

BROOKSHIRE MUNICIPAL WATER DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

February 22, 2021

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 22nd day of February, 2021, at 6:00 p.m., in the meeting room of the District, 4004 6th Street, Brookshire, Texas and via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas (the "Governor") in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic ("COVID-19") poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas; whereupon the roll was called of the members of the Board, to-wit:

Stephanie Green	President/Investment Officer
LaKethia Connor	Vice President
Shirley Williams	Secretary
Havanaugh Glover	Assistant Secretary
Michael Whitaker, Jr.	Director

All members of the Board were present, with Directors Green, Connor, and Glover attending via telephone conference call, thus constituting a quorum. Also attending were Tonya Pierre ("General Manager"); Linda Guevara, employee of the District; Jennifer K. Wienecke, CPA, of Knox Cox & Co., L.L.P. ("Auditor"); Elliot Barner, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster. Also attending via telephone conference call was Steve Haskins of Protocol Bookkeeping, Inc. ("Bookkeeper").

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 6:04 p.m. and declared it open for such business as may regularly come before it.

1. Public Comment.

The President then opened the meeting to public comment.

City of Brookshire Councilwoman Kim Branch explained that for two (2) years she has tried to obtain information regarding the District's backflow prevention requirements related to residential irrigation water lines and swimming pools. Councilwoman Branch then requested that the Board invite a representative from the Texas Commission on Environmental Quality (the "TCEQ") to attend a Board meeting to clarify the TCEQ's requirements for backflow prevention related to residential irrigation water lines and swimming pools.

There being no further public comments, the President directed the Board to proceed with the agenda.

2. Approve Minutes of Prior Meetings.

The Board then considered approval of the minutes of the regular meeting of January 19, 2021.

Upon a **motion** by Director Williams, seconded by Director Connor, after full discussion and the question being put to the Board, the Board voted to approve minutes of the regular meeting of January 19, 2021.

3. Audit Report for Fiscal Year Ended ("FYE") August 31, 2020 (the "FYE 2020 Audit").

Ms. Wienicke introduced herself and presented the FYE 2020 Audit and the Auditor's management letter. Ms. Wienicke then present such audit and first note her concern that the District currently has less than half (1/2) a month's operating reserve in general operating funds. Ms. Wienicke then responded to various questions from the Board regarding such reserve. Extensive discussion ensued regarding the reasons for the decrease in such reserve from the previous fiscal year. Ms. Wienicke noted that the District expended \$500,000 more for operations and maintenance expenses on the District's water distribution and wastewater collection systems (the "Systems") than was allocated for such items in the FYE 2020 budget. Director Glover reminded the Board that he previously been opposed in using the District's operating reserve funds to pay for the costs of major repairs to the Systems. Director Glover went on to state that he has advocated for the District to apply for grants and other low-interest loans through the Texas Water Development Board (the "TWDB"). Further extensive discussion next ensued regarding options for continuing to pay for costs of major repairs to the Systems and increasing the amount of the District's general operating reserve funds, including: 1) increasing the District's water and sewer rates; 2) applying for grant funding; and 3) borrowing funds from banks. In response to a question, Ms. Wienicke recommended the District work to establish at least a six (6) month reserve.

The Board took a brief recess due to an interruption in the telephone connection for the telephone conference that was caused by a power outage at the District's office.

Mr. Barner then stated that he could explain several funding options but recommended that the Board postpone further discussion of such options until a later time in order to allow Ms. Wienicke to continue with her presentation of the FYE 2020 Audit.

Ms. Wienicke next noted that the District's water accountability ratio during FYE 2020 was 49.3%, which is significantly lower than the ratio historically recorded by the District. Ms. Wienicke further explained that after discussing the matter further with Mrs. Pierre, the decrease in such ratio is attributable to a water leak on a District water line that no one knew existed and that was under a roadway. Ms. Wienicke noted that such leak has since been repaired by the District's Operator; therefore, Ms. Wienicke stated that she will make a note in the FYE 2020 Audit for the reason of such a low water accountability ration.

Next, Ms. Wienicke then noted that the District has more deposit funds held in its account than they should have based on the number of active customer accounts. Ms. Wienicke stated

that the District needs to either contact former customers that are owed money for deposits or escheat such excess deposits to the State for holding as unclaimed property.

Upon a **motion** by Director Glover, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board approved the FYE 2020 Audit.

4. Authorize Submittal of Continuing Disclosure Report.

Mr. Barner next explained that the District has an ongoing obligation to update, on an annual basis, certain financial information, as required by the District's Bond Orders, which information will serve to keep bondholders and other interested parties apprised of the financial status of the District. Mr. Barner then requested the Board's authorization to prepare and file such materials with the appropriate agencies, including the TCEQ, the TWDB and the Electronic Municipal Markets Access website ("EMMA").

Upon a **motion** by Director Connor, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board: 1) approved the continuing disclosure report; 2) authorized the filing of the same with the securities repositories; and 3) authorized the Attorney to prepare and file the required continuing disclosure materials with the appropriate regulatory agencies, including the TCEQ, the TWDB and EMMA.

5. Authorize Submittal of Audit Report for FYE 2020 to the Texas State Comptroller of Public Accounts (the "State Comptroller").

Mr. Barner discussed submitting the FYE 2020 Audit to the State Comptroller.

Upon a **motion** by Director Williams, seconded by Director Connor, after full discussion and with all Directors present voting aye, the Board authorized the Attorney to file the FYE 2020 Audit Report with the State Comptroller.

6. Authorize Filing of Financial and Tax-Related Information with the State Comptroller.

Mr. Barner reported that Texas Local Government Code, Sections 203.062 and 403.0241, requires the annual filing of certain financial and tax-related information by all special purpose districts in the State Comptroller's Special Purpose District Public Information Database. Mr. Barner noted that such information must be filed with the State Comptroller annually by May 1st or a fine will be incurred.

Upon a **motion** by Director Glover, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board authorized the Attorney to file the required financial and tax-related information with the State Comptroller by May 1, 2021.

7. Adopt Order Determining Ad Valorem Tax Exemptions.

Mr. Barner presented an Order Determining Ad Valorem Tax Exemptions and reminded the Board that the District has historically granted a residential homestead exemption to any

individual who is disabled or is 65 years of age or older in the amount of \$10,000 as provided in §11.13(d), Texas Property Tax Code.

The Board then considered approval of tax exemptions for the 2021 tax year. Upon a **motion** by Director Williams, seconded by Director Glover, after full discussion and with all Directors present voting aye, the Board adopted the Order Determining Ad Valorem Tax Exemptions, a copy of which is available upon request.

8. Adopt Resolution Implementing Penalty for Delinquent 2020 Taxes.

Mr. Barner next presented to the Board a Resolution Implementing Penalty on 2020 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes. Upon a **motion** by Director Williams, seconded by Director Glover, after full discussion and with all Directors present voting aye, the Board approved the Resolution Implementing Penalty on 2020 Delinquent Taxes and Contracting with Attorneys to Collect Delinquent Taxes, a copy of which is available upon request.

9. Adopt Resolution Authorizing Petition Challenging Appraisal Records.

Mr. Barner then presented to the Board a Resolution Authorizing Petition Challenging Appraisal Records, for Claudia Harrison of Waller County, Texas, to represent the District in filing any necessary protests with the Waller County Appraisal District. Upon a **motion** by Director Whitaker, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging Appraisal Records, as presented, a copy of which is available upon request.

10. Discuss Advertising for Bids to Hire a Grant Writer for District.

Next, discussion ensued regarding requesting funds from the TWDB for future rehabilitation of the District's entire wastewater collection system and hiring a grant writer to prepare such request. Extensive discussion the ensued regarding options for funding such rehabilitation projects.

Upon a **motion** by Director Williams, seconded by Director Connor, after full discussion and with all Directors present voting aye, the Board authorized the Attorney to prepare a Request for Quotation for the solicitation of bids from potential grant writers.

11. Discuss 5-10 Year Capital Improvement Plan.

Director Green explained that the District needs to improve its Capital Improvement Plan ("CIP") to include all anticipated projects. Director Green then discussed the District's improvement projects that have been completed and those that are currently in progress. Mr. Barner next explained that it is necessary to have an up-to-date and comprehensive CIP so that the District's property owners and customers have a complete understanding of the District's funding needs when planning to request voter authorization to issue bonds and/or when requesting operations and maintenance tax authority.

12. General Manager's Report.

Mrs. Pierre next presented the General Manager's Report, a copy of which is available upon request, including a list of active development projects within the District. Mrs. Pierre explained that some such projects are complete or will be complete upon inspection.

Mrs. Pierre then stated that the District's Residential List is current.

Mrs. Pierre next discussed the previous month's billing and reported on the number of water bills sent to customers and the number of accounts terminated for nonpayment. Mrs. Pierre stated that the fees and penalties accrued on delinquent accounts are no longer being waived by the District. Mrs. Pierre noted that the only fee currently being waived by the District is the \$3.00 convenience fees assessed when customers make payments online or via telephone.

Next, Mrs. Pierre updated the Board regarding the status of outstanding service orders.

Mrs. Pierre reported that three (3) notices were sent to customers informing them of the District's backflow prevention policies and requesting that they provide proof of compliance with such policies.

Mrs. Pierre then explained that a customer submitted a request for an adjustment to her water bill, but noted that such customer was billed for the District's minimum tier of water usage. Mrs. Pierre further explained that such customer has two (2) trash cans, and the additional charge for the second (2nd) trash can causes her bill to be slightly higher than the minimum billed amount.

Mrs. Pierre then updated the Board regarding the status of the letter sent to five (5) customers who were suspected of illegally tapping into the District's water lines.

Upon a **motion** by Director Whitaker, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board approved the General Manager's Report.

13. Review Administration/Personnel Matters.

A discussion then ensued regarding last year's employee evaluations and the process of conducting such evaluations annually.

Discussion next ensued regarding whether to proceed with the process of hiring additional Field Staff due to the District's current budget issues. It was the consensus of the Board to proceed with such hiring.

14. Update on Funding of Projects Necessary for the Sanitary Sewer Overflow Initiative Program (the "SSO Program").

Mr. Barner then reminded the Board that as part of the TCEQ's approval of the District's proposed plan for participation in the TCEQ's SSO Program, the TCEQ requires that certain sanitary sewer collection system repairs must be addressed by certain deadlines.

Mr. Barner further reminded the Board that such requirements include that the District must conduct smoke testing on 138,500 linear feet of sanitary sewer lines, as well as perform inspections and/or repairs of various manholes, by September 1, 2021. Mr. Barner requested clarification from the Board regarding availability of funding for the smoke testing and the parties responsible for advertising such project for the District. The Board stated that the District's Engineer is preparing to advertise such project and that the Operator has provided certain information related to unit prices for such testing. The Board stated that the funding of such project has yet to be determined.

15. Approve Training, Conferences, or Committee Meetings.

Director Green requested that any Directors planning to attend an upcoming conference notify Mrs. Pierre of the same. Mrs. Pierre discussed the American Water Works Associations' ACE21 Conference scheduled to be held virtually and in person in San Diego, California on June 13-16, 2021, the Texas Alliance of Groundwater Districts' 2021 Texas Groundwater Summit scheduled to be held in San Antonio from August 31-September 2, 2021, and the Texas Water Conservation Association's 2021 Virtual Annual Convention scheduled for March 3-5, 2021. Upon a **motion** by Director Whitaker, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board authorized Director attendance at such conferences.

16. Directors' Reports.

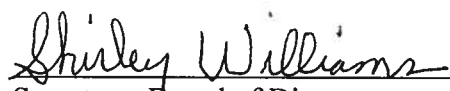
Director Green next reported that following Winter Storm Uri (the "Storm"), the District's Operator performed additional testing of the District's water supply even though the District was not required to issue a boil water notice. Director Green further reported that such testing was satisfactory.

The Board then thanked the District's staff and consultants for their hard work during the Storm to keep the District operational.

17. Adjournment.

There being no further business to come before the Board, the Board meeting was adjourned at 7:47 p.m.

PASSED, APPROVED and ADOPTED this the 5 day of APRIL, 2021.


Secretary, Board of Directors

(DISTRICT SEAL)

