

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 21

January 15, 2018

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 15th day of January, 2018, 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
Renae Medlock	Secretary
Noel DSouza	Assistant Secretary

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

Also present at the meeting were Christie Leighton of Best Trash, LLP ("Best Trash"); Christy and Kenny Wells of NJ Services, LLC; Lora Hughes of S.E.A.L. Security Solutions, LLC ("S.E.A.L."); Bill Ehler of LJA Engineering, Inc. ("LJA"); Ethan Springer of Friendswood Development Company ("FDC"); 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 Kim Cannon of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

There were no public comments.

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 December 18, 2017, regular Board meeting; (2) the bookkeeper's report; and (3) the tax assessor's report. Director DSouza 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.

ACCEPT ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Carner reviewed the annual disclosure statements required by the Public Funds Investment Act from the District's Investment Officer and bookkeeper. Ms. Carner explained that the statement discloses relationships with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. She also explained that the statements would be filed in the District's official records and with the Texas Ethics Commission. Following discussion, Director DSouza moved to accept the disclosure statements and authorize filing of the disclosure statements with the Texas Ethics Commission. Director Medlock seconded the motion, which carried by unanimous vote.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Carner reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

QUARTERLY REPORT FROM BEST TRASH

Ms. Leighton generally reported on garbage and recycling collection in the District. Director Jones inquired about the disposal of tree branches for pick up. Ms. Leighton stated the trees will need to be cut into pieces, bundled and weigh no more than 40 lbs.

MARCH 2018 COMMUNITY SHRED EVENT INCLUDING REVIEW PROPOSALS FOR SHREDDING SERVICES, DISCUSS SECURITY FOR SHRED EVENT AND APPROVE SHRED EVENT FLYER

Ms. Leighton distributed and reviewed the Best Trash proposal containing three bids for the shred event, a copy of which is attached. Discussion ensued regarding the March 3, 2018, shredding event including hiring an officer for security and directing traffic. Director Jones stated she would confirm whether the Lakes of Savannah South Community Association (the "HOA") contract for law enforcement services with the Brazoria County Constable's Office, Precinct 4, covers providing security services for the shred event.

Director Cacolice distributed and reviewed a draft of the shred event flyer for review and comment. Discussion ensued regarding posting the approved draft of the flyer on the District website, the HOA website and including the flyer in the February utility bills.

Director DSouza then moved to (1) approve the proposal from Shred Pro for the shredding event at the clubhouse parking lot, on March 3, 2018, from 9:00 a.m. to 12:00 p.m. in the amount of \$612.00; and (2) approve the shred event flyer with requested

revisions and authorize posting of the flyer on the District's website and the HOA's website, and inclusion of the flyer in the February utility bills. Director Cacolice seconded the motion, which carried by unanimous vote.

Discussion ensued regarding the request for Best Trash to fund the shred event. Ms. Leighton stated she will discuss the request with Mr. Matthew May and report back to the Board.

Discussion ensued regarding electronic recycling, including cell phones and computers. Ms. Leighton stated there is a company who has the ability to recycle electronics if the Board was interested in getting a proposal. After discussion, the Board requested that Best Trash obtain a proposal for the cost to hold an electronic recycling event.

REPORT FROM NJ SERVICES ON DRAINAGE AND DETENTION FACILITY MAINTENANCE AND APPROVE AMENDMENT TO NJ SERVICES CONTRACT

Ms. Wells discussed and reviewed the status of the trimming and cleaning of the landscaping at the fire station that was authorized at the last meeting. She presented pictures of the landscaping before and after the cleanup work. Ms. Wells stated that there is an irrigation system in place, but she was not able to locate the control box. Mr. Ehler stated he would assist with retrieving the plans for the fire station and assist locating the irrigation system control box. The Board concurred to delay any further enhancements to the landscaping until the control box for the irrigation system is located. Ms. Campbell said she would report further on the fire station maintenance under the operator's report.

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. Discussion ensued.

Ms. Hughes left the meeting.

Ms. Carner distributed and reviewed a draft of the Security Services Agreement ("Agreement") between the HOA and Brazoria County Precinct 4 Constable's Office for additional law enforcement services. Director Jenkins requested changes to the Agreement, including the removal of the statement referencing the wastewater treatment plant access road improvement project, which is now complete. She also stated the pages are not numbered properly. Ms. Carner stated she will communicate the suggested changes to the HOA.

Ms. Carner distributed and reviewed a draft Cost Sharing Agreement between the District and the HOA for a one-time payment to the HOA for a portion of the cost of the patrol vehicle and associated equipment. She stated the total cost of the vehicle is

\$47,344.01. Ms. Carner stated that Brazoria County Municipal Utility District No. 22 ("BC MUD 22") will pay a percent of the cost for the vehicle and equipment based on its share of the equivalent single family connections in the Lakes of Savannah Community. She stated BC MUD 22's share would be \$11,319.95, leaving a balance of \$36,024.06, reflecting 76.09% as the HOA's portion, which the District has agreed to fund.

After discussion, Director DSouza moved to approve the Cost Sharing Agreement with the HOA for the funding of the HOA's share if the cost of the patrol vehicle and associated equipment, in the amount of \$36,024.06. Director Cacolice 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 has addressed comments from Brazoria County and the City of Pearland and has received a no objection letter from Brazoria County Drainage District No. 4. He stated final plans will be submitted to the City of Pearland.

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

Mr. Ehler stated LJA received six bids for the water plant hydro-pneumatic and ground storage tank rehabilitation project. Mr. Ehler reported that Gemini Contracting Services, Inc. ("Gemini"), submitted the lowest bid in the amount of \$299,100.00. Mr. Ehler recommended that the Board accept the bid from Gemini in the amount of \$299,100.00. The Board agreed that award of the contract to Gemini will be most advantageous to the District and will result in the best and most economical completion of the District's facilities.

Ms. Carner and Ms. Buckner stated that the District has surplus bond proceeds from the Series 2016 Bond Sale which can be used to pay for the water plant hydro-pneumatic ground storage tank rehabilitation project. She stated the Texas Commission

on Environmental Quality ("TCEQ") rules require a letter notifying them of the use of the surplus funds.

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.

Mr. Ehler previously approved a check to WWT, in the amount of \$66,056.09, to reduce the retainage, subject to WWT submitting a pay estimate and schedule for completion of the remaining work. He stated WWT met the Board's conditions and this check has been issued.

Ms. Carner stated that the current contract with WWT states there is a 12-month warranty period and a 24-month service plan period. She stated that WWT requested that the warranty period be lowered to 6 months or if kept at 12 months, that there be additional funds to pay for the 12-month warranty. After discussion, the Board concurred to take no action on WWT's request.

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 and revised timeline of this project. He stated there were no new pay estimates at this time.

PAY ESTIMATES, CHANGE ORDERS FOR THE REVERSE OSMOSIS SYSTEM BOOSTER PUMP ADDITION

Mr. Ehler stated that Neil Technical Services Corporation ("NTS") is the contractor for booster pump addition. Mr. Ehler reviewed and recommended approval of Pay Estimate No. 1, in the amount of \$50,734.80 to NTS for the booster pump addition.

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

Mr. Ehler stated that McDonald Municipal & Industrial is the contractor for the installation of the natural gas generator for the remote water well. He stated the final pay estimate has not yet been received.

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 reviewed and recommended approval of Pay Estimate

No. 9 and Final in the amount of \$61,855.00 to Bussel & Sons, LLC, for the construction of a ground storage tank, new booster pump, hydro-tank and associated equipment. He then recommended that the Board accept the project.

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

Mr. Ehler updated the Board on the access road project and stated the project is complete. Discussion ensued regarding tires dumped next to the access road. Mr. Ehler stated LJA will investigate and verify who owns the property where the tires are located.

RENEWAL OF TEXAS POLLUTION DISCHARGE ELIMINATION SYSTEM PERMIT

Mr. Ehler stated the WWTP discharge permit will expire on September 1, 2018 and LJA is finalizing the renewal application. He stated the WWTP Discharge Permit Renewal application is ready for submission to the TCEQ once laboratory results are provided by EDP.

DEEDS, EASEMENTS, AND PHASE I ENVIRONMENTAL ASSESSMENT PROPOSAL

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

UTILITY COMMITMENT REQUESTS

Mr. Ehler stated LJA has reviewed the plans and submitted comments for a proposed retail and convenience store located at the northwest corner of Highway 6 and Savannah Parkway. He stated there was an additional request by MA & Sons Retail Center to review plans for two retail buildings with approximately 18,600 square feet. Mr. Ehler stated LJA has provided comments and is waiting for a water and wastewater capacity request.

Mr. Ehler requested approval of a Consent to Encroachment Agreement with Savannah United Investment, LLC, for proposed dumpster and enclosure facilities located over a District sanitary sewer easement located at the northwest corner of Highway 6 and Savannah Parkway. Ms. Carner presented and reviewed the Consent to Encroachment Agreement. Discussion ensued.

CAPITAL IMPROVEMENT PLAN

Mr. Ehler stated there were no additional updates on the capital improvement plan.

Following discussion, Director Jones moved to (1) approve the engineer's report; (2) award the contract to Gemini for the water hydro-pneumatic and ground storage rehabilitation project, in the amount of \$299,100.00, based on the engineer's

recommendation; (3) authorize ABHR and LJA to submit a letter to the TCEQ for the use of surplus funds from the Series 2016 Bond sale for the water plant hydro-pneumatic ground storage tank rehabilitation project; (4) approve Pay Estimate No. 1, in the amount of \$50,734.80 to NTS for the booster pump addition; and (5) approve Pay Estimate No. 9 and Final, in the amount of \$61,855.00 to Bussel & Sons, LLC, and upon recommendation by the engineer, accept the project; and (6) approve the Consent to Encroachment Agreement with Savannah United Investment, LLC. Director Cacolice seconded the motion, which carried by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner stated there was two additional checks. She stated check no. 1308 is for Pay Estimate No. 5 and Final to Bussel & Sons, LLC, in the amount of \$61,855.00 for the water plant expansion project, and check no. 1309 is for Pay Estimate No. 1 to Neil Technical Services in the amount of \$50,734.80 for the booster pump addition project.

Discussion ensued regarding the submission of invoices to the bookkeeper for payment. After discussion, the Board concurred that all invoices to be included in the bookkeeper's report and presented at the Board meetings need to be sent to the bookkeeper the Wednesday before the Board meeting date, and the only additional checks presented at the Board meetings will be due to an emergency, or other unforeseen events.

OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the operator's report for the month of November, a copy of which is attached. Ms. Campbell said that the ratio of water billed versus water produced for November was 97.0%.

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

Ms. Campbell reported on water quality monitoring tests.

Ms. Campbell updated the Board on the status of the off-site well meter repair is in process.

Ms. Campbell updated the Board on the status of the chlorine contact basin cleaning at the WWTP and stated the cleaning is complete.

Ms. Campbell update the Board on the status of the replacement of the battery charger and the automatic transfer switch for the generator at the WWTP and stated the replacement is in process.

Ms. Campbell stated that NJ Services has completed the landscaping improvements at the fire station which included trimming, clean-up and the addition of mulch. Discussion ensued regarding the Districts responsibility pertaining to the fire

station building repairs and maintenance. Ms. Campbell stated EDP conducted an inspection and identified repairs needed to the fire station, including painting, lighting, kitchen repairs and pressure washing the outside of the fire station. She stated the repairs needed at the fire station building will be addressed under the District's agreement with EDP. She stated that replacement or repair of the mattresses and other personal property will be the responsibility of the City of Pearland.

Ms. Campbell requested that the Board approve the current write off list containing nine accounts, totaling \$1,571.08 deemed uncollectable, a copy of which is attached to the operator's report and to submit same to a collections agency.

Ms. Campbell stated that GM Services completed the well production testing of the two water wells and the reports indicate that the wells are in good operating condition. A copy of the reports are attached to the operator's report.

Ms. Campbell presented and reviewed director business card format options for consideration by the Board. A copy of the business card examples are attached to the operator's report. She stated the business cards can be customized for each director. After discussion, the Board concurred to have business cards customized for Directors Medlock, Jones, and DSouza, as requested, using format option no. 2. The Board concurred to wait on ordering business cards for the other directors until after the director's election.

Following discussion, Director Cacolice moved to (1) approve the operator's report; and (2) approve the current write off list of nine accounts from October of 2016 through March 2017, totaling \$1,571.08. Director DSouza seconded the motion, which carried by unanimous vote.

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 Cacolice 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 DSouza seconded the motion, which carried by unanimous vote.

STORM WATER MANAGEMENT

There was no discussion on this matter.

FIRE STATION STAFFING MATTERS

Ms. Carner updated the Board on the status of the negotiations with the City of Pearland regarding the Fire and EMS staffing fees and stated she has not received a response. The Board concurred to request that ABHR follow-up with the City regarding the status of a City Council agenda item to discuss fire service staffing.

2018 DIRECTORS ELECTION

ADOPT RESOLUTION DESIGNATING AN AGENT OF THE SECRETARY OF THE BOARD OF DIRECTORS DURING THE 2018 BOARD OF DIRECTORS ELECTION PERIOD

Ms. Carner discussed procedures related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors during the 2018 Directors Election Period. Following review and discussion, Director DSouza moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Kim Cannon as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Medlock seconded the motion, which carried by unanimous vote.

AUTHORIZE NOTICE OF DEADLINE TO FILE APPLICATIONS FOR PLACE ON THE BALLOT

Ms. Carner reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director DSouza moved to authorize the Secretary's agent to post the notice as required. Director Medlock seconded the motion, which carried by unanimous vote.

Following discussion, the Board concurred also to post the Notice of Deadline to File Applications for a Place on the Ballot and Notice and Appointment of Agent on the District's website.

APPROVE CONTRACT FOR ELECTION SERVICES WITH BRAZORIA COUNTY

Ms. Carner stated that the District may contract with Brazoria County (the "County") to conduct the District's 2018 Directors Election. After discussion, Director DSouza moved to contract with the County to administer the District's election. Director Medlock seconded the motion, which carried by unanimous vote.

ADOPT ORDER CALLING

Ms. Carner then presented an Order Calling Directors Election for the May 2018 Directors Election. Following review and discussion, Director DSouza moved to adopt the Order Calling Directors Election. Director Medlock seconded the motion, which carried by unanimous vote.

AUTHORIZE NOTICE OF ELECTION

Ms. Carner discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Brazoria County. Following discussion, Director DSouza moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar the Notice, if required. Director Medlock seconded the motion, which carried by unanimous vote.

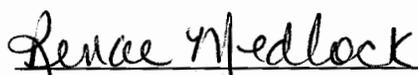
CONVENE IN EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING ANY PENDING OR CONTEMPLATED LITIGATION OR SETTLEMENT OFFERS

The Board did not convene in Executive Session.

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

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.


Secretary, Board of Directors

(SEAL)



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