

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 21

August 21, 2017

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 21st day of August, 2017, 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:

Delores Jenkins	President
Fatiyauh Jones	Vice President
John Cacolice	Assistant Vice President
Rena Medlock	Secretary
Noel DSouza	Assistant Secretary

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

Also present at the meeting were Greg Sissel of BKD, LLP ("BKD"); Lora Hughes of S.E.A.L. Security Solutions, LLC ("S.E.A.L."); Bill Ehler and Kane Mudd of LJA Engineering, Inc. ("LJA"); Ethan Springer of Friendswood Development Company ("FDC"); Loren Morales of RBC Capital Markets ("RBC"); Lori Buckner of Myrtle Cruz, Inc. ("Myrtle Cruz"); Breah Campbell of Environmental Development Partners, LLC ("EDP"); Rhonda Patterson of Assessments of the Southwest, Inc. ("ASW"); and Katie Carner and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no comments from the public.

CONSENT AGENDA

Director Jenkins offered Board members an opportunity to remove items from the consent agenda for individual discussion. Director Cacolice moved to approve all 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 17, 2017, regular Board meeting; (2) bookkeeper's report; and (3) the tax assessor's report. Director Medlock seconded the motion, which carried by unanimous vote. Copies of all reports approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

There were no items removed from the consent agenda.

DISCUSS BOARD OF CONDUCT

Director Medlock requested that all Board members review and abide by the Board Code of Conduct adopted by the District. Ms. Carner reviewed requirements of the Texas Open Meetings Act. Discussion ensued

ENGAGE AUDITOR TO CONDUCT AUDIT FOR THE FISCAL YEAR END AUGUST 31, 2017

The Board next considered engaging an auditor to conduct the District's audit for the fiscal year ending August 31, 2017. Mr. Sissel presented a proposal from BKD to conduct the audit and reported that the estimated cost to prepare the audit is \$19,200.00, plus postage, printing, and delivery costs. A copy of the proposal is attached. Mr. Sissel recommended that a total of \$2,000.00 of the proposed fee be allocated to the audit of the shared water plant and wastewater treatment plant facilities with Brazoria County Municipal Utility District No. 22 ("BC MUD No. 22"). After discussion, Director Medlock moved to engage BKD to conduct the District's audit for the fiscal year end August 31, 2017, 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, which carried by unanimous vote.

SECURITY SERVICES, INCLUDING PROPOSALS FOR SUPPLEMENTAL LAW ENFORCEMENT AND SECURITY SERVICES AND CONSIDER TERMINATION OF SERVICE AGREEMENT WITH S.E.A.L.

Ms. Hughes reviewed a report from S.E.A.L., a copy of which is attached.

Ms. Hughes left the meeting.

DISCUSS 2017 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 2017 tax rate. Mr. Morales reviewed a tax rate analysis, and recommended that the Board levy a debt service tax rate of \$0.74 per \$100 of assessed valuation and a maintenance tax rate of \$0.40 per \$100 of assessed valuation. Discussion ensued regarding the funds in the District's operating account and future capital improvement projects, and the possibility of implementing a general homestead exemption next year. After discussion, Director Cacolice moved to authorize publication of the total tax rate of \$1.14 per \$100 of assessed valuation, with \$0.74 allocated for debt service and \$0.40 allocated for maintenance and operations, and set the public hearing for the Board's next meeting on September 18, 2017. The motion was seconded by Director DSouza and passed by a vote of 4-1, with Director Jones opposed. A copy of the tax rate recommendation from RBC is attached.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner reviewed pay estimates included in the monthly bookkeeper's report.

BUDGETS FOR FISCAL YEAR ENDING AUGUST 31, 2018

Ms. Buckner reviewed proposed budgets for the District and for the joint water and wastewater treatment facilities for fiscal year end August 31, 2018, copies of which are attached to the bookkeeper's report. After review and discussion, Director Jones moved to adopt the three budgets, with the revisions discussed to the District's budget. Director Medlock seconded the motion, which carried by unanimous vote.

AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES

Ms. Buckner presented and reviewed an Amended Services Agreement between the District and Myrtle Cruz. Following review and discussion, Director Medlock moved to approve the Amended Services Agreement between the District and Myrtle Cruz and direct that the Agreement be filed appropriately and retained in the District's official records. Director DSouza seconded the motion, which carried by unanimous vote.

AUTHORIZE ATTENDANCE AT PUBLIC FUNDS INVESTMENT ACT TRAINING SESSION

The Board discussed the upcoming Public Funds Investment Act Training Session held by McCall Gibson Swedlund Barfoot PLLC. After discussion, Director Medlock moved to authorize all interested directors to attend the training session. Director Jones seconded the motion, which carried by unanimous vote.

ENGINEER'S REPORT

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

APPROVE PLANS AND SPECIFICATIONS FOR THE WASTEWATER TREATMENT PLANT ("WWTP") EXPANSION

Mr. Ehler stated that LJA has completed the plans and specifications for the expansion of the WWTP from .50 mgd to .75 mgd. He stated LJA has received approval from all agencies. Mr. Ehler stated he will request authorization to advertise for bids once the demand on the system warrants the expansion.

APPROVE PLANS AND SPECIFICATIONS FOR THE REPAIR OF DETENTION POND EROSION AT LAKE 2

Mr. Ehler stated that LJA has completed the plans for the repair and control of the erosion of the side slopes at lake 2. He reported that LJA submitted the plans to the agencies in early August.

In response to an inquiry from Director Cacolice, Mr. Ehler discussed the possibility of constructing a sidewalk extension of the current sidewalk along lake no. 2, from the front of Savannah Parkway around to the playground area to make a complete loop around lake no. 2. Mr. Ehler estimated that the extension of sidewalk would cost \$30,000 to \$40,000. After discussion, the Board concurred not to include the sidewalk as an alternate bid item with the lake 2 erosion repairs.

REVIEW BIDS AND AWARD CONTRACT FOR WATER PLANT HYDRO-PNEUMATIC AND GROUND STORAGE REHABILITATION

Mr. Ehler stated that LJA has completed the plans and specifications and will bid the project in late September.

PAY ESTIMATES, CHANGE ORDERS FOR THE REVERSE OSMOSIS EQUIPMENT

Mr. Ehler stated that Wigen Water Technologies ("WWT") is the equipment supplier for the reverse osmosis project. He stated that the startup has been delayed due to issue with the air conditioner units and software. Mr. Ehler added that once the system is operational and planned constituent concentrations have been met, LJA will make a formal request for the approval by the Texas Commission on Environmental Quality to provide water to the District residents.

PAY ESTIMATES, CHANGE ORDERS FOR THE GENERATOR FOR REMOTE WATER WELL

Mr. Ehler updated the Board on the status of this project. He stated there were no new pay estimates or change orders at this time.

PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE FOR WATER PLANT EXPANSION

Mr. Ehler stated the contractor for this project is Bussel & Sons, LLC, and includes the construction of a ground storage tank, new booster pump, hydro-tank and associated equipment. Mr. Ehler presented and recommended approval of Pay Estimate Nos. 6 and 7 in the amounts of \$15,210 and \$7,650, respectively, payable to Bussel & Sons, LLC.

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

Mr. Ehler stated the contractor for this project is JTR Constructors and updated the Board on the status of this project. He stated there were no new pay estimates or change orders at this time.

PAY ESTIMATES, CHANGE ORDERS, AND/OR FINAL ACCEPTANCE FOR THE IMPROVEMENTS FOR WASTEWATER TREATMENT PLANT ACCESS ROAD

Mr. Ehler updated the Board on the wastewater treatment plant access road.

Mr. Ehler stated DVL Enterprises is the contractor for the access road project. He stated that LJA anticipates the project to be completed in early September. Mr. Ehler recommended and requested approval of Pay Estimate No. 2 in the amount of \$142,082.46 payable to DVL Enterprises, LLC.

Following review and discussion, Director Medlock moved to approve the engineer's report and, based on the engineer's recommendation, to (1) approve Pay Estimate Nos. 6 and 7 in the amounts of \$15,210 and \$7,650, respectively, payable to Bussel & Sons, LLC; and (2) approve Pay Estimate No. 2 in the amount of \$142,082.46 payable to DVL Enterprises, LLC. Director Cacolice seconded the motion, which carried by unanimous vote.

REVIEW PROPOSAL FOR DRAINAGE CHANNEL INLET PIPE REPLACEMENT

Mr. Ehler presented and reviewed a proposal submitted by NJ Services in the amount of \$8,700, for the repair of the inlet pipe. After review and discussion, Director Jenkins moved to approve the proposal submitted by NJ Services, in the amount of \$8,700. Director Cacolice seconded the motion, which carried by unanimous vote.

DISCUSS POSSIBLE INTERCONNECT WITH BRAZORIA COUNTY MUNICIPAL DISTRICT NO. 29 ("BC MUD 29")

Mr. Ehler stated that an adequate pressure flow test on the BC MUD 29 water system lines has not yet been completed. Ms. Carner stated that BC MUD 29's operator reported the testing is underway.

DEEDS, EASEMENTS, AND PHASE I ENVIRONMENTAL ASSESSMENT PROPOSAL

The Board did not have any deeds and easements at this time.

UTILITY COMMITMENT REQUESTS

The Board did not receive any utility commitment requests at this time.

CAPITAL IMPROVEMENT PLAN

Mr. Ehler reviewed a Facility Maintenance Report for the estimated required annual budget for plant repairs, in the amount of \$1,242,500. He reported that the budget does not currently include the estimated future costs of the permanent WWTP or any possible future water plant expansions. A copy of the Facility Maintenance Report is included in the engineer's report.

OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the operator's report for the month of June, a copy of which is attached. Ms. Campbell said that the ratio of water billed versus water produced for June was 96.6%.

Ms. Campbell reported on repairs and maintenance at the WWTP and the water plant.

Ms. Campbell reported on water quality monitoring tests.

Ms. Campbell reported on the replacement of the hatches on the GST and stated the repair is in process.

Ms. Campbell updated the Board on the motor failure at lift pump no. 2 at lift station no. 1. She stated EDP has submitted an insurance claim for the pump and the replacement is in process.

Ms. Campbell stated that EDP was contacted by Region H Water Planning Group regarding a survey for the District.

Ms. Campbell presented a request from Willis and Karen Duffy for the District to hand deliver their utility bills and for EDP to call them before service is disconnected for non-payment. After discussion of the procedures in the District's rate Order for sending utility bills and delinquent notices, the Board concurred to deny the request.

After discussion, Director Medlock then moved to (1) approve the operator's report; and (2) authorize EDP to submit the required information for the Region H Water Planning Group survey to the Texas Water Development Board. Director Cacolice seconded the motion, which carried by unanimous vote.

FIRE STATION NO. 6, INCLUDING PROPOSAL FROM CITY OF PEARLAND

The Board took no action on this agenda item.

UPDATE ON CONVERSION OF STREET LIGHTS TO LED BULBS, INCLUDING APPROVE LED STREET LIGHT INSTALLATION AGREEMENT

Ms. Carner updated the Board on the installation of LED bulbs in the District street lights. She presented and reviewed the Installation Agreement ("Agreement") with CenterPoint Energy. Discussion ensued regarding provisions in the Agreement related to charges for the bulb replacements. After review and discussion, Director Cacolice moved to approve the Agreement with CenterPoint. Director Jones seconded the motion, which carried by a vote of 4-0, with Director Medlock temporarily absent from the meeting.

DISTRICT LAKE AND DETENTION FACILITIES, INCLUDING DISCUSS ENFORCEMENT OF LAKE RULES

Ms. Carner discussed lake rules and signage and communication with the District Attorney's Office regarding same. No action was taken.

Director Jenkins discussed the possibility of installing security cameras to monitor District facilities. After discussion, the Board concurred to add an item to the operators report to discuss this further at the next meeting.

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 Medlock moved to authorize termination of utility service to said accounts and direct that the list of delinquent utility services accounts be filed appropriately and retained in the District's official records. Director Jones seconded the motion, which carried by unanimous vote.

STORM WATER MANAGEMENT

There was no discussion on this matter.

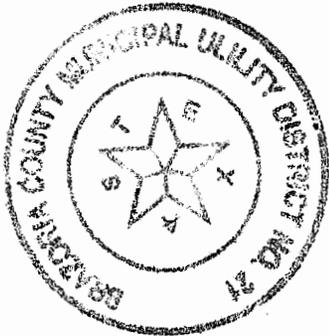
CONVENE IN EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board did not convene in Executive Session.

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

Berna Medlock
Secretary, Board of Directors

(SEAL)



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