

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

November 27, 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 27th day of November, 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
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 Blake Kridel of Storm Water Solutions, LLC ("SWS"); Crystal Horn of McGrath & Co., PLLC ("McGrath"); David Smalling of Robert W. Baird & Co., Inc. ("Baird"); Rick Marriott of Si Environmental, LLC ("Si"); Katie Summers of TBG Partners ("TBG"); Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Jorge Diaz of McLennan & Associates, LP ("McLennan"); Russell Bynum of Hillwood Communities; Brian Edwards of LJA Engineering, Inc. ("LJA"); and Angela Lutz and Ashley Ramos of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approval of the October 23, 2018, meeting minutes. After review and discussion, Director Davis moved to approve the October 23, 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. After review and discussion, Director Traylor moved to approve the operator's report. Director Davis seconded the motion, which passed 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 Traylor 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, not including the accounts located at 2329 Olive Forest and 4324 Pine Harvest. The motion was seconded by Director Davis and passed by unanimous vote.

UPDATE ON BOND APPLICATION NO. 3 AND DISCUSS THE ISSUANCE OF THE BOND ANTICIPATION NOTE

Mr. Smalling reported the District received a bid for the District's BAN from Texas Capital Bank. She recommended awarding the BAN to Trustmark National Bank ("Trustmark") with a net effective interest rate of 2.855%.

The Board considered adopting a Resolution Authorizing the Issuance and Execution of the District's BAN. Ms. Lutz reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the BAN, the payment of the BAN from a future bond issue by the District, and certain District covenants regarding the tax-exempt status of the BAN.

Ms. Lutz next explained that there will be various documents related to the issuance of the BAN requiring execution by the Board prior to closing.

The Board considered accepting and authorizing execution of the Purchasers' Investment and Bid Letter from Trustmark for the purchase of the District's BAN, and related certificates and documents.

Ms. Lutz presented and reviewed the Certificate Regarding Provision of Financial Advice ("Certificate") with the Board.

Ms. Horn presented and reviewed the Developer Reimbursement Report for the BAN. The Board considered approving the Receipt to be executed by MC 288, LLC, evidencing MC 288, LLC's receipt of reimbursement from the proceeds of the BAN for funds earlier advanced to the District and considered authorizing the disbursement of said funds to MC 288, LLC.

After discussion, Director Davis moved to (1) award the BAN to Trustmark; (2) adopt the Resolution Authorizing the Issuance and Execution of the District's BAN; (3) authorize the Board to sign all the documents relating to the BAN and authorize the District's attorney and financial advisor to take all necessary action to deliver the BAN to the purchaser; (4) accept and authorize execution of the Purchasers' Investment and Bid Letter and various certificates and documents related to the issuance of the BAN; (5) authorize execution of the Certificate; and (6) approve the Receipt to be executed by MC

288, LLC, and to authorize reimbursement to MC 288, LLC from the proceeds of the BAN, pending receipt of the pre-purchase inspection letter from the Texas Commission on Environmental Quality. The motion was seconded by Director Yu and carried by unanimous vote.

BOOKKEEPER'S REPORT

Mr. Diaz 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. The Board discussed the maintenance tax revenue line item for the fiscal year ending March 31, 2019. After review and discussion, Director Traylor 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 monthly tax assessor/collector's report, a copy of which is attached. She stated that the report reflects the District's 2018 taxes were 0.33% collected as of October 31, 2018. After review and discussion, Director Yu 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.

REPORT FROM STORM WATER SOLUTIONS, L.L.C., INCLUDING DISCUSS CHANNEL AND DETENTION POND MAINTENANCE

Mr. Kridel presented and reviewed a report regarding channel and detention pond maintenance, a copy of which is attached. He stated the last maintenance cycle was completed on November 1, 2018.

ENGINEER'S REPORT

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

WATER SUPPLY PLANT NO. 1 WELL STUDY

Mr. Edwards updated the Board regarding the Water Supply Plant No. 1 well study, stating construction is complete. He added the Texas Commission on Environmental Quality final inspection is scheduled for November 29, 2018.

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. 1 in the amount of \$90,000.00 to Gilleland Smith Construction, Inc. ("Gilleland"). Following review and discussion, and based upon recommendation by the engineer, Director Traylor moved to approve Pay Estimate No. 1 in the amount of \$90,000.00 to

Gilleland for the construction of the Wastewater Treatment Plant, Phase 2 to serve Pomona. Director Yu seconded the motion, which carried by unanimous vote.

WASTEWATER TREATMENT PLANT DISCHARGE PERMIT RENEWAL APPLICATION

Mr. Edwards reported on the status of the wastewater treatment plant discharge permit renewal application.

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.

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 an expansion of the existing water plant is required to serve development within the District. Mr. Edwards added that the project will expand the capacity of the water plant from 625 equivalent single-family connections ("ESFCs") to 1,250 ESFCs. He stated the project will be completed by Brazoria County Municipal Utility District No. 40 ("MUD 40") in accordance with the Joint Facilities/Cost Sharing Agreement between the District and MUD 40.

CONSTRUCTION OF WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards updated the Board regarding 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 MUD 40. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries.

PAVING TO SERVE POMONA PARKWAY, PHASE 3

Mr. Edwards updated the Board regarding the 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 MUD 40. Mr. Edwards added that the portion of the project east of the Gulf Coast Water Authority Canal is within the District boundaries.

CROIX PARKWAY WATER LINE EXTENSION AND STORM SEWER OUTFALL

Mr. Edwards reported on the plans for the Croix Parkway water line extension and storm sewer outfall project. He stated the proposed project includes the extension

of a water line along Croix Parkway from Pomona Parkway to the wastewater treatment plant as well as a storm sewer outfall into Mustang Bayou. Mr. Edwards requested authorization from the Board to prepare construction plans and specifications for the project. Following review and discussion, Director Traylor moved to authorize LJA to prepare construction plans and specifications for the Croix Parkway water line extension and storm sewer outfall project. Director Yu seconded the motion, which carried by unanimous vote.

PHASE 2B LANDSCAPE FOR POMONA, SECTIONS 7 AND 8

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

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. 10 in the amount of \$4,833.15 to Earthfirst Landscapes, LLC ("Earthfirst"). Following review and discussion, and based on the landscape architect's recommendation, Director Davis moved to approve Pay Estimate No. 10 in the amount of \$4,833.15 to Earthfirst for the Phase 2B landscape to serve Pomona, Sections 7 and 8. Director Nightingale seconded the motion, which carried by unanimous vote.

DEEDS AND EASEMENTS

No deeds or easements were submitted for Board approval.

REPORT ON DEVELOPMENT

Mr. Bynum reported on development in the District and discussed a proposed annexation of an approximate 40 acres of land into the District.

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



Tracy R.

Assist. Secretary, Board of Directors

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