

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 40

January 22, 2019

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 22nd day of January, 2019, 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 Kubala, thus constituting a quorum.

Also present at the meeting were Larry Collins, a member of the public; Mike Orlando and Mary Dubois of Acclaim Energy Advisors ("Acclaim"); Jan Bartholomew of Robert W. Baird & Co. Incorporated; Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Rick Marriott of Si Environmental, LLC ("Si"); Katie Summers of TBG Partners ("TBG"); Russell Bynum of Hillwood Communities; Brian Edwards of LJA Engineering, Inc.; Jorge Diaz of McLennan & Associates, L.P.; and Tim Austin, Holly Huston, and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the minutes from the December 18, 2018, meeting. After discussion, Director Guillory moved to approve the December 18, 2018, minutes. Director Skinner seconded the motion, which carried by unanimous vote.

REPORT FROM ACCLAIM ENERGY AND APPROVE CONTRACT WITH ELECTRICITY PROVIDER

Mr. Orlando introduced himself to the Board and reported that in October of 2018, Acclaim received a request from the District's engineer to add a meter for Lift Station No. 2 to the existing contract between Mid-American Powers and Brazoria County Municipal Utility District No. 39 ("MUD 39"); however, upon further review it was determined that the meter belongs to the District. He next requested Board approval of a Small Commercial Electricity Service Agreement (the "Agreement") that will allow the lift station meter to be under contract with the District and retain the same energy rate until the contract expires in August of 2019. Following review and

discussion Director Guillory moved to approve the Agreement, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Collins seconded the motion, which passed by unanimous vote.

Mr. Orlando stated he will present a pricing report for the light meter at the next Board meeting.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE

Mr. Austin reported that the District has not yet sold bonds and that no change to the District's compliance policy is recommended at this time.

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 Skinner moved to approve the bookkeeper's report and the payment of bills. Director Eastland seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS

Mr. Austin stated that in accordance with the District's Investment Policy, Renee Butler, as the bookkeeper, and Jorge Diaz, as Investment Officer, are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. He added that the disclosure statements will be filed with the Texas Ethics Commission. After review and discussion, Director Skinner moved to accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act and direct that the statements be filed appropriately and retained in the District's official records. Director Eastland seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR REPORT

Ms. Bryant distributed and reviewed the tax assessor/collector's report for the month of January, including a check presented for approval, a copy of which is attached. Following review and discussion, Director Eastland moved to approve the tax assessor/collector's report. Director Guillory seconded the motion, which carried by unanimous vote.

The Board requested ASW to obtain a Certificate of Estimated Appraised Value as of January 1, 2019.

DISCUSS CHANNEL AND DETENTION POND MAINTENANCE

There was no report on this agenda item.

CONTRACT WITH TEXAS PRIDE FOR GARBAGE COLLECTION SERVICES

Discussion of this item was deferred to the next meeting.

ENGINEER'S REPORT

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

LAKE F PHASE 1 TO SERVE POMONA

Mr. Edwards reported on the construction of Lake F Phase 1 to serve Pomona, stating the project is complete.

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, stating the project is complete.

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

Mr. Edwards reported on the construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 11. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$424,098.01, payable to Clearwater Utilities, Inc. ("Clearwater") for the construction of water, sewer, and drainage facilities and paving to serve Pomona, Section 11. Following review and discussion, and based on the engineer's recommendation, Director Skinner moved to approve Pay Estimate No. 1 in the amount of \$424,098.01, payable to Clearwater. Director Guillory 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. He reviewed and recommended approval of Pay Estimate Nos. 4

and 5 in the respective amounts of \$160,545.82 and \$32,175.000, payable to K&K Earth Works, LLC ("K&K") for the clearing and grubbing to serve Pomona Phase 4 Improvements. Following review and discussion, and based on the engineer's recommendation, Director Skinner moved to approve Pay Estimate Nos. 4 and 5 in the respective amounts of \$160,545.82 and \$32,175.00 to K&K. Director Guillory seconded the motion, which carried by unanimous vote.

LAKE F PHASE 2 TO SERVE POMONA

Mr. Edwards reported on the construction of Lake F Phase 2 to serve Pomona.

WATER SUPPLY PLANT NO. 1, PHASE 2

Mr. Edwards reported on the construction of the Water Supply Plant No. 1, Phase 2 expansion project, stating construction is underway.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA PARKWAY, PHASE 3 AND POMONA, SECTIONS 13 AND 15, AND CONSTRUCTION OF PAVING TO SERVE POMONA PARKWAY, PHASE 3, PUBLIC PORTION OF POMONA, SECTION 13, AND POMONA, SECTION 15

Mr. Edwards reported on the plans for the construction of water, sewer, and drainage facilities to serve Pomona Parkway, Phase 3, and Pomona, Sections 13 and 15 and construction of paving to serve Pomona Parkway, Phase 3, public portion of Pomona, Section 13, and Pomona, Section 15. He stated canal crossing agreements are required for the utility crossings under the canal and for the utility crossings over the canal. Mr. Edwards next presented and reviewed two agreements with the Gulf Coast Water Authority ("GCWA") for utility crossings under the canal and utility crossings over the canal. Mr. Austin stated approval of the Cost Sharing Agreement between the District and MUD 39 will be deferred until the next Board meeting. Following review and discussion and based on the engineers recommendation, Director Skinner moved to approve the agreements with the GCWA for the utility crossings. Director Guillory seconded the motion, which passed by unanimous vote.

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. He stated LJA requests Board authorization to prepare construction plans and specifications for water, sewer, and drainage facilities to serve Pomona, Section 12, 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 Guillory seconded the motion, which carried by unanimous vote.

PAVING TO SERVE POMONA, SECTION 12

Mr. Edwards reported on the plans for paving to serve Pomona, Section 12. He stated LJA requests Board authorization to prepare construction plans and specifications for paving to serve Pomona, Section 12, 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 Guillory seconded the motion, which carried by unanimous vote.

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. He stated LJA requests Board authorization to prepare construction plans and specifications for water, sewer, and drainage facilities to serve Pomona, Section 14, 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 Guillory seconded the motion, which carried by unanimous vote.

PAVING TO SERVE POMONA, SECTION 14

Mr. Edwards reported on the plans for paving to serve Pomona, Section 14. He stated LJA requests Board authorization to prepare construction plans and specifications for paving to serve Pomona, Section 14, 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 Guillory seconded the motion, which carried by unanimous vote.

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 reported on landscape architect matters.

PHASE 3 LANDSCAPE TO SERVE POMONA

Ms. Summers updated the Board regarding the construction of Phase 3 landscape to serve Pomona.

DEEDS AND EASEMENTS

Mr. Edwards stated that Pomona Phase 4, LLC will grant a 0.040-acre Temporary Storm Sewer Easement, a 0.016-acre Temporary Sanitary Sewer Easement, and a 0.013-acre, 0.101-acre, and 0.145-acre Temporary Water Line Easement to the District. After review and discussion, Director Guillory moved to authorize acceptance of the Temporary Storm Sewer Easement, Temporary Sanitary Sewer Easement, and a Temporary Water Line Easement from Pomona Phase 4, LLC, and direct that the Easements be filed appropriately and retained in the District's official records. Director Skinner seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

ANNEXATION OF APPROXIMATE FIVE ACRES OF LAND INTO THE DISTRICT, INCLUDING APPROVE FEASIBILITY STUDY; ADOPT ORDER ADDING LAND AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM; AND ACCEPT WAIVER OF SPECIAL APPRAISAL

Ms. Austin updated the Board regarding the proposed annexation of approximately five acres of land into the District. No action was taken at this time.

2019 ROAD BOND ELECTION

Mr. Austin discussed plans for the District to hold an election on May 4, 2019 (the "May 2019 Election"), for the purposes of voting upon a proposition for the issuance of road bonds.

The Board considered adopting an Order Calling Road Bond Election.

Mr. Austin discussed procedures related to the May 2019 Election. He reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors during the May 2019 Election period.

The Board discussed exemptions from using electronic voting systems during the 2019 Election.

The Board discussed pay for election officials during the 2019 Elections.

Mr. Austin then discussed the Notice of Election that must be posted in the District and at the County Courthouse, in addition to requirements for posting the Order Calling Road Bond Election at locations within the District and at the polling places. He discussed that a Notice and Writ of Election is required to be provided to the election officials for the May 2019 Elections.

Following review and discussion, Director Eastland moved to (1) adopt the Order Calling Road Bond Election and direct that such document be filed and posted appropriately and retained in the District's official records; (2) adopt the Resolution Designating an Agent of the Secretary of the Board During the May 2019 Election period appointing Holly Huston of ABHR as the agent of the Secretary of the Board to perform the duties of the District's May 2019 Election, authorize the agent to post the related notice, as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (3) authorize posting or publication of the Notice of Exemption; (4) set the pay for election officials at \$15.00 per hour; (5)

authorize posting or publication of the Notice of Election and providing the County Clerk and Voter Registrar of Brazoria County the Notice of Election and Order Calling Road Bond Election; and (6) authorize the Secretary's agent to provide the Notice and Writ of Election to the election officials for the May 2019 Elections. Director Guillory seconded the motion, which carried unanimously.

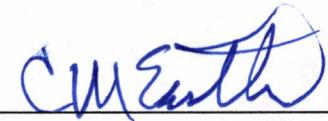
ATTORNEY'S REPORT

There was no report on this agenda item.

MEETING SCHEDULE

The Board concurred to conduct the next regular meeting on February 26, 2019, 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

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