

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 40

September 25, 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 25th day of September, 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 Guillory, thus constituting a quorum.

Also present at the meeting were Larry Collins, a member of the public; David Smalling of Robert W. Baird & Co., Inc. ("RWB"); Katie Summers of TBG Partners ("TBG"); Blake Kridel and Kaz Jones of Storm Water Solutions, LLC ("SWS"); Rick Marriott of Si Environmental, LLC ("Si"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Brian Edwards of LJA Engineering, Inc.; Jorge Diaz of McLennan & Associates, L.P.; and Angela Lutz and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the minutes from the August 28, 2018, meeting. After discussion, Director Skinner moved to approve the August 28, 2018, minutes. Director Kubala seconded the motion, which carried by unanimous vote.

DISCUSS CHANNEL AND DETENTION POND MAINTENANCE, INCLUDING
APPROVE CONTRACT WITH STORM WATER SOLUTIONS, LLC

The Board reviewed a Master Service Agreement with SWS and two proposals for proposed maintenance and storm water quality management services for Pomona Lake G and Mustang Bayou Phases I and II. Following review and discussion, Director Eastland moved to (1) approve the Master Service Agreement with SWS; (2) approve the proposal for the maintenance and storm water quality management services for Pomona Lake G; (3) approve the proposal for the maintenance and storm water quality management services for Mustang Bayou Phases I and II; and (4) direct that all documents be filed appropriately and retained in the District's official records. Director Collins seconded the motion, which carried by unanimous vote.

BOOKKEEPER'S REPORT

Mr. Diaz 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 Skinner seconded the motion, which passed unanimously.

AMEND BUDGET FOR FISCAL YEAR END MARCH 31, 2019

Mr. Diaz presented and reviewed an amended budget for fiscal year end March 31, 2019, a copy of which is attached. The Board discussed amending their budget to include the proposed maintenance and storm water quality management services for Pomona Lake G and Mustang Bayou Phases I and II. Following review and discussion, Director Eastland moved to approve the amended budget, as discussed. Director Skinner seconded the motion, which carried by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

Ms. Lutz explained that the Texas Public Funds Investment Act requires the Board to annually review its Investment Policy and to authorize any appropriate amendments. After review and discussion, Director Kubala moved to adopt a Resolution Regarding Annual Review of Investment Policy setting forth the Board's determination that no changes are necessary to the Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Eastland seconded the motion, which carried unanimously.

RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board considered adopting the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Upon a motion made by Director Skinner and seconded by Director Collins, the Board voted unanimously to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Bryant distributed and reviewed the tax assessor/collector's report for the month of September, a copy of which is attached. Following review and discussion, Director Eastland moved to accept the tax assessor/collector's report. Director Collins seconded the motion, which carried by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Bryant stated that ASW mailed a Notice of Public Hearing regarding the adoption of the District's 2018 tax rate to the District's taxpayers. Ms. Lutz opened a public hearing regarding the District's tax rate. No members of the public came forward to make comments, and the public hearing was closed.

Ms. Lutz presented and reviewed an Order Levying Taxes for 2018, with a total 2018 tax rate of \$1.50 per \$100 of assessed valuation for maintenance and operation expenses. After review and discussion, Director Kubala moved to adopt the Order Levying Taxes, authorize execution of the Amendment to Information Form, and direct that the Information Form be filed with the Texas Commission on Environmental Quality and in the official records of Brazoria County, as required by law, and direct that the Order and Information Form be filed appropriately and retained in the District's official records. Director Skinner seconded the motion, which passed unanimously.

ENGINEER'S REPORT

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

LAKE G TO SERVE POMONA

Mr. Edwards reported on the construction of Lake G to serve Pomona, stating the project is complete.

LAKE F PHASE 1 TO SERVE POMONA

Mr. Edwards reported on the construction of Lake F Phase 1 to serve Pomona. He stated the final inspection was held on September 13, 2018 and Harris Construction Company, Ltd. is currently addressing the deficiencies found in the inspection.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES AND PAVING TO SERVE POMONA, SECTIONS 9 AND 10, AND LIFT STATION NO. 2 TO SERVE POMONA

Mr. Edwards reported on the construction of water, sewer, and drainage facilities and paving to serve Pomona, Sections 9 and 10, and the construction of Lift Station No. 2 to serve Pomona. He recommended approval of Pay Estimate No. 3 in the amount of \$219,620.05 to Clearwater Utilities, Inc. ("Clearwater Utilities") for the construction of water, sewer, and drainage facilities and paving to serve Pomona, Sections 9 and 10, and the construction of Lift Station No. 2 to serve Pomona. After review and discussion, Director Skinner moved to approve Pay Estimate No. 3 in the amount of

\$219,620.05 to Clearwater Utilities. Director Eastland seconded the motion, which passed by unanimous vote.

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

Mr. Edwards reported on plans for the construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 11. He stated that bids were received for construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 11. Mr. Edwards recommended that the Board award the contract to the low bidder, Clearwater Utilities, in the amount of \$842,220.71. The Board concurred that, in its judgment, Clearwater Utilities 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 Skinner moved to award the contract for construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 11 to Clearwater Utilities in the amount of \$842,220.71, 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 Eastland seconded the motion, which passed by unanimous vote.

CLEARING AND GRUBBING TO SERVE POMONA PHASE 4 IMPROVEMENTS

Mr. Edwards reported on the clearing and grubbing to serve Pomona Phase 4 Improvements, stating construction is underway.

LAKE F PHASE 2 TO SERVE POMONA

Mr. Edwards reported on the plans for Lake F Phase 2 to serve Pomona.

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 LJA requests Board authorization to prepare construction plans and specifications for the Water Supply Plant No. 1, Phase 2 expansion project and to authorize LJA to advertise the project for bids. Following review and discussion, and based on the engineer's recommendation, Director Skinner moved to (1) authorize LJA to prepare construction plans and specifications; 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 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 the District. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries. He stated design is ongoing.

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 the District. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries. He stated design is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 12

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 12, stating design is ongoing.

PAVING TO SERVE POMONA, SECTION 12

Mr. Edwards reported on the plans for paving to serve Pomona, Section 12, stating design is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 13

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 13, stating design is ongoing.

PAVING TO SERVE POMONA, SECTION 13

Mr. Edwards reported on the plans for paving to serve Pomona, Section 13, stating design is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 14

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 14, stating design is ongoing.

PAVING TO SERVE POMONA, SECTION 14

Mr. Edwards reported on the plans for paving to serve Pomona, Section 14, stating design is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 15

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 15, stating design is ongoing.

PAVING TO SERVE POMONA, SECTION 15

Mr. Edwards reported on the plans for paving to serve Pomona, Section 15, stating design is ongoing.

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

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona, Section 16, stating design is ongoing.

PAVING TO SERVE POMONA, SECTION 16

Mr. Edwards reported on the plans for paving to serve Pomona, Section 16, stating design is ongoing.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA PARKWAY, PHASE 4

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona Parkway, Phase 4, stating design is ongoing.

PAVING TO SERVE POMONA PARKWAY, PHASE 4

Mr. Edwards reported on the plans for paving to serve Pomona Parkway, Phase 4, stating design is ongoing.

LANDSCAPE ARCHITECT'S REPORT

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

PHASE 3 LANDSCAPE TO SERVE POMONA

Ms. Summers introduced herself to the Board and presented and reviewed a report from TBG, a copy of which is attached.

Ms. Summers reported on the plans for Phase 3 landscape to serve Pomona. Ms. Summers stated TBG recommends Board approval of the plans and specifications for Phase 3 landscape to serve Pomona. She next requested Board authorization to advertise the project for bids. Following review and discussion, Director Skinner

moved to (1) approve the plans and specifications for Phase 3 landscape to serve Pomona; and (2) authorize TBG to advertise the project for bids. Director Eastland seconded the motion, which carried by a unanimous vote.

DEEDS AND EASEMENTS

No deeds or easements were submitted for Board approval.

REPORT ON DEVELOPMENT

Mr. Wright reported on development in the District.

ANNEXATION OF APPROXIMATE 5 ACRES OF LAND INTO THE DISTRICT, INCLUDING APPROVE FEASIBILITY STUDY; ACCEPT PETITION FOR ADDITION OF CERTAIN LAND; AND AUTHORIZE EXECUTION AND FILING OF PETITION FOR CONSENT TO ANNEX LAND

Ms. Lutz reviewed with the Board annexation procedures for the proposed annexation of an approximate 5 acres of land into the District. Mr. Edwards stated LJA is preparing the feasibility study for the approximate 5 acre tract of land.

Ms. Lutz reviewed the Petition for Addition of Certain Land submitted by MC 288, LLC to add an approximately 5-acre tract of land (the "Tract") into the District. She then reviewed the Petition for Consent to Annex Land for the Tract. Ms. Lutz stated that the Petition will be submitted to the City of Manvel to request approval of the annexation.

Following review and discussion, and subject to receipt of the feasibility study from LJA for the approximate 5 acre tract, Director Eastland moved to (1) accept the Petition for Addition of Certain Land for the Tract; (2) authorize execution and submittal of the Petition for Consent to Annex Land for the Tract; and (3) direct that the Petitions be filed appropriately and retained in the District's official records. Director Skinner seconded the motion, which carried unanimously.

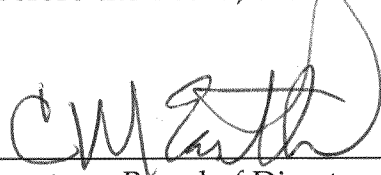
ATTORNEY'S REPORT

There was no report on this agenda item.

MEETING SCHEDULE

The Board concurred to conduct the next regular meeting on October 23, 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

(SEAL)



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