

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

April 24, 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 24th day of April, 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:

Nancy Davis	President
Danny Traylor	Vice President
Michael Yu	Secretary
Terry Reeves	Assistant Secretary
Larry Collins	Assistant Vice President

and all of the above were present, except Directors Traylor and Collins, thus constituting a quorum.

Also present at the meeting were Richard Jones, a resident of the District; Crystal Horn of McGrath & Co., PLLC ("McGrath"); Jan Bartholomew and David Wood of Robert W. Baird & Co., Inc. ("RWB"); Rick Marriott of Si Environmental, LLC ("Si"); Katie Summers of TBG Partners ("TBG"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Diane Bailey of McLennan & Associates, LP; Brian Edwards of LJA Engineering, Inc. ("LJA"); and Tim Austin and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the March 27, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the March 27, 2018, meeting minutes. Director Yu 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 updated the Board regarding the lead and copper rule monitoring and reporting violation reported at last month's meeting. He stated Si will include a public notification of the violation in the Consumer Confidence Report, which will be presented at the next Board meeting.

Mr. Marriott noted resident concerns regarding discolored water. He stated Si has performed flushing within the District following complaints of discolored water and stated there were no issues with the water.

After review and discussion, Director Yu moved to approve the operator's report. Director Davis seconded the motion, which passed by unanimous vote.

CONDUCT ANNUAL REVIEW AND RECEIVE REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM AMENDMENT

This item was deferred to the next meeting.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE

Mr. Marriott stated Si does not have a delinquent list to present to the Board this month.

BOOKKEEPER'S REPORT

Ms. Bailey 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 Yu seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Bryant distributed and reviewed the tax assessor/collector's report for the month of March, a copy of which is attached. She stated that the report reflects the District's 2017 taxes were 98.0% collected as of March 31, 2018. After review and discussion, Director Yu moved to approve the tax assessor/collector's report and the checks presented for payment. Director Davis seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

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

WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA, SECTION 8

Mr. Edwards updated the Board regarding water, sewer, and drainage facilities to serve Pomona, Section 8. He stated the final inspection was held on April 12, 2018, and Hurtado Construction Company is currently addressing punchlist items.

PAVING TO SERVE POMONA, SECTION 8

Mr. Edwards updated the Board regarding paving to serve Pomona, Section 8. He stated the final inspection was held on April 12, 2018, and D&J Construction, Inc. is currently addressing punchlist items.

CHANNEL AND DETENTION POND MAINTENANCE

Mr. Edwards stated Storm Water Solutions, LP ("SWS") is maintaining the Phase I and Phase II drainage improvements. He added SWS will begin work on the Mustang Bayou Phase 1 repairs this week.

POMONA LAKE B PEDESTRIAN BRIDGE

Mr. Edwards updated the Board on the construction of the pedestrian bridge for Pomona Lake B. He stated LJA will present a change order at the next meeting from Division III + Constructors, Inc. to install dimmers for the bridge lights and for additional bridge installation costs, which were due to unanticipated conditions encountered during construction.

WATER SUPPLY PLANT NO. 1 PHASES 1 AND 2

Mr. Edwards updated the Board regarding the construction of Water Supply Plant No. 1 Phases 1 and 2.

WASTEWATER TREATMENT PLANT, PHASE 2 TO SERVE POMONA

Mr. Edwards reported on the construction of the wastewater treatment plant, phase 2 to serve Pomona.

BOND APPLICATION NO. 2

Mr. Edwards updated the Board regarding Bond Application No. 2.

WASTEWATER TREATMENT PLANT DISCHARGE PERMIT RENEWAL APPLICATION

Mr. Edwards reported on the status of the wastewater treatment plant discharge permit renewal application. He stated LJA has completed the discharge permit renewal application and submitted the application to the Texas Commission on Environmental Quality ("TCEQ") on April 11, 2018.

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. He stated LJA has provided the water reuse application to the District's consultants and developer for their review prior to submitting the water reuse application to the TCEQ.

NOTICE TO CITY OF MANVEL OF CURRENT AND ANTICIPATED WATER AND WASTEWATER CAPACITY

Mr. Edwards stated that the First Amendment to Development Agreement between the District and the City of Manvel (the "City") contains a requirement that the District to annually report current and anticipated water and wastewater capacity to the City. Mr. Edwards stated LJA sends a letter annually to the City to report current and anticipated water and wastewater capacity. Following review and discussion, Director Reeves moved to authorize LJA to send a letter to the City reporting the current and anticipated water and wastewater capacity. Director Davis seconded the motion, which carried by unanimous vote.

PHASE 2A LANDSCAPE FOR POMONA, SECTIONS 5 AND 6

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

Ms. Summers updated the Board regarding the Phase 2A landscape improvements to serve Pomona, Sections 5 and 6. She reviewed and recommended approval of Change Order No. 5 to the contract with BrightView Development ("BrightView") for the Phase 2A landscape improvements to serve Pomona, Sections 5 and 6 to decrease the contract in the amount of \$10,442.90. The Board determined that Change Order No. 5 is beneficial to the District. Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to approve Change Order No. 5 in the amount of \$10,442.90 as a decrease to the contract with BrightView, based upon the Board's finding that the Change Order is beneficial to the District and the landscape architect's recommendation. Director Yu seconded the motion, which carried by unanimous vote.

PHASE 2B LANDSCAPE FOR POMONA, SECTIONS 7 AND 8

Ms. Summers updated the Board regarding Phase 2B landscape to serve Pomona, Sections 7 and 8.

Ms. Summers reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$96,129.74 from Earth First Landscapes, LLC ("Earth First") for the Phase 2B landscape to serve Pomona, Sections 7 and 8. Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to approve Pay Estimate No. 3 in the amount of \$96,129.74 from Earth First. Director Yu seconded the motion, which carried by unanimous vote.

PHASE 2B PARK TO SERVE POMONA

Ms. Summers reported on the plans for the Phase 2B Park stating design is underway.

DEEDS AND EASEMENTS

No deeds or easements were submitted for Board approval.

AGREEMENT REGARDING TREE FARM

The Board reviewed an Agreement for Joint Tree Farm Project between the District, Pomona Residential Community Association, Inc., and MC 288, LLC. Following review and discussion, Director Davis moved to approve the Agreement for Joint Tree Farm Project, subject to final review. Director Yu seconded the motion, which carried by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District.

RESOLUTION ESTABLISHING ADDITIONAL OUT-OF-DISTRICT MEETING PLACE ("RESOLUTION")

The Board reviewed a Resolution Establishing Additional Office and Out-of-District Meeting Place of the Board of Directors ("Resolution"). Mr. Edwards noted an additional LJA office has been included in the Resolution for the purposes of receiving bids on certain public works projects, administering construction contracts for such projects, receiving correspondence related to such contracts, for the storage of the plans and specifications of such projects, and conducting Board meetings. Following review and discussion, Director Reeves moved to approve the Resolution. Director Davis seconded the motion, which carried by unanimous vote.

SERIES 2018 UNLIMITED TAX BONDS

APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Ms. Bartholomew reviewed a draft Preliminary Official Statement for the District's issuance and sale of its \$4,410,000 Unlimited Tax Bonds, Series 2018. Following review and discussion, Director Reeves moved that the Preliminary Official Statement be deemed final and be authorized for release, subject to final review. Director Davis seconded the motion, which carried unanimously.

DISCLOSURES PURSUANT TO MUNICIPAL SECURITIES RULEMAKING BOARD REQUIREMENTS

Ms. Bartholomew stated the District has completed the requirements for the disclosures related to Municipal Securities Rulemaking Board Rule G-42 for the Series 2018 bonds.

ENGAGE RATING COMPANY TO PERFORM CREDIT RATING ANALYSIS FOR SERIES 2018 UNLIMITED TAX BONDS

The Board considered engaging Moody's Investor Services ("Moody's") to perform the District's first credit rating analysis for the District's \$4,410,000 Unlimited Tax Bonds, Series 2018. After discussion, Director Reeves moved to engage Moody's Investors Ratings Services to perform a credit rating analysis for the District's \$4,410,000 Unlimited Tax Bonds, Series 2018. Director Davis seconded the motion, which carried unanimously.

APPOINT PAYING AGENT/REGISTRAR

Ms. Bartholomew recommended that the Board appoint Amegy Bank, a division of ZB, N.A. ("Amegy"), as the paying agent/registrar for the District's bond issue. Director Reeves moved to appoint Amegy as the paying agent/registrar for the District's \$4,410,000 Unlimited Tax Bonds, Series 2018. Director Davis seconded the motion, which passed by unanimous vote.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE BONDS

The Board considered authorizing the District's financial advisor to advertise the sale of the District's \$4,410,000 Unlimited Tax Bonds, Series 2018. Director Reeves moved to authorize the District's financial advisor to advertise the sale of the District's \$4,410,000 Unlimited Tax Bonds, Series 2018. The motion was seconded by Director Davis and carried unanimously.

AUTHORIZE AUDITOR TO PREPARE DEVELOPER REIMBURSEMENT REPORT

The Board considered authorizing McGrath to prepare the developer reimbursement report for the \$4,410,000 Unlimited Tax Bonds, Series 2018. After discussion, Director Reeves moved to authorize McGrath to prepare the developer reimbursement report. Director Davis seconded the motion, which passed unanimously.

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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