

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 21

February 19, 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 19th day of February, 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
Rena Medlock	Secretary
Noel DSouza	Assistant Secretary

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

Also present at the meeting were Keisha Curtis, a resident of the District; Paul Odiachi of NPC Analytics; Justin Klump of Storm Water Solutions, LP; Aslam Ali and Rafiq Ali of Savannah United Investment, LLC; Christy and Kenny Wells of NJ Services, LLC; Lora Hughes of S.E.A.L. Security Solutions, LLC ("S.E.A.L."); Bill Ehler and Kane Mudd of LJA Engineering, Inc. ("LJA"); Lori Buckner of Myrtle Cruz, Inc. ("Myrtle Cruz"); Cathleen Falke of Environmental Development Partners, LLC ("EDP"); Thomas Lee of Assessments of the Southwest, Inc. ("ASW"); and Katie Carner and Kim Cannon of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Mr. Odiachi introduced himself to the Board and stated he is an analytic service provider for managed communities and municipal utilities. He discussed the services he provides.

CONSENT AGENDA

Director Jenkins offered Board members an opportunity to remove items from the consent agenda for individual discussion. Director Jenkins requested that check no. 6523 in the bookkeeper's report be removed from the consent agenda. Director Medlock then 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 January 15, 2018, regular Board meeting; (2) the bookkeeper's report, with the exception of check no. 6523; (3) the tax assessor's report; and (4) approve reimbursement of eligible expenses from the Association of Water Board Directors winter conference and authorize attendance at the

summer conference. 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

Director Jenkins inquired about check no. 6523 made payable to Hudson energy. Ms. Buckner stated that the check will be voided until further clarification is received regarding the account number on the invoice. She stated the account number for the invoice does not match any of the current account numbers for the District electricity accounts. Ms. Carner stated that when CenterPoint installs LED lights, they issue a new ESD number; however, there are not supposed to be any additional charges for the conversion to LED lights. Ms. Buckner stated she has requested clarification from American Enerpower regarding the invoice.

DISTRICT WEBSITE MATTERS, INCLUDING SOCIAL MEDIA POLICY

Director Medlock discussed social media and communication with residents. She requested that Board members be careful in choosing what to post on social media. Discussion ensued regarding the Texas Open Meetings Act and official District communications through the website and e-mail alerts.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered approving and authorizing filing of the District's Annual Report in accordance with Securities and Exchange Commission Rule 15c2-12. Ms. Carner explained that the District's bond resolutions require the District update certain financial information about the District on an annual basis. After discussion, Director Jones moved to approve and authorize filing of the Annual Report. Director DSouza seconded the motion, which carried by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Carner reviewed the Procedures for Continuing Disclosure Compliance, and the Board concurred that no changes are needed at this time.

MARCH 2018 COMMUNITY SHRED EVENT

The Board discussed the upcoming shred event in the District on March 3, 2018, and law enforcement provided by Brazoria County Constable's Office, Precinct 4, for the event.

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

Ms. Wells presented and reviewed a proposal for the wastewater treatment plant ("WWTP") access road maintenance, in the annual amount of \$6,460.00, a copy of which is attached. She reviewed the proposed maintenance schedule, which includes weeding, litter pickup, and overseeding and fertilizer application. After discussion, Director Jones moved to approve the proposal for the WWTP access road maintenance in the annual amount of \$6,460.00. Director Cacolice seconded the motion, which carried by unanimous vote.

SECURITY SERVICES, INCLUDING APPROVE REVISED COST SHARING
AGREEMENT 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.

Discussion ensued regarding the termination of the security services agreement with S.E.A.L. now that the Brazoria County Constable's Office, Precinct 4, patrol services have begun. Ms. Carner noted that the agreement required 30 days' notice prior to termination.

Ms. Carner distributed and reviewed the executed Services Agreement ("Agreement") between the Lakes of Savannah South Community Association (the "HOA") and the Brazoria County Constable's Office, Precinct 4, for law enforcement services.

Ms. Carner distributed and reviewed two revised 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 revised total cost of the vehicle is \$48,951.01, an increase due to the actual vehicle pricing coming in slightly higher than the estimate. 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 revised share would be \$11,704.19, leaving a balance of \$37,246.82, reflecting 76.09% as the HOA's portion, which the District has agreed to fund.

After discussion, Director Cacolice moved to (1) approve the revised Cost Sharing Agreement with the HOA for the funding of the HOA's share of the revised cost of the patrol vehicle and associated equipment, in the amount of \$37,246.82; and (2)

terminate the agreement with S.E.A.L. effective 30 days after today. 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 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.

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 presented and requested approval of Pay Estimate No. 6 in the amount of \$7,925.42 payable to WWT.

Mr. Ehler stated the samples collected are showing favorable improvements to the water quality, but EDP is continuing to work to optimize the system.

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. Mr. Ehler requested approval of Pay Estimate No. 7 in the amount of \$76,398.25 payable to JTR Constructors.

Mr. Ehler reviewed and requested approval for Change Order No. 2 to the contract with JTR Constructors to increase the contract in the amount of \$9,314.00. He stated the Change Order for the improvements to the piping to add air and vacuum release valves to the reverse osmosis system. The Board determined that Change Order No. 2 is beneficial to the District.

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 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 requested approval of Pay Estimate No. 7 and Final in the amount of \$38,617.90, payable to McDonald Municipal & Industrial and recommended the District accept the project for maintenance.

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.

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

Mr. Ehler presented the contracts for the water plant hydro-pneumatic and ground storage tanks for execution. He stated the contractor for the project is Gemini Contracting Services, Inc.

Ms. Carner 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.

APPROVE SERVICES AGREEMENT WITH J.W. CONSTRUCTION

Ms. Carner presented and reviewed a Services Agreement ("Agreement") with J.W. Construction for the coatings inspection related to the rehabilitation of the hydro-pneumatic and ground storage tanks. Discussion ensued regarding the cost of approximately \$16,000.00 for the work.

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

Mr. Ali introduced himself and requested Board approval for the water meter easement related to the proposed retail and convenience store near Highway 6 and Savannah Parkway. He stated the required information has been submitted to ABHR for processing; however, he would like Board approval, subject to final review, in the event the easement paperwork is complete prior to the March Board meeting. Discussion ensued.

Director Jenkins discussed the absence of a dedicated turn lane on Highway 6 and Savannah Parkway.

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 (2) 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.

CAPITAL IMPROVEMENT PLAN

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

Following discussion, Director DSouza moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 6 in the amount of \$7,925.42, payable to WWT; (3) approve Pay Estimate No. 7 in the amount of \$76,398.25, payable to JTR Constructors; (4) approve Change Order No. 2 in the amount of \$9,314.00, payable to JTR Constructors, based upon the Board's finding that the change order is beneficial to the District and the engineer's recommendation; (5) approve Pay Estimate No. 7 and Final in the amount of \$38,617.90, payable to McDonald Municipal & Industrial, and accept the project for maintenance as recommended by the engineer; (6) approve the Services Agreement with J.W. Construction and the proposal for the coatings inspection in an amount not to exceed \$16,000.00 and direct that the Agreement be filed appropriately and retained in the Districts official records; (7) authorize ABHR to submit a letter to the TCEQ for the use of surplus bond proceeds from the Series 2016 Bond Sale to pay for the water plant hydro-pneumatic ground storage tank rehabilitation project; and (8) accept the water meter easement from Savannah United Investment, LLC, subject to final review. Director Cacolice seconded the motion, which carried by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

There were no additional checks presented.

OPERATION OF DISTRICT FACILITIES

Ms. Falke reviewed the operator's report for the month of December, a copy of which is attached. Ms. Falke said that the ratio of water billed versus water produced for December was 98.1%.

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

Ms. Falke reported on water quality monitoring tests.

Ms. Falke updated the Board on the status of the off-site well meter repair and stated the repair is complete.

Ms. Falke stated that EDP is converting to a new software system and the monthly utility bills will have a new format.

Ms. Falke 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. Falke requested authorization to repair the generator at the fire station in the amount of \$4,160.00, due to regulator valve failure.

Ms. Falke stated the annual fluoride notice has been mailed to District residents with the February 16th utility bill. She stated a copy of the notice is included in the operator's report.

Ms. Falke stated a resident located at 13805 Hollow Canyon Lane submitted a leak request adjustment for damages to a pipe and vacuum breaker caused by freezing weather, a copy of which is attached to the operator's report. Discussion ensued. The Board determined the request did not qualify for a leak adjustment credit, pursuant to the District's written policy.

Director Jones discussed a fire hydrant that needs to be replaced due to a car accident in December. Ms. Falke stated the cost to replace a fire hydrant is approximately \$3,500.00. Ms. Falke stated she would try to obtain the name of the individual involved in the accident in order for the District to recover the cost related to the replacement of the fire hydrant.

Following discussion, Director Cacolice moved to (1) approve the operator's report; (2) authorize EDP to repair the generator at the fire station in the amount of

\$4,160.00; and (3) deny the leak adjustment request submitted by a resident at 13805 Hollow Canyon Lane. Director DSouza seconded the motion, which carried by unanimous vote.

TERMINATION OF WATER AND SEWER SERVICE

Ms. Falke 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. Falke 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.

APPROVE 4TH AMENDMENT TO AGREEMENT FOR OPERATING SERVICES

There was no discussion on this matter.

STORM WATER MANAGEMENT

Mr. Klump updated the Board on the District's Storm Water Management Plan ("SWMP"). He distributed and reviewed the Year 4 annual report for the SWMP and a summary of the Year 5 training and goals under the SWMP, copies of which are attached. The Board reviewed a proposed utility bill insert regarding stormwater runoff and prevention of stormwater pollution and the proposed Public Education, Outreach and Involvement chapter of the Stormwater Guidance Manual, copies of which are attached to the summary of the Year 5 training and goals.

Mr. Klump began his training session with the Board and other consultants. The topic of the year 5 training was stormwater pollution prevention and minimum control measures. Mr. Klump explained the importance of keeping household hazardous waste, pet waste, and yard waste out of the storm sewers, to prevent adding to bacterial impairment. He then continued with the training, thoroughly explaining the sources of bacteria and outlining the program elements of the SWMP that deal with these sources.

Following review and discussion, Director Cacolice moved to approve the Year 4 annual SWMP report, the Public Education, Outreach and Involvement chapter of the Stormwater Guidance Manual, the Year 5 goals, subject to final review, and the utility bill insert for inclusion in the next utility bills, to be posted on the District's website and included in an email distribution. Director DSouza seconded the motion, which carried by unanimous vote.

FIRE STATION STAFFING MATTERS, INCLUDING PROPOSALS FOR REPAIR OF IRRIGATION SYSTEM, STATION MAINTENANCE, FIRE/EMS PROTECTION AGREEMENT AND PROPOSAL FROM CITY OF PEARLAND ("CITY") REGARDING FIRE PROTECTION FEES AND STATION STAFFING

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 from the City. She requested discussion on this matter be deferred to Executive Session.

SECURITY AT DISTRICT FACILITIES

Discussion ensued regarding security surveillance at the District facilities, including the access road at the wastewater treatment plant, the reverse osmosis system, the remote water well site and District lift stations. After discussion, the Board concurred to authorize EDP to request proposals for security cameras for the District facilities.

AMENDED RATE ORDER

There was no discussion on this matter.

2018 DIRECTORS ELECTION

Ms. Carner noted three applications have been filed for the two director positions up for election in May. She noted the ballot drawing for the 2018 Directors election has been scheduled for tomorrow morning, February, 20, 2018.

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

The Board convened in Executive Session at 2:45 p.m. to conduct a private consultation with the attorney regarding pending or contemplated litigation or a settlement offer. Ms. Carner and Ms. Cannon also were present.

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

The Board reconvened in open session at 3:44 p.m. After discussion, Director Cacolice moved to (1) authorize ABHR to prepare and submit a letter from the District to the City Mayor and Council members formally re-stating the District's proposal for staffing the fire station and requesting a formal response; (2) authorize ABHR to coordinate a meeting with the City to discuss the fire station staffing and authorize

Directors Jenkins and Jones to attend the proposed meeting. Director DSouza second the motion, which carried by unanimous vote.

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

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax Assessor's Report.....	1
NJ Services proposal for access road maintenance	3
Report from S.E.A.L.....	3
Engineer's report.....	4
Operator's report.....	7
Year 4 annual report for the SWMP and a summary of the Year 5 training and goals	8

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

Denae Medlock
Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

Bookkeeper's report.....	1
Tax Assessor's Report.....	1
NJ Services proposal for access road maintenance	3
Report from S.E.A.L.....	3
Engineer's report.....	4
Operator's report.....	7
Year 4 annual report for the SWMP and a summary of the Year 5 training and goals	8