

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

July 24, 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 24th day of July, 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 Directors Traylor and Reeves, thus constituting a quorum.

Also present at the meeting were Jan Bartholomew of Robert W. Baird & Co., Inc. ("RWB"); Rick Marriott of Si Environmental, LLC ("Si"); Crystal Horn of McGrath & Co., PLLC ("McGrath"); Russell Bynum of Hillwood Communities; Scott Wright of MHI Partnership, Ltd. ("MHI"); Katie Summers of TBG Partners ("TBG"); Delia Yanez of Assessments of the Southwest, Inc. ("ASW"); Jorge Diaz of McLennan & Associates, LP ("McLennan"); Brian Edwards of LJA Engineering, Inc. ("LJA"); and Angela Lutz and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the June 26, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the June 26, 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 Davis 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 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 Yu and passed by unanimous vote.

APPROVE AUDIT FOR FISCAL YEAR END MARCH 31, 2018

Ms. Horn reviewed the audit for the fiscal year ended March 31, 2018. Following review and discussion, Director Yu moved to approve the audit for fiscal year end March 31, 2018, subject to final consultant review, authorize filing of the audit with Texas Commission on Environmental Quality, and direct that the audit be filed appropriately and retained in the District's official records. Director Davis seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal for renewal of the District's insurance policies from McDonald & Wessendorf Insurance. After review and discussion, Director Davis moved to accept the proposal from McDonald & Wessendorf Insurance for renewal of the District's insurance policies and direct that the proposal be filed appropriately and retained in the District's official records. Director Yu seconded the motion, which carried by unanimous vote.

SALE OF SERIES 2018 UNLIMITED TAX ROAD BONDS, INCLUDING AUTHORIZE TAX ASSESSOR/COLLECTOR TO REQUEST CERTIFICATE OF ASSESSED VALUE AS OF JANUARY 1, FROM THE APPRAISAL DISTRICT; APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE; APPOINT PAYING AGENT/ REGISTRAR; AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2018 UNLIMITED TAX ROAD BONDS AND SCHEDULE BOND SALE; AND AUTHORIZE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2018 UNLIMITED TAX ROAD BONDS

Ms. Bartholomew presented and reviewed a Preliminary Official Statement and Official Notice of Sale for the Series 2018 Unlimited Tax Road Bonds. The Board discussed appointing Amegy Bank as the Paying Agent/Registrar for sale of Series 2018 Unlimited Tax Road Bonds. Ms. Bartholomew requested authorization from the Board

to advertise for the sale of the Series 2018 Unlimited Tax Road Bonds. The Board discussed authorizing the tax assessor/collector to request a Certificate of Assessed Value.

Ms. Barthomew recommended approval of an application to Moody's to perform a credit rating analysis, for the District to apply for a rating.

Ms. Horn discussed preparation of a developer reimbursement report for the Series 2018 Unlimited Tax Road Bonds.

After review and discussion, Director Davis moved to (1) approve the Preliminary Official Statement and Official Notice of Sale, including the cost summary for the bond issue; (2) appoint Amegy Bank as the Paying Agent/Registrar; (3) authorize advertisement for the sale of the Series 2018 Unlimited Tax Road Bonds and set a bond sale date for August 28, 2018; (4) authorize the tax assessor/collector to request a Certificate of Assessed Value; (5) approve the application to Moody's to perform a credit rating analysis and authorize RWB to submit the application; and (6) authorize the auditor to prepare a developer reimbursement report for the Series 2018 Unlimited Tax Road Bonds. Director Collins seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Mr. Diaz 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 Davis seconded the motion, which passed by unanimous vote.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND ATTENDANCE AT WINTER CONFERENCE

The Board considered approving reimbursement to Directors Traylor, Yu, Davis, and Nightingale for expenses incurred while attending the AWBD summer conference and authorizing attendance of the Board members at the AWBD winter conference. After review and discussion, Director Yu moved to approve reimbursement of the AWBD summer conference expenses and to authorize attendance of Board members at the AWBD winter conference. The motion was seconded by Director Nightingale and carried by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Yanez 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 June 30, 2018. 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.

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 has completed the Mustang Bayou Phase 1 repairs and LJA is scheduling an inspection to review the work.

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.

WATER SUPPLY PLANT NO. 1 WELL STUDY

Mr. Edwards updated the Board regarding the Water Supply Plant No. 1 well study. He stated Weisinger, Inc. ("Weisinger") completed the testing of the well using an inflatable packer and the test results did not indicate a reduction of chlorides. Mr. Edwards stated LJA and Weisinger recommend proceeding with plugging the bottom of the well based on the data available and the performance of the well serving nearby communities. Following review and discussion, and based upon recommendation by the engineer, Director Yu moved to authorizing Weisinger to plug the bottom of the well. Director Davis seconded the motion, which carried by a 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.

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.

BOND APPLICATION NO. 3

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

WATER SUPPLY PLANT NO. 1, PHASE 2

Mr. Edwards reported on plans for the Water Supply Plant No. 1, Phase 2 expansion project. He stated an expansion of the existing water plant is required to serve development within the District. Mr. Edwards added that the project will expand the capacity of the water plant from 625 equivalent single-family connections ("ESFCs") to 1,250 ESFCs. He stated the project will be completed by Brazoria County Municipal Utility District No. 40 ("MUD 40") in accordance with the Joint Facilities/Cost Sharing Agreement between the District and MUD 40.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona Parkway, Phase 3. He stated the proposed project includes the extension of Pomona Parkway across the Gulf Coast Water Authority Canal and into MUD 40. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries. He stated LJA requests Board authorization to prepare construction plans and specifications. Following review and discussion, and based on the engineer's recommendation, Director Yu moved to authorize LJA to prepare construction plans and specifications. Director Davis seconded the motion, which carried by unanimous vote.

PAVING TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards reported on the plans for paving to serve Pomona Parkway, Phase 3. He stated the proposed project includes the extension of Pomona Parkway across the Gulf Coast Water Authority Canal and into MUD 40. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries. He stated LJA requests Board authorization to prepare construction plans and specifications. Following review and discussion, and based on the engineer's recommendation, Director Yu moved to authorize LJA to prepare construction plans and specifications. Director Davis seconded the motion, which carried by unanimous vote.

PHASE 2B LANDSCAPE FOR POMONA, SECTIONS 7 AND 8

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

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. 6 in the amount of \$27,535.94 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. 6 in the amount of \$27,535.94 from Earth First. Director Yu seconded the motion, which carried by unanimous vote.

DEEDS AND EASEMENTS


No deeds or easements were submitted for Board approval.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District and discussed the potential annexation of an approximate 36 acres of land into the District.

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





Secretary, Board of Directors
Vice President

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Operator's report	1
Bookkeeper's report.....	3
Tax assessor/collector's report	3
Engineering report.....	4
Report from TBG.....	6