

BrightView, based upon the Board's finding that the Change Order is beneficial to the District and the landscape architect's recommendation. Director Yu seconded the motion, which carried by unanimous vote.

#### 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 Pay Estimate No. 4 in the amount of \$131,144.69 from Earth First Landscapes, LLC ("Earth First") for the Phase 2B landscape to serve Pomona, Sections 7 and 8. She next reviewed and recommended approval of Change Order No. 2 to the contract with EarthFirst for the Phase 2B landscape to serve Pomona, Sections 7 and 8 to increase the contract in the amount of \$7,148.11. The Board determined that Change Order No. 2 is beneficial to the District. Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to (1) approve Pay Estimate No. 4 in the amount of \$131,144.69 from Earth First; and (2) approve Change Order No. 2 in the amount of \$7,148.11 as an increase to the contract with EarthFirst, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Yu 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

The Board reviewed a water line easement for a 0.015 acre tract of land and a sanitary sewer easement for a 0.050 acre tract of land. Following review and discussion, Director Yu moved to approve the water line easement and the sanitary sewer easement. Director Traylor seconded the motion, which carried by unanimous vote.

#### REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

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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