

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

June 26, 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 26th day of June, 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
Jordan Nightingale	Assistant Vice President

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

Also present at the meeting were Alice Collins and Larry Collins, members of the public; Jan Bartholomew of Robert W. Baird & Co., Inc. ("RWB"); Rick Marriott of Si Environmental, LLC ("Si"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Katie Summers of TBG Partners ("TBG"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Allyson Baker of McLennan & Associates, LP ("McLennan"); 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 May 22, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the May 22, 2018, meeting minutes. 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. After review and discussion, Director Traylor moved to approve the operator's report. Director Yu 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 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 Yu and passed by unanimous vote.

APPROVE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2018 BONDS AND AUTHORIZE DISBURSEMENT OF BOND PROCEEDS

Ms. Horn presented and reviewed a developer reimbursement report (the "Report") for the District's \$4,410,000 Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"). She stated that the purpose of the report was to verify the amount to be reimbursed to MC 288, LLC, from proceeds of the Series 2018 Bonds. After review and discussion, Director Davis moved to approve the developer reimbursement report, authorize disbursement of bond proceeds, including reimbursement to MC 288, LLC, in the amount of \$817,684 and direct that the Report be filed appropriately and retained in the District's official records. Director Traylor seconded the motion, which passed unanimously.

SERIES 2018 UNLIMITED TAX ROAD BONDS

This agenda item was deferred to the next meeting pending receipt of the July 1, 2018, estimate of value.

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. Ms. Lutz presented and reviewed a Notice of District Representative stating that McLennan is an authorized representative of the District for the purpose of resolving the matter regarding sales and use tax collection with MidAmerican Energy from the 2016-2017. After review and discussion, Director Davis moved to (1) approve the bookkeeper's report and the checks presented for payment; and (2) approve the Notice of District Representative authorizing McLennan as the District's representative. Director Yu 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 2017 taxes were 98.81% collected as of May 31, 2018. After review and discussion, Director Traylor

moved to approve the tax assessor/collector's report and the checks presented for payment. Director Nightingale seconded the motion, which passed by unanimous vote.

AUTHORIZE DELINQUENT TAX ATTORNEY

The Board considered authorizing the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), to proceed with the collection of delinquent taxes owed to the District as of July 1, 2018. After discussion, Director Yu moved to authorize Perdue Brandon to proceed with the collection of outstanding delinquent taxes as of July 1, 2018. Director Davis seconded the motion, which carried unanimously.

ENGINEER'S REPORT

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

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 stating the project is complete. He recommended approval of Pay Estimate No. 7 in the amount of \$14,006.90 to Division III + Constructors, Inc. ("Division III") and final acceptance of the project. Following review and discussion, and based upon the engineer's recommendation, Director Yu move to approve Pay Estimate No. 7 in the amount of \$14,006.90 to Division III and final acceptance of the project. 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. He recommended approval of Pay Estimate No. 1 in the amount of \$49,680.00 to Weisinger, Inc. ("Weisinger"). Following review and discussion, and based upon the engineer's recommendation, Director Yu move to approve Pay Estimate No. 1 in the amount of \$49,680.00 to Weisinger. 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 stated that bids were received for the Wastewater

Treatment Plant, Phase 2 site work project. Mr. Edwards recommended that the Board award the contract to Gilleland Smith Construction, Inc. ("Gilleland") in the amount of \$441,220.00. The Board concurred that, in its judgment, Gilleland 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 the Wastewater Treatment Plant, Phase 2 site work project to Gilleland in the amount of \$441,220.00, 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.

WASTEWATER TREATMENT PLANT DISCHARGE PERMIT RENEWAL APPLICATION

Mr. Edwards reported on the status of the wastewater treatment plant discharge permit renewal application.

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 updated the Board regarding the preparation of Bond Application Report No. 3.

ROAD BOND ISSUE NO. 3

Mr. Edwards presented and reviewed a summary of costs for Road Bond Issue No. 3, a copy of which is attached.

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 Pay Estimate No. 8 in the amount of \$56,745.50 to BrightView Development ("BrightView") and final acceptance of the project. Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to approve Pay Estimate No. 8 in the amount of \$56,745.50 from BrightView and final

acceptance of the project. 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. 5 in the amount of \$216,775.45 from Earth First Landscapes, LLC ("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 approve Pay Estimate No. 5 in the amount of \$216,775.45 from Earth First. 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

No deeds or easements were submitted for Board approval.

REPORT ON DEVELOPMENT

Mr. Wright reported on development in the District.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board convened in executive session at 11:29 a.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 11:39 a.m. The Board took no action.

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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