

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

December 18, 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 18th day of December, 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:

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| 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 Yu, thus constituting a quorum.

Also present at the meeting were Kevin Atkinson of Texas Pride Disposal ("Texas Pride"); David Smalling of Robert W. Baird & Co., Inc. ("Baird"); Rick Marriott of Si Environmental, LLC ("Si"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Jorge Diaz of McLennan & Associates, LP ("McLennan"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Russell Bynum of Hillwood Communities; 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 November 27, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the November 27, 2018, meeting minutes. Director Traylor 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 reported on a leak adjustment request from a customer located at 2317 Ridgewood Manor Court for five months of billing due to an irrigation leak. He stated the irrigation leak has since been repaired by the builder. Mr. Marriott added that the water from the irrigation leak never ran off into the sewer system and therefore the District could adjust the sewer rate on customer bills.

The Board discussed adjusting the sewer rate on the customer's bills by a total approximate amount of \$276.40 and providing the customer with a three-month payment plan of three equal payments.

After review and discussion, Director Traylor moved to (1) approve the operator's report; and (2) authorize Si to provide the customer located at 2317 Ridgewood Manor Court with a sewer rate adjustment and a three-month payment plan of three equal payments. Director Davis seconded the motion, which passed by unanimous vote.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

The Board deferred termination of water and sewer service to the delinquent accounts.

RENEWAL OF RESIDENTIAL SOLID WASTE COLLECTION CONTRACT

Mr. Atkinson presented and reviewed a renewal proposal for solid waste collection services with Texas Pride, a copy of which is attached. He stated the current rate for garbage collection services is \$16.03 per household. Discussion ensued by the Board regarding renewal options. Following review and discussion, Director Nightingale moved to approve the proposal for a two year extension of the contract with Texas Pride at a flat rate of \$16.03 per household. Director Traylor seconded the motion, which carried by unanimous vote.

EMINENT DOMAIN REPORT

Ms. Lutz reported ABHR has filed the District's Eminent Domain Authority Annual Report with the Comptroller of the State of Texas pursuant to Senate Bill 1812.

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 Davis moved to approve the bookkeeper's report and the checks presented for payment. Director Nightingale seconded the motion, which passed by unanimous vote.

AMEND BUDGET FOR FISCAL YEAR END MARCH 31, 2018

Mr. Diaz presented and reviewed an amended budget for fiscal year ending March 31, 2019. He stated McLennan has made adjustments to (1) the maintenance tax revenue line item, (2) the purchase water from Brazoria County Municipal Utility District No. 25 expenses line item, and (3) the tap expenses line item. Following review and discussion, Director Davis moved to approve the amended budget, as discussed. Director Nightingale seconded the motion, which carried by unanimous vote.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE

Ms. Lutz reviewed the Travel Reimbursement Guidelines. After discussion, Director Davis moved to approve the payment of three per diems for the AWBD conference, lodging expenses for two nights, and meal expenses in compliance with the Travel Reimbursement Guidelines. Director Nightingale seconded the motion, which carried unanimously.

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 2018 taxes were 4.08% collected as of November 30, 2018. After review and discussion, Director Davis moved to approve the tax assessor/collector's report and the checks presented for payment. Director Reeves seconded the motion, which passed by unanimous vote.

REPORT FROM STORM WATER SOLUTIONS, L.L.C., INCLUDING DISCUSS CHANNEL AND DETENTION POND MAINTENANCE

There was no report on this agenda item.

ENGINEER'S REPORT

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

WATER SUPPLY PLANT NO. 1 WELL STUDY

Mr. Edwards updated the Board regarding the Water Supply Plant No. 1 well study, stating Si is conducting water quality tests daily. He recommended approval of Pay Estimate No. 3 in the amount of \$83,831.40 and Pay Estimate No. 4 in the amount of \$742.50 to Weisinger Incorporated ("Weisinger"). Mr. Edwards next reviewed and recommended approval of Change Order No. 1 to the contract with Weisinger for the Water Supply Plant No. 1 well study to increase the contract in the amount of \$17,712.00 to add a 36-hour pump test, add final water quality testing and final adjustment of quantities based on the actual work completed. The Board determined that Change Order No. 1 is beneficial to the District. After review and discussion, Director Davis moved to (1) approve Pay Estimate No. 3 in the amount of \$83,831.40 to Weisinger; (2) approve Pay Estimate No. 4 in the amount of \$742.50 to Weisinger; and (3) approve Change Order No. 1 in the amount of \$17,712.00 as an increase to the contract with Weisinger, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. 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.

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.

WATER SUPPLY PLANT NO. 1, PHASE 2

Mr. Edwards updated the Board regarding the construction of 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 AND PAVING TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards updated the Board regarding the construction of water, sewer, and drainage facilities and 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.

CROIX PARKWAY WATER LINE EXTENSION AND STORM SEWER OUTFALL

Mr. Edwards reported on the plans for the Croix Parkway water line extension and storm sewer outfall project. He stated the proposed project includes the extension of a water line along Croix Parkway from Pomona Parkway to the wastewater treatment plant as well as a storm sewer outfall into Mustang Bayou. Mr. Edwards stated that design is underway.

UPDATE ON BOND APPLICATION NO. 3

Mr. Edwards updated the Board regarding Bond Application No. 3.

PHASE 2B LANDSCAPE FOR POMONA, SECTIONS 7 AND 8

There was no report on this agenda item.

DEEDS AND EASEMENTS

No deeds or easements were submitted for Board approval.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

ANNEXATION OF APPROXIMATELY 40 ACRES OF LAND INTO THE DISTRICT

Mr. Bynum discussed a proposed annexation of an approximate 40 acres of land into the District. Discussion ensued regarding the preparation by LJA of a feasibility study for the proposed annexation of an approximate 40 acres of land into the District. Following discussion, Director Davis moved to authorize LJA to prepare the feasibility study for the proposed annexation. Director Reeves seconded the motion, which passed 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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