

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 21

August 19, 2019

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 21 (the "District") met in regular session, open to the public, on the 19th day of August, 2019, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Renae Medlock	President
Fatiyauh Jones	Vice President
Kiesha Curtis	Secretary
John Cacolice	Assistant Vice President
Noel DSouza	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Scott Stevenson of Simple Recycling; Jennifer Hanna of BKD; Ron Wefelmeyer, Director of Brazoria County Municipal Utility District No. 22 ("MUD 22"); Bill Ehler and Kane Mudd of LJA Engineering, Inc. ("LJA"); Lori Buckner of Myrtle Cruz, Inc. ("Myrtle Cruz"); Breah Campbell and Bruce Dubiel of Environmental Development Partners, LLC ("EDP"); Rhonda Patterson of Assessments of the Southwest, Inc. ("ASW"); Loren Morales of RBC Capital Markets; and Katie Carner, Kim Cannon, and Abigail Derrickson of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Stevenson briefly introduced the Simple Recycling program and requested an agenda item for the September Board meeting to present the program to the Board in more detail. The Board concurred to add an agenda item for the September Board meeting for the Simple Recycling presentation.

CONSENT AGENDA

Director Medlock offered Board members an opportunity to remove items from the consent agenda for individual discussion. Ms. Carner requested that the tax assessor's report be removed for further discussion due to a resident request. Director Cacolice then moved to approve all remaining items on the consent agenda, and to direct that, where appropriate, items are filed and retained in the District's official records, including the following: (1) the minutes from the July 15, 2019, regular Board meeting; (2) the Arbitrage Rebate Report for the Series 2014 Bonds; (3) the bookkeeper's report; and (4) the report on supplemental law enforcement services. Director Curtis

seconded the motion, which carried by unanimous vote. The bookkeeper's report and supplemental law enforcement report are attached.

ITEMS REMOVED FROM CONSENT AGENDA

Ms. Patterson reviewed the tax assessor's report, a copy of which is attached. She then reviewed a request from the resident at 13603 May Pine Court for a waiver of penalties and interest for their delinquent 2019 tax bill. She stated the resident claims they did not receive the previous tax statements in the mail. After discussion, Director Jones moved to approve the tax report and to deny the request from the resident at 13603 May Pine Court. Director DSouza seconded the motion, which passed unanimously.

REPORT FROM LAKE MANAGEMENT SERVICES, L.P., INCLUDING PROPOSALS FOR LAKE AND FOUNTAIN MAINTENANCE OR REPAIR

The Board reviewed a proposal from Lake Management for the repair of the motor for fountain no. 2 at lake 4B, in the amount of \$2,274.35.

After discussion, Director Curtis moved to approve the proposal in the amount of \$2,274.35 for the repair of the motor for fountain no. 2 at lake 4B. Director Cacolice seconded the motion, which carried by unanimous vote.

DISTRICT WEBSITE AND ELECTRONIC COMMUNICATION MATTERS

There was no discussion on this matter.

APPROVE THIRD QUARTER NEWSLETTER

There was no discussion on this matter.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END AUGUST 31, 2019

The Board next considered engaging an auditor to conduct the District's audit for the fiscal year ending August 31, 2019. Ms. Hanna presented a proposal from BKD to conduct the audit and reported that the estimated cost to prepare the audit is \$20,900.00 plus postage, printing, and delivery costs. Ms. Hanna recommended that a total of \$2,200.00 of the proposed fee be allocated to the audit of the shared water plant and wastewater treatment plant facilities with MUD 22. After discussion, Director Jones moved to engage BKD to conduct the District's audit for the fiscal year end August 31, 2019, authorize execution of the engagement letter, and direct that the letter be filed appropriately and retained in the District's official records. The motion was seconded by Director Cacolice, and carried by unanimous vote.

DISCUSS 2019 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered setting a public hearing date and authorizing notice of a public hearing regarding the District's adoption of the 2019 tax rate. Mr. Morales reviewed a tax rate analysis, and recommended that the Board levy a debt service tax rate of \$0.76 per \$100 of assessed valuation. Discussion ensued regarding the funds in the District's operating account and future capital improvement projects. After discussion, Director Cacolice moved to authorize publication of the total tax rate of \$1.12 per \$100 of assessed valuation, with \$0.76 allocated for debt service and \$0.36 allocated for maintenance and operations, and set the public hearing for the Board's next meeting on September 16, 2019. Director DSouza seconded the motion, which carried by unanimous vote. A copy of the tax rate recommendation from RBC is attached.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING ADDITIONAL CHECKS, BUDGET FOR FISCAL YEAR END AUGUST 31, 2020 AND BUDGET FOR JOINT FACILITIES

Ms. Buckner reviewed draft District and joint facilities budgets for fiscal year end August 31, 2020. Discussion ensued regarding planned future projects and budgeting for same. After discussion, Director Cacolice moved to approve the budgets, as revised. Director DSouza seconded the motion, which carried by unanimous vote.

ENGINEER'S REPORT

Mr. Ehler distributed the engineer's report, a copy of which is attached.

REVIEW BIDS AND AWARD CONTRACTS FOR THE 1.05 MILLION GALLON PER DAY WASTEWATER TREATMENT PLANT ("WWTP") EXPANSION

Mr. Ehler stated that LJA has received comments from the City of Pearland (the "City") and resubmitted plans.

REVIEW BIDS AND AWARD CONTRACT FOR THE EMERGENCY GENERATOR FOR THE REVERSE OSMOSIS SYSTEM

Mr. Ehler stated that LJA has received approvals for the plans and specifications for the addition of a generator for the reverse osmosis system from all agencies. Mr. Ehler requested that the Board authorize advertisement for bids with MUD 22's generator for the Lakes of Savannah Lift Station No. 3, Phase II for efficiency.

PAY ESTIMATES, CHANGE ORDERS AND/OR FINAL ACCEPTANCE FOR THE REVERSE OSMOSIS SYSTEM

Mr. Ehler stated that NorrisLeal has completed the testing of the water and continues to collaborate with EDP regarding system improvements, including the purchase of additional treatment chemicals. Mr. Ehler then requested authorization for EDP to implement the improvements, as discussed, and obtain the necessary treatment chemicals.

PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE FOR THE WATER PLANT HYDRO PNEUMATIC AND GROUND STORAGE TANK REHABILITATION

Mr. Ehler stated the contractor for the water plant rehabilitation project is Gemini Contracting Services ("Gemini"). Mr. Ehler stated punch list items have been identified and are currently being addressed.

PAY ESTIMATES, CHANGE ORDERS AND/OR FINAL ACCEPTANCE FOR THE 0.75 MILLION GALLON WWTP EXPANSION

Mr. Ehler stated the contractor for the WWTP expansion project is T&C Construction, LTD ("T&C"). Mr. Ehler stated the project is substantially complete.

PAY ESTIMATES, CHANGE ORDERS, AND /OR FINAL ACCEPTANCE FOR THE DRAINAGE IMPROVEMENTS AT THE WATER PLANT SITE

Mr. Ehler stated the contractor for the drainage improvements at the water plant site is Aranda Industries, LLC ("Aranda"). Mr. Ehler requested approval of a proposal from Terracon in an amount not to exceed \$3,000.00, on a time and material basis for materials testing.

INDUSTRIAL WASTEWATER DISCHARGE PERMIT ASSOCIATED WITH WATER PLANT

Mr. Ehler stated the Industrial Wastewater Discharge Permit Application prepared by NorrisLeal has been submitted to the Texas Commission on Environmental Quality. He stated that the application is in the technical review process and a draft permit is anticipated to be received in September, 2019.

DEEDS, EASEMENTS, PHASE I ENVIRONMENTAL ASSESSMENT PROPOSALS, AND CONSENTS TO ENCROACHMENT

There was no discussion on this matter.

UPDATE ON 12.54-ACRE TRACT AT SAVANNAH PARKWAY AND SAVANNAH BEND DRIVE

There was no discussion on this matter.

COMMERCIAL PLAN REVIEWS AND UTILITY COMMITMENT REQUESTS

Mr. Mudd presented and reviewed a draft consent to the amendment application for MUD 22's Certificate of Convenience and Necessity ("CCN"). Mr. Mudd reminded the Board that because MUD 22 annexed land, the CCN will need to be amended, and that as the operator of the joint water and sewer facilities, MUD 22 must obtain the District's consent before they can submit their application. Discussion ensued.

TELEVISIONING OF SANITARY SEWER LINES

Mr. Ehler stated LJA is preparing a plan for televising the District sanitary sewer lines as part of the District's long-term maintenance and capital improvement plan.

CAPITAL IMPROVEMENT PLAN

Mr. Ehler stated there were no additional updates to the capital improvement plan at this time.

Following review and discussion, and based on the engineer's recommendation, Director DSouza moved to (1) approve the engineer's report; (2) authorize advertisement for bids for the generator for the reverse osmosis system with MUD 22's generator for Lift Station No. 3, Phase II; (3) authorize EDP to implement the improvements and obtain the necessary chemicals for the reverse osmosis system, as discussed; (4) approve the Terracon proposal in an amount not to exceed \$3,000.00, on a time and material basis for materials testing; and (5) authorize execution of the consent to MUD 22's CCN amendment application. Director Cacolice seconded the motion, which carried by unanimous vote.

Ms. Carner presented and reviewed email correspondence from the resident at 13311 Kemper Rock Court regarding wrought iron fencing, copies of which are attached. She stated that the resident claims the fence was damaged by the fountain and by irrigation activities behind her home. Ms. Carner stated the resident was requesting that the District pay for one-half of the costs to replace the fencing. Mr. Ehler stated that LJA had the fence inspected, and concluded that there were no District issues. After discussion, and based upon the engineer's inspection, Director DSouza moved to deny the request for the District to share in the cost of the fence replacement. Director Jones seconded the motion, which carried by a vote of 4-0, with Director Cacolice abstaining.

## OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the operator's report for the month of June, a copy of which is attached. She said that the ratio of water billed versus water produced for June was 90.1%. Discussion ensued.

Ms. Campbell reported on water quality monitoring tests.

Ms. Campbell requested approval to clean and inspect aeration tank no. 3 in an amount not to exceed \$12,000.00.

Following review and discussion, Director DSouza moved to (1) approve the operator's report; and (2) authorize EDP to clean and inspect aeration tank no. 3 in an amount not to exceed \$12,000.00. Director Cacolice seconded the motion, which passed unanimously.

## REVIEW WRITE OFF INFORMATION AND IF APPROPRIATE ADOPT AMENDED RATE ORDER

Ms. Campbell distributed and reviewed an assessment of the last 12 months of all of the written-off accounts and discussed recommendations regarding changes to the required security deposits pursuant to the District's Rate Order. A copy of the assessment is attached to the operator's report.

After review and discussion, Director Jones moved to adopt an Amended Rate Order, as recommended by the operator, for the increase in security deposits and disconnection fees, as discussed, and direct that the Amended Rate Order be filed appropriately and retained in the District's official records. Director Cacolice seconded the motion, which carried by a vote of 4-1, with Director Curtis opposed.

## REPAIRS TO STORMWATER PUMP STATION

Mr. Dubiel updated the Board on the repair of stormwater pump nos. 1 and 3 and stated the repairs are in process.

## TERMINATION OF WATER AND SEWER SERVICE

Ms. Campbell presented a list of delinquent utility service accounts. She advised the Board that all of the accounts on the list had been given written notification, in accordance with the District's Rate Order, of the opportunity to appear before the District's Board of Directors, either in person or in writing, to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of nonpayment. Ms. Campbell noted that the accounts in question had neither contacted her office nor had appeared at the Board meeting concerning their bills. Following discussion, Director DSouza moved to authorize termination of utility service to said

accounts and direct that the list of delinquent utility service accounts be filed appropriately and retained in the District's official records. Director Cacolice seconded the motion, which carried by unanimous vote.

FIRE STATION STAFFING MATTERS, INCLUDING STATION MAINTENANCE, FIRE/EMS PROTECTION AGREEMENT WITH THE CITY OF PEARLAND ("CITY"), AND AMENDMENT TO SAME, AND PROPOSALS REGARDING FIRE PROTECTION/EMS SERVICES AND ASSOCIATED COSTS

The Board deferred discussion on this item to executive session.

PHASE II MS4 STORM WATER MANAGEMENT PLAN

There was no discussion on this matter.

CONVENE IN EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board convened in Executive Session at 2:30 p.m. to conduct a private consultation with the attorney regarding pending or contemplated litigation or settlement offers. Ms. Carner, Ms. Cannon and Ms. Derrickson were also present.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION, OR SETTLEMENT OFFER

The Board reconvened in open session at 3:07 p.m. The Board did not take action.

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

*[Handwritten Signature]*  
Asst Secretary, Board of Directors

(SEAL)



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