

# DRAFT

## MINUTES BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

August 27, 2019

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 August, 2019, 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 Kelley Carter, a resident of the District; Treacy Ware of Off Cinco; Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Jan Bartholomew of Robert W. Baird & Co. Incorporated ("RWB"); Russell Bynum of Hillwood Communities; Rick Marriott of Si Environmental, LLC ("Si"); Brittany Bogard of Assessments of the Southwest, Inc. ("ASW"); Brian Edwards and Adrian Todsen of LJA Engineering, Inc.; and Angie Lutz, Nellie Connally, and Holly Huston of Allen Boone Humphries Robinson LLP.

### MINUTES

The Board considered approval of the July 23, 2019, meeting minutes. After review and discussion, Director Yu moved to approve the July 23, 2019, meeting minutes. Director Traylor seconded the motion, which passed by unanimous vote.

### PUBLIC COMMENTS

The Board did not receive any public comments.

### 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 and noted there were zero water quality issues reported. After review and discussion, Director Davis moved to approve the operator's report. Director Traylor seconded the motion, which passed by unanimous vote.

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Mr. Marriott reported on a customer's high usage water bill adjustment request. He noted the customer has been in the house since February of 2019 with a normal usage of about eight thousand gallons per reporting month. Mr. Marriott stated the last two usages were 34.7 and 37.7 thousand gallons. He stated that Si responded to the customer request and found no leak issues to report. Discussion ensued regarding the customer's high water usage and potential frequent use of the customer's irrigation system.

Following review and discussion, Director Traylor moved to (1) approve the operator's report; and (2) deny the customer high usage water bill adjustment request. Director Davis seconded the motion, which carried 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, which passed by unanimous vote.

### MAINTENANCE AGREEMENT BETWEEN THE DISTRICT, BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 40 ("MUD 40"), AND POMONA RESIDENTIAL COMMUNITY ASSOCIATION, INC (THE "HOA")

Discussion of this item was deferred to the next Board meeting.

### DISTRICT WEBSITE MATTERS

Ms. Ware presented and reviewed the District's website and responded to questions from the Board. The Board requested that Si include website information on customer water bills to inform customers of the new District website. Mr. Bynum stated he will inform the HOA of the new District website and will provide Off Cinco with images to include on the website. The Board concurred for Director Nightingale to act as point person between meetings when responding to questions from Off Cinco regarding the preparation of the District's website.

### BOOKKEEPER'S REPORT

Mr. Burton then presented the bookkeeper's report and quarterly investment report and submitted the bills for the Board's review. A copy of the bookkeeper's

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report is attached. After discussion, Director Davis moved to approve the bookkeeper's report and the payment of bills. Director Traylor seconded the motion, which passed by unanimous vote.

## AMEND BUDGET FOR FISCAL YEAR END MARCH 31, 2020

Discussion of this item was deferred to the next meeting.

## ANNUAL REPORT

Ms. Lutz presented and reviewed the District's Annual Report, containing the District's audit and latest Official Statement, to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Davis moved to approve the Annual Report, authorize ABHR to file the Annual Report in compliance with the continuing disclosure provisions contained in the District's bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Nightingale seconded the motion, which passed unanimously.

## ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Lutz stated that no changes are required at this time.

## TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bogard 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 99.95% collected as of July 31, 2019. 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.

## DISCUSS 2019 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Bartholomew reviewed Baird's 2019 tax rate recommendation, a copy of which is attached. She recommended that the Board levy a total tax rate for 2019 of \$1.50 per \$100 of assessed valuation, consisting of \$0.44 for road debt service, \$0.34 for water, sewer, and drainage debt service, and \$0.72 for maintenance and operations. After review and discussion, Director Davis moved that the Board set the public hearing date to adopt the recommended tax rate on September 24, 2019, at 11:00 a.m. and authorize the tax assessor/collector to publish notice of a public hearing in the Pearland Reporter. Director Yu seconded the motion, which carried unanimously.

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## CONSIDER ELECTRICITY CONTRACT OPTIONS AND AUTHORIZE ANY NECESSARY ACTION

There was no discussion on this matter.

## CHANNEL AND DETENTION POND MAINTENANCE

There was no report on this agenda item.

## SERIES 2019 UNLIMITED BONDS AND SERIES 2019 UNLIMITED TAX ROAD BONDS MATTERS

Ms. Bartholomew reviewed bid summaries received for the District's \$4,450,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"), and \$2,365,000 Unlimited Tax Road Bonds, Series 2019 (the "Series 2019 Road Bonds"). Copies of the bid summaries are attached. She stated the bids were verified for accuracy. Ms. Bartholomew recommended that the Board accept the bid with the lowest effective interest rate of 2.693998% submitted by Raymond James Associates ("Raymond James") for the Series 2019 Bonds and the bid with the lowest effective interest rate of 2.777405% submitted by Raymond James for the Series 2019 Road Bonds. She stated Moody's Investors Services assigned a BAA3 rating to the District for the Series 2019 Bonds and Series 2019 Road Bonds, qualifying the District for bond insurance. Ms. Bartholomew noted the closing date of the Series 2019 Bonds and Series 2019 Road Bonds will be September 26, 2019.

Ms. Lutz reviewed a Resolution Authorizing the Issuance of the District's \$4,450,000 Unlimited Tax Bonds, Series 2019, and \$2,365,000 Unlimited Tax Road Bonds, Series 2019, with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Series 2019 Bonds and the Series 2019 Road Bonds.

Ms. Lutz then reviewed the Paying Agent/Registrar Agreement between the District and Zions Bancorporation, N.A. ("Zions") and the provisions by which the paying agent/registrar will handle registration, transfer, and payment of the District's Series 2019 Bonds and Series 2019 Road Bonds.

Ms. Bartholomew stated that the Official Statement would be prepared to reflect the terms of this sale, including the purchaser, interest rates and debt service requirements. She stated that pursuant to the Municipal Securities Rulemaking Board requirements, Baird, as financial advisor to the District, has provided a written disclosure to the Board of Directors related to the Series 2019 Bonds and Series 2019 Road Bonds. The Board of Directors directed that the written disclosure be filed appropriately and retained in the District's official records.

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Ms. Lutz reviewed a Certificate Regarding the Provision of Financial Advice by Baird.

Ms. Lutz explained that there will be various documents related to delivery of the Series 2019 Bonds and Series 2019 Road Bonds requiring approval and execution by the directors prior to closing. She requested that the Board authorize the President and Secretary to execute documents necessary in connection with the transaction and authorize the District's attorney and financial advisor to take all necessary action to deliver the Series 2019 Bonds and Series 2019 Road Bonds to the purchaser.

Ms. Lutz stated that it will be necessary for the District to submit a check to the Attorney General relating to bond transcript review.

Ms. Lutz stated that the Texas Water Code requires the District to file an Amendment to the Information Form with Brazoria County and the Texas Commission on Environmental Quality ("TCEQ") in order to reflect the bonds issued by the District. She then reviewed the Amendment to the Information Form with the Board.

After review and discussion, Director Traylor moved to (1) award the sale of the Series 2019 Bonds to Raymond James, whose bid contained a net effective interest rate of 2.693998% and the Series 2019 Road Bonds to Raymond James, whose bid contained a net effective interest rate of 2.777405%; (2) adopt the Resolution Authorizing the Issuance of the District's \$4,450,000 Unlimited Tax Bonds, Series 2019, and \$2,365,000 Unlimited Tax Road Bonds, Series 2019, and direct that the Resolution be filed appropriately and retained in the District's official records; (3) approve the Paying Agent/Registrar Agreement between the District and Zions and direct that the Agreement be filed appropriately and retained in the District's official records; (4) approve the Official Statement for the Series 2019 Bonds and the Series 2019 Road Bonds; (5) authorize the President and Secretary to execute the documents related to the sale and delivery of the Series 2019 Bonds and Series 2019 Road Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Series 2019 Bonds and Series 2019 Road Bonds to the purchaser; (6) approve the check to Attorney General relating to bond issue transcript review; and (7) authorize execution of the Amendment to the Information Form and direct that it be filed with the TCEQ, in the official property records of Brazoria County and be filed appropriately and retained in the District's official records. Director Nightingale seconded the motion, which was approved by unanimous vote. Copies of the accepted bids from Raymond James, are attached.

## ENGINEER'S REPORT

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

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## 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 reviewed and recommended approval of Pay Estimate No. 6 in the amount of \$900.00 to Gilleland Smith Construction, Inc. ("Gilleland"). Following review and discussion, and based upon recommendation by the engineer, Director Yu moved to approve Pay Estimate No. 6 in the amount of \$900.00 to Gilleland for the construction of the Wastewater Treatment Plant, Phase 2 to serve Pomona. Director Traylor seconded the motion, which carried by unanimous vote.

## WASTEWATER TREATMENT PLANT, PHASE 3 TO SERVE POMONA

Mr. Edwards reported on the plans for the wastewater treatment plant expansion to increase the capacity of the facility from 0.250 million gallons per day ("MGD") to 0.375 MGD. He stated design is underway.

## 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 no pay estimates were submitted by Gemini Contracting Services, Inc., for Board approval.

## 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 no pay estimates were submitted by Clearwater Utilities, Inc., for Board approval.

## CROIX PARKWAY WATER LINE EXTENSION AND STORM SEWER OUTFALL

Mr. Edwards updated the Board regarding the construction of the Croix Parkway water line extension and storm sewer outfall project. He stated no pay estimates were submitted by Blazey Construction Services, LLC ("Blazey"), for Board approval.

## CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING TO SERVE POMONA, SECTION 16

Mr. Edwards reported on the construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 16.

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## CLEARING AND GRUBBING TO SERVE BIG ISLAND TRACTS

Mr. Edwards reported on the construction of the clearing and grubbing to serve Big Island Tracts. He stated LJA issued the Notice to Proceed on August 19, 2019.

## BOND APPLICATION NO. 4

Mr. Edwards updated the Board regarding the preparation of Bond Application Report No. 4.

The Board reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and Use of Surplus Funds (the "Resolution"). Following review and discussion, Director Yu moved to approve the Resolution. Director Traylor seconded the motion, which carried by a unanimous vote.

## LANDSCAPE ARCHITECT'S REPORT

There was no report regarding this agenda item.

## PHASE 4 POMONA PARKWAY

There was no update regarding this agenda item.

## DEEDS AND EASEMENTS

There was no action on this agenda item.

## REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

## ATTORNEY'S REPORT

There was no report on this agenda item.

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

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Secretary, Board of Directors

(SEAL)

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