

BROOKSHIRE MUNICIPAL WATER DISTRICT

MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

October 7, 2019

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 7th day of October, 2019, at 6:00 p.m., in the meeting room of the District, 4004 6th Street, Brookshire, Texas, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, whereupon the roll was called of the members of the Board, to-wit:

Edith Penrice-Kelley	President
Albert Wilkins	Vice President
Stephanie Green	Investment Officer
Havanaugh Glover	Secretary
Victor Alardin	Assistant Secretary

All members of the Board were present, except for Director Penrice-Kelley and Director Glover. Also attending were Tonya Pierre ("General Manager"); Dr. Herman Clay, PhD ("Engineer"); Steve Haskins of Protocol Bookkeeping, Inc. ("Bookkeeper"); John Taylor of Municipal Operations and Consulting, Inc. ("Operator" or "MOC"); Mr. James Weishuhn of Weishuhn Engineering, Inc. ("Weishuhn"); Mr. Sanjay Kumar; Monica Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster.

1. **Public Comment.**

The Vice President first opened the meeting to public comment. There being no public comments, the Vice President directed the Board to proceed with the agenda.

2. **Approve Minutes of Prior Meetings.**

The Board then considered approval of the minutes from the regular meetings of August 19, 2019 and September 3, 2019, and the special meeting of July 22, 2019. It was the consensus of the Board to table approval of the minutes of the regular meeting of August 19, 2019 and the special meeting of July 22, 2019 until the October 21, 2019 Board meeting.

Upon a **motion** by Director Green, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular meeting of September 3, 2019, as presented.

3. **Status of \$2,275,000 Water and Sewer Revenue Bonds, Series 2019 (the "Bonds").**

Ms. Garza reported that the Bonds closed on September 27, 2019 and that the funds from such bonds have been deposited into the escrow accounts at Amegy Bank. Mr. Haskins stated that he will soon be receiving bank statements from such bank, for the such

accounts in which. Mr. Haskins then stated that, going forward, he will provide the Board with statements for such account.

4. Bookkeeper's Report.

Mr. Haskins then presented the Bookkeeper's Report and Investment Report, copies of which are available upon request.

Mr. Haskins reported that once he receives the Bond schedule from Mr. John Howell, of The GMS Group, LLC, the District's financial advisor, he will update the District's Debt Service Schedule.

Mr. Haskins then requested authorization from the Board to move \$200,000.00 from the District's Wells Fargo Water Impact Fees account to the District's Texas Class accounts. Mr. Haskins next requested authorization to move \$173,000.00 from the District's Wells Fargo Capital Recovery Fund – Sewer Account to the District's Texas Class accounts.

Regarding the Texas Water Development Board's (the "TWDB") loan through the TWDB's Drinking Water State Revolving Fund ("DWSRF"), Mr. Haskins then reminded the Board that typically, the District is required to pay back to the TWDB any excess funds from DWSRF loans. Mr. Haskins stated that Mr. Weishuhn will provide an update further in the meeting regarding the excess funds available.

Discussion then ensued regarding the District's budget for fiscal year ending ("FYE") August 31, 2019.

Upon a **motion** by Director Green, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved: 1) the Bookkeeper's Report; and 2) the transfer of monies into the Texas Class accounts.

5. Annual review of Investment Policy and Investment Strategies.

Ms. Garza explained that pursuant to Texas Government Code Section 2256.005(e), as amended, the District is required to review its Investment Policy and investment strategies not less than annually. Ms. Garza clarified that such review did not mean that such policy was required to be amended by the Board, and that no action is needed by the Board at this time.

6. Adopt Order Amending list of Authorized Brokers.

Ms. Garza next discussed the District's list of authorized brokers and stated that Mr. Haskins confirmed there have been no changes to such list since it was last approved by the Board.

7. Conduct Public Hearing on Tax Rate.

The public hearing was declared open to discuss the District's proposed tax rate for 2019. There were no public comments made. The public hearing was then closed.

8. Adopt Order Setting Rate and Levying Tax for 2019.

Mrs. Pierre reminded the Board that the 2018 tax rate was \$.021 per \$100 of assessed valuation and that, per the Financial Advisor's recommendation, the proposed 2019 tax rate was published at \$0.018 per \$100 of assessed valuation. Discussion then ensued regarding the proposed 2019 tax rate.

Ms. Garza next presented an Order Setting Rate and Levying Tax for 2019 (the "Order") to the Board for adoption, a copy of which is available upon request. Ms. Garza stated that the Order provides for the levy of a 2019 tax rate totaling \$0.018 per \$100 of assessed valuation for debt service only.

Upon a **motion** by Director Green, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board adopted the Order Setting Rate and Levying Tax for 2019.

9. - 11. Adopt Order Appointing Tax Assessor/Collector; Approve Amended and Restated District Information Form ("District Information Form"); and Adopt Resolution Concerning Tax Collection Procedures.

Ms. Garza then presented an Order Appointing Tax Assessor/Collector, an Amended and Restated District Information Form, and a Resolution Concerning Tax Collection Procedures to the Board for adoption, copies of which are available upon request. Ms. Garza explained that the District Information Form must be amended to reflect the current tax rate and any outstanding debt. Ms. Garza further explained that the Amended District Information Form is required to be filed in the Waller County Real Property Records and with the Texas Commission on Environmental Quality (the "TCEQ").

Ms. Garza next discussed the Resolution Concerning Tax Collection Procedures, which rejects certain tax collection procedures that permit the District to refrain from sending a tax bill to property owners for less than \$15.00, allows for a split payment option, and allows discounts for early payment.

Upon a **motion** by Director Green, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board: 1) approved the Order Appointing Tax Assessor/Collector; 2) approved the Amended and Restated District Information Form and authorized the Attorney to file the form in the Waller County Property Records and with the TCEQ; and 3) approved the Resolution Concerning Tax Collection Procedures.

12. Texas Water Development Board Projects ("TWDB").

Mr. Weishuhn updated the Board on the two (2) TWDB project contracts, or "CIDs," for Wastewater Line and Lift Station Improvements (TWDB Project No. 73797) along Texas FM 1489 (collectively, the "Projects"). Mr. Weishuhn reminded the Board that both CID01 and CID02 have been completed. Mr. Weishuhn then reported that the TWDB has concurred that such Projects have been completed pursuant to terms of the

DWSRF loan. Mr. Weishuhn stated that a Certificate of Order of Completion has been received from the TWDB. Mr. Weishuhn further reported that there were surplus funds from such projects and that the TWDB has informed Weishuhn that the District can spend such funds locally rather than return such funds to the TWDB. Mr. Weishuhn suggested that the Board consider using such funds to construct a new building at the Wastewater Treatment Plant (the "WWTP").

Regarding TWDB Project No. 62829, Mr. Weishuhn reported that Weishuhn has commenced with design of the project and requests the Board's authorization to seek certain easements from seven (7) property owners for the purpose of installing a new water line to replace the existing water line. Upon a **motion** by Director Alardin, seconded by Director Wilkins, after full discussion and with two (2) Directors present voting aye, and Director Green abstaining, the Directors voted to authorize Weishuhn to contact property owners regarding potential easements. The motion failed due to a lack of a majority. Director Alardin asked that the item remain on the agenda to be further discussed at the next Board meeting.

13. Engineer's Report.

The Engineer's Report was then presented by Dr. Clay.

Dr. Clay reminded the board that the groundwater storage tank ("GST") project is paid for of the Community Development Block Grant ("CDBG") received through the City of Brookshire (the "City") from the Texas Department of Agriculture. Dr. Clay further reported that such GST will be back in service on October 8, 2019.

Regarding the Brookwood Community Project, Dr. Clay then reported that RBAP is preparing certain easements that are necessary for construction of the sanitary sewer force main along 11th Street (the "11th Street Force Main") required for such project. Dr. Clay reminded the Board that certain property owners are granting such easements subject to certain terms. Ms. Garza then presented the easement to the Board, which will be sent to the property owner for signature upon finalization by RBAP

Regarding the request for annexation by LTL Group ("LTL") for the Texas Greentech Business Park ("Texas Greentech"), Dr. Clay explained that development consists of two (2) projects: 1) rehabilitation of the existing building, and 2) construction of a new building that will be used for manufacturing light bulbs. Dr. Clay then reminded the Board that he had previously presented to the Board a Capacity Report confirming the feasibility of service to Texas Greentech and that such report had been approved by the Board. In response to a question regarding the amount of water usage, Dr. Clay stated that if Texas Greentech ultimately uses more water than was originally requested, they may be required to pay additional impact fees.

Mr. Sanjay Kumar then introduced himself to the Board and presented information related to a proposed 12,000 square-foot warehouse that he intends to construct. Dr. Clay reported that the District has adequate water capacity to serve the proposed development and that the 11th Street Force Main will also serve such development. Dr. Clay added that Mr. Kumar is also one of the property owners granting an easement for such force main.

Upon a **motion** by Director Alardin, seconded by Director Green, after full discussion and with all Directors present voting aye, the Board authorized RBAP to draft the requisite documents for the proposed annexation of property owned by LTL for the Texas Greentech project and send such documents to LTL.

Upon a **motion** by Director Green, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report, including approval of the 11th Street Sanitary Sewer Easements pending finalization of such easements.

Next, Mrs. Pierre requested authorization to submit a letter to Mr. Anil Sharma, the developer of Alexander Plaza, requiring one (1) meter be installed per unit. Mrs. Pierre reported that development of the property had already started, subject to Dr. Clay's comments. Dr. Clay explained that the District's Rate Order does not require one (1) meter per unit. Director Green suggested that the Board further review the Rate Order and consider amending the Rate Order at the November 4, 2019 Board meeting. The Board declined to take any action on Mrs. Pierre's request.

14. **Operator's Report.** The Operator's Report was then presented by Mr. Taylor, a copy of which is available upon request.

Mr. Taylor reported that there were no issues at the WWTP nor at the Water Treatment Plant (the "WTP") this past month

Mr. Taylor next reported that he received an email last month from the TCEQ requesting various historical information about the District's facilities. Mr. Taylor stated that he is currently addressing such request with Dr. Clay and Mr. Barner, and that it is possible the TCEQ may waive the request for such information. In response to a question, Mr. Taylor then reported that there has been no update from the TCEQ regarding the District's participation in the Sanitary Sewer Overflow Initiative Program.

Mr. Taylor then confirmed that the WTP will be back in service on October 8, 2019. In response to a question from Director Alardin regarding the age of the pipes at the WTP, Mr. Taylor stated that he will confer with Dr. Clay about the length of the warranty on such pipes.

Mr. Taylor then reported that Mrs. Pierre notified him of a break in the waterline along 7th Street and further requested a quote from MOC for such point repair. Mrs. Pierre stated that since the waterline break, customers have reported having issues with their water service. Mrs. Pierre further stated that she has not yet obtained any quotes for the repair. Discussion ensued regarding the 7th Street waterline break and repairs to same. Mr. Taylor requested authorization from the Board to repair the damage to the waterline at a cost not to exceed \$7,427.78.

Upon a **motion** by Director Alardin, seconded by Director Green, after full discussion and with all Directors present voting aye, the Board: 1) approved the Operator's Report; and 2) authorized the point repair to the waterline along 7th Street at a cost not to exceed \$7,427.78.

15. **Adjournment.** There being no further business to come before the Board, upon a motion by Director Green, seconded by Director Alardin, the meeting was adjourned at 7:14 p.m.

ATTEST:



Secretary, Board of Directors



Vice President, Board of Directors