

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 40

February 27, 2018

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 40 (the "District") met in regular session, open to the public, on the 27th day of February, 2018, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, 77027, outside the boundaries of the District, and the roll was called of the members of the Board:

Alicia Skinner	President
Brandon Guillory	Vice President
Charles M. Eastland	Secretary
Alice Collins	Assistant Secretary
David Kubala	Assistant Vice President

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

Also present at the meeting were Larry Collins; Russell Bynum of Hillwood Communities; David Patterson of Assessments of the Southwest, Inc. ("ASW"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Brian Edwards of LJA Engineering, Inc.; Karen Sears of McLennan & Associates, L.P.; and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the minutes from the January 23, 2018, meeting. After discussion, Director Collins moved to approve the January 23, 2018, minutes. Director Guillory seconded the motion, which carried by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Sears then presented the bookkeeper's report and submitted the bills for the Board's review. A copy of the bookkeeper's report is attached. After discussion, Director Eastland moved to approve the bookkeeper's report and the payment of bills. Director Guillory seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR ENDING MARCH 31, 2019

Ms. Sears reviewed a proposed budget for the District's fiscal year ending March 31, 2019, a copy of which is included in the bookkeeper's report. She stated that the budget will be presented to the Board for adoption at the next meeting.

TAX ASSESSOR/COLLECTOR REPORT

Mr. Patterson distributed and reviewed the tax assessor/collector's report for the month of February, a copy of which is attached.

AMENDMENT AND ASSIGNMENT OF THE TAX/ASSESSOR/COLLECTOR CONTRACT

Mr. Patterson presented an Assignment of Tax Assessor/Collector Contract, which assigns the District's current contract with Thomas W. Lee for assessment and collection of District taxes to ASW. He then reviewed an Amendment of the District's Tax Assessor/Collector Contract, which includes a fee increase. Mr. Patterson reviewed rate changes and an estimated total annual fee increase. Following review and discussion, Director Collins moved to approve the Assignment of Tax Assessor/Collector Contract and the Amendment of the District's Tax Assessor/Collector Contract. Director Eastland seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Austin reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Kubala moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects any exemptions of residential homesteads and rejects any exemption of travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Collins seconded the motion, which passed by unanimous vote.

ENGAGE DELINQUENT TAX ATTORNEY

Mr. Austin reviewed a contract with Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue") and explained the major functions to be provided by the delinquent tax attorney. After discussion, Director Eastland moved that the Board engage Perdue as the District's delinquent tax attorney and that the Board authorize the President and Secretary to execute the contract. Director Kubala seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

Mr. Edwards presented and reviewed an engineer's report with the Board, a copy of which is attached.

CLEARING AND GRUBBING TO SERVE POMONA PHASE 3 IMPROVEMENTS

Mr. Edwards reported on the clearing and grubbing to serve the Pomona Phase 3 Improvements. He recommended approval of Pay Estimate No. 3 in the amount of \$47,908.04 to Great Bear Construction. Following review and discussion, and based upon the engineer's recommendation, Director Guillory moved to approve Pay Estimate No. 3 in the amount of \$47,908.04 to Great Bear Construction. Director Eastland seconded the motion, which carried by unanimous vote.

POMONA PHASE 3 DRAINAGE PLAN

Mr. Edwards reported on the Pomona Phase 3 drainage plan. He stated LJA is addressing comments on the drainage study from Brazoria Drainage District No. 4 received on February 23, 2018.

LAKE G TO SERVE POMONA

Mr. Edwards reported on construction plans for Lake G to serve Pomona. He stated that bids were received for construction of Lake G to serve Pomona. Mr. Edwards recommended that the Board award the contract to Harris Construction Company, Ltd. ("Harris Construction") in the amount of \$714,008.00. The Board concurred that, in its judgment, Harris Construction 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 Guillory moved to award the contract for construction of Lake G to serve Pomona to Harris Construction in the amount of \$714,008.00, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and verification of insurance. Director Eastland seconded the motion, which passed by unanimous vote.

LIFT STATION NO. 2 TO SERVE POMONA

Mr. Edwards reported on construction plans for Lift Station No. 2 to serve Pomona stating design is ongoing.

LAKE F PHASE 1 TO SERVE POMONA

Mr. Edwards reported on construction plans for Lake F Phase 1 to serve Pomona. He recommended approval by the Board of the plans and specifications for Lake F Phase 1 to serve Pomona. Mr. Edwards next requested authorization from the Board to advertise the project for bids. Following review and discussion, and based upon the engineer's recommendations, Director Guillory moved to (1) approve the plans and specifications for Lake F Phase 1 to serve Pomona; and (2) authorize LJA to advertise the project for bids. Director Eastland seconded the motion, which carried by unanimous vote.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 9

Mr. Edwards reported on plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 9. He stated the preparation of construction plans is ongoing.

PAVING TO SERVE POMONA, SECTION 9

Mr. Edwards reported on paving plans to serve Pomona, Section 9. He stated the preparation of construction plans is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 10

Mr. Edwards reported on plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 10. He stated the preparation of construction plans is ongoing.

PAVING TO SERVE POMONA, SECTION 10

Mr. Edwards reported on paving plans to serve Pomona, Section 10. He stated the preparation of construction plans is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 11

Mr. Edwards reported on plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 11.

PAVING TO SERVE POMONA, SECTION 11

Mr. Edwards reported on paving plans to serve Pomona, Section 11.

ADOPT RATE ORDER

The Board reviewed the Rate Order. After discussion, Director Kubala moved to adopt the Rate Order. Director Guillory seconded the motion, which carried by unanimous vote.

UTILITY AGREEMENT WITH BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

The Board reviewed the Utility Agreement between the District and Brazoria County Municipal Utility District No. 39 ("MUD 39"). Mr. Austin noted the District will administer the joint facilities. Following review and discussion, Director Collins

moved to approve the Utility Agreement. Director Kubala seconded the motion, which carried by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

ATTORNEY'S REPORT

Mr. Austin reported the City of Manvel has scheduled a meeting for March 1, 2018 at ABHR to promote regional facilities.

Mr. Austin reported on MUD 39 matters, including plans for a tree farm.

2018 DIRECTORS ELECTION, INCLUDING ADOPT ORDER REGARDING DIRECTORS' TERMS

Mr. Austin reviewed an Order Regarding Director Terms ("Order"), which finds that because no residents live within the District's boundaries, the District is unable to hold its May 5, 2018, directors elections as required by law. He stated that the Order also reflects that Directors Guillory and Collins will continue to hold over and perform the duties of their offices until the directors election on May 7, 2022, or until their successors have been duly elected or appointed and have qualified. After review and discussion, Director Eastland moved that the Board adopt the Order as presented. Director Kubala seconded the motion, which passed unanimously.

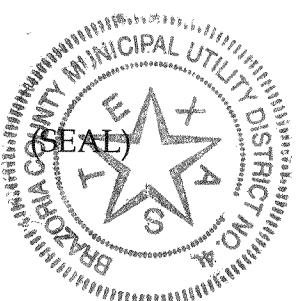
MEETING SCHEDULE

The Board concurred to conduct the next regular meeting on March 27, 2018, at 10:30 a.m. at ABHR.

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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