

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 40

January 23, 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 23rd day of January, 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 Directors Guillory and Kubala, thus constituting a quorum.

Also present at the meeting were Larry Collins; Donna Bryant of Assessments of the Southwest, Inc. ("ASW"); Scott Wright of MHI Partnership, Ltd. ("MHI"); Brian Edwards of LJA Engineering, Inc.; Karen Sears and Diane Bailey 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 November 28, 2017, meeting. After discussion, Director Skinner moved to approve the November 28, 2017, minutes. Director Eastland 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 Skinner seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS

Mr. Austin stated that in accordance with the District's Investment Policy, Allyson Baker, 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 Eastland 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 Skinner seconded the motion, which passed unanimously.

#### TAX ASSESSOR/COLLECTOR REPORT

Ms. Bryant reviewed a contract with First Billing for processing credit/debit card transactions. After review and discussion, Director Eastland moved to approve the contract with First Billing. Director Collins 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.

#### 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. 1 in the amount of \$28,699.79 and Pay Estimate No. 2 in the amount of \$102,607.60 to Great Bear Construction. Following review and discussion, and based upon the engineer's recommendation, Director Eastland moved to (1) approve Pay Estimate No. 1 in the amount of \$28,699.79 to Great Bear Construction; and (2) approve Pay Estimate No. 2 in the amount of \$102,607.60 to Great Bear Construction. Director Skinner 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 submitted the drainage study to Brazoria Drainage District No. 4 on January 9, 2018 for their review.

#### LAKE G TO SERVE POMONA

Mr. Edwards reported on construction plans for Lake G to serve Pomona. He recommended approval by the Board of the plans and specifications for Lake G 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 Eastland moved to (1) approve the plans and specifications for Lake G to serve Pomona; and (2) authorize LJA to advertise the project for bids. Director Skinner seconded the motion, which carried 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 stating design is ongoing.

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.

UTILITY AGREEMENT WITH BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 39

The Board deferred action on this agenda item.

PARTIAL ASSIGNMENT OF REIMBURSEMENTS TO POMONA PHASE 3, LLC

Mr. Austin stated that MC 288, LLC, has partially assigned its right to receive reimbursement from the District related to a tract to be developed as Pomona Phase 2B to Pomona Phase 3, LLC, pursuant to the Financing and Reimbursement Agreement for Road Facilities, Financing and Reimbursement Agreement for Water, Sewer, and Drainage Facilities, Development Agreement and Subsequent Amendments, Financing and Reimbursement Agreement for Recreational Facilities and Financing and Reimbursement Agreement for Financing Operations Expenses.

Mr. Austin presented a Partial Assignment of Financing and Reimbursement Agreement for Financing Operations Expenses (Pomona Phase 2B), Partial Assignment of Financing and Reimbursement Agreement for Road Facilities (Pomona Phase 2B), Partial Assignment of Financing and Reimbursement Agreement for Water, Sewer, and Drainage Facilities (Pomona Phase 2B), Partial Assignment of Development Agreement (Pomona Phase 2B), and Partial Assignment of Development Financing Agreement for Recreational Facilities (Pomona Phase 2B) (the "Partial Assignments") from MC 288 LLC as assignor to Pomona Phase 3, LLC, as assignee. He stated that the District has been requested to consent to the Partial Assignments. Mr. Austin stated that by consenting to the Partial Assignments, the District acknowledges the assignment of MC 288, LLC's right to receive reimbursement from the District to Pomona Phase 3, LLC, for certain projects related to the specified tract. After review and discussion, Director Skinner moved to consent to the Partial Assignments, authorize the President and the Secretary of the Board to execute the consent clause of the Partial Assignments and direct that the Partial Assignments be filed appropriately and retained in the District's official records. Director Eastland seconded the motion, which passed unanimously.

Mr. Austin stated that Pomona Phase 3, LLC, has assigned its right to receive reimbursement from the District, pursuant to the Partial Assignments, to Texas Capital Bank National Association, in connection with the specified tract as collateral for its development loan. He presented an Acknowledgement and Consent to Assignment (the "Acknowledgement") and stated that the District has been requested to acknowledge and consent to the assignment. Mr. Austin stated that by consenting to the assignment, the District acknowledges the assignment of Pomona Phase 3, LLC's right to receive reimbursement from the District to Texas Capital Bank National Association for certain projects related to the tract. After review and discussion, Director Skinner moved to acknowledge and consent to the assignment, authorize the President of the Board to execute the Acknowledgement and direct that the

Acknowledgement be filed appropriately and retained in the District's official records. Director Eastland seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Wright reported on development in the District.

ATTORNEY'S REPORT

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.

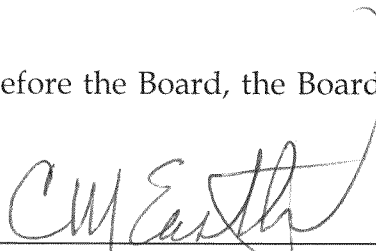
2018 DIRECTORS ELECTION

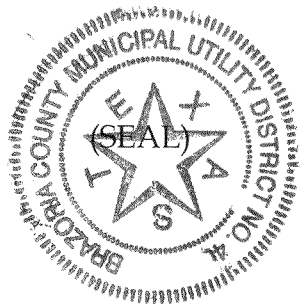
The Board took no action on this agenda item.

MEETING SCHEDULE

The Board concurred to conduct the next regular meeting on February 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.

  
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Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

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