

BROOKSHIRE MUNICIPAL WATER DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

March 29, 2021

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in special session on the 29th day of March, 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, except for Director Glover, thus constituting a quorum. Also attending were Tonya Pierre ("General Manager"); Monica A. Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); and all persons on the attached Attendance Roster. Also attending via telephone conference call were Dr. Herman Clay, PhD ("Engineer"); James Weishuhn of Weishuhn Engineering, Inc. ("Weishuhn"); John Howell, Jr. of The GMS Group, L.L.C. ("Financial Advisor"); John Taylor of Municipal Operations and Consulting, Inc. ("Operator" or "MOC"); Steve Haskins of Protocol Bookkeeping, Inc. ("Bookkeeper"); Andy Grieve of G-Tech Innovation Centre ("G-Tech"); and Karen Guzman, resident of the District.

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

2. Discuss Street Repairs.

Director Green then reported that the City of Brookshire (the "City") has an item on its April 1, 2021 council meeting agenda to discuss complaints from residents regarding the length of time taken to repair streets following work performed by the District that requires excavation of such streets. Mr. Taylor explained that steel plates are laid over portions of the street that are under repair, and added that following such repairs, plates must remain in place for a period of 24-hours

per foot of depth excavated during such repairs. Mr. Taylor then stated that while repairs to the street may be completed, the supplier of such plates may not retrieve them immediately which may give the impression to residents that the street is still under repair.

Discussion next ensued regarding steel plates currently laid across a sinkhole on Highway 90. Mr. Taylor reported that following a previous break in the District's main line, such portion of Highway 90 was repaired; however, such street repair efforts failed and a sinkhole re-developed at such site. Mr. Taylor further reported that he is reviewing the invoices related to the original street repair in order to verify whether such repair was performed by the District or the Texas Department of Transportation. Mr. Taylor explained that MOC is in the process of repairing such sinkhole and is coordinating with Mr. Earnest Kelley of the City's Public Works Department regarding same. Mr. Taylor stated that MOC is willing to coordinate with Dr. Clay regarding guidelines to follow when making street repairs in order to reduce the likelihood of failure of such repairs. Director Green requested that MOC coordinate with Mr. Kelley on all future street repairs.

3. Discuss and Approve Interlocal Agreement with the City for Water/Wastewater Grant.

Director Green then explained that the City will be applying for a grant through the Texas Community Development Block Grant ("CDBG") Program in an amount of \$350,000 for the purpose of improving water and wastewater facilities. Director Green went on to explain that in the event the City is awarded such funds, the City has offered to provide \$295,000 of such funds to the District, contingent upon the District's agreement to provide matching funds in an amount of \$35,000. Ms. Garza reported that RBAP is reviewing the proposed Interlocal Agreement provided by the City regarding such funds. Director Green reported that the City already hired an engineering firm, Schaumberg & Polk, Inc. ("SPI"), for the design and construction of any water or wastewater improvement projects to be funded by the CDBG grant. Director Green further reported that the City has agreed to reimburse the District for any costs incurred by the District for work performed by Dr. Clay in relation to projects funded by the CDBG grant. Dr. Clay then recommended that the District utilize the CDBG funds to replace the generator at the Cooper Road Water Plant, which will cost approximately \$250,000. Mrs. Pierre reported that SPI has already conducted an inspection of such water plant. Director Connor then explained that the CDBG funds will not be awarded until 2022, at which time the District's \$35,000 in match funds will be due should the City be awarded such grant. Upon a **motion** by Director Whitaker, seconded by Director Williams, after full discussion and with all Directors present voting aye, the Board approved the Interlocal Agreement with the City, subject to review by the Attorney.

4. Update on Capital Improvement Plan / Impact Fees.

Director Green next discussed the assessment of Impact Fees and explained that when property owners establish new development within the District, credits can be issued toward the Impact Fees based on the prior land use of property on which the new development is occurring. Discussion then ensued regarding setting limitations on the amount of credit issued for prior land use and the number of years for which such credit can be applied. Dr. Clay recommended that a credit should not be issued for new development on a property if such property has not received water or wastewater service from the District within the past ten (10) years, or if such property had

service but did not use any amount of water within the past ten (10) years. Dr. Clay stated that the past ten (10) years of such records should be maintained at the District's office. Extensive discussion ensued regarding credits offered for prior land use and a time limitation on same. It was the consensus of the Board to further discuss and take any necessary action at the next Board meeting.

5. **Update on Matters Related to Compliance with the Sanitary Sewer Overflow ("SSO") Initiative Program, Including Discuss Funding Options for SSO Projects.**

Director Green next reviewed the financing options available to the District that were previously discussed at several of the Board's recent meetings regarding funding of repairs to various District facilities in order to comply with the SSO Program, including applying for loans through Allegiance Bank, Government Capital Corporation ("Gov. Cap."), and Communities Unlimited. Mrs. Pierre then reviewed a proposal provided by Gov. Cap. for a \$510,000 loan. In response to a question by Mr. Howell regarding the designated use for such funds, Ms. Garza explained that the Gov. Cap. loan will be used to fund smoke testing on 138,500 linear feet of sanitary sewer lines, as well as perform inspections and/or repairs of various manholes, as required by the Texas Commission on Environmental Quality (the "TCEQ") as part of the District's participating in the SSO Program. Mr. Howell recommended that if the District intends to apply for the full \$510,000 loan, it should enter into a 15-year loan agreement; however, if the District intends to apply for a smaller loan in an amount sufficient to fund only the SSO project, it should enter into a shorter term loan agreement.

A brief discussion then ensued regarding the District holding a bond authorization election in the future. Mr. Howell stated that the District could also consider issuing revenue bonds through the Texas Water Development Board ("TWDB") and explained that such bonds will be paid from the District's water and sewer revenues. Mr. Howell requested that Dr. Clay identify necessary projects within the District and prepare cost estimates for such projects in order to provide the Board with an idea of the amount of bond authority it may need to request from voters in an election. Mr. Howell next stated that Gov. Cap. will likely require the District to enter into a rate covenant, in which the District promises to charge water and wastewater rates in an amount sufficient to support its debt service. Director Green stated her opposition to raising the District's water and sewer rates and holding an election for bond authority within the same year. Upon a **motion** by Director Whitaker, seconded by Director Connor, after full discussion and with all Directors present voting aye, the Board: 1) authorized submittal of an application to Gov. Cap. for a loan, in an amount not to exceed \$510,000, with a 15-year term; and 2) authorized the Attorney to review Gov. Cap's proposed Resolution Authorizing a Loan and Promissory Note with Gov. Cap.

Dr. Clay next reported that he advertised the SSO smoke testing project and noted that bids are due by April 2, 2021. Dr. Clay explained that he does not anticipate receiving any bids due to the large scope of such project, but added that the District cannot divide such project into smaller portions to avoid advertising requirements.

6. Discuss Financial Options for District.

Director Green then reminded the Board of the alternative financing options available to the District for the funding of the additional SSO Program projects that are required by the TCEQ to be completed in 2022 and beyond, which were previously presented by Weishuhn, including loans through the TWDB Development Fund or the TWDB Clean Water State Revolving Fund. Mr. Weishuhn explained that it would take approximately 18 months to secure funding from the TWDB, and added that the District will be required to advertise any such project funded through the TWDB.

In response to a question from Director Green regarding applying for a loan through Gov. Cap. specifically to fund the SSO smoke testing project, Mr. Haskins suggested that the Board may not need to pursue such loan. Mr. Haskins reminded the Board that the District currently has \$110,000 budgeted for the SSO smoke testing project, and added that the District may be able to reallocate certain funds in the budget to cover the remaining cost of the SSO smoke testing project. Mr. Howell recommended that the District proceed with securing a loan through Gov. Cap. and added that he will coordinate with Mr. Haskins to determine whether surplus funds from certain under-budget items in the District's budget can be reallocated to the SSO smoke testing project.

Director Connor then requested that Directors Green and Whitaker and Mrs. Pierre attend the City's April 1, 2021 council meeting in order to address complaints regarding street repairs and explain the process of such repairs.

Mrs. Pierre next reminded the Board that Ms. Quanesha Survillion attended the March 1, 2021 Board meeting to discuss her concerns regarding the process of obtaining service from the District at the property on which her new business is located. Mrs. Pierre reported that Ms. Survillion completed the necessary application for service, which has been provided to the City for review, and that Dr. Clay determined that no fees are due from Ms. Survillion in connection with such application.

Mrs. Pierre then updated the Board regarding the status of hiring District employees and stated that she is waiting to receive the forms necessary to conduct background checks on applicants. Mrs. Pierre next reported that she received one (1) application for the District's available field technician position.

7. Adjournment.

There being no further business to come before the Board, the Board meeting was adjourned at 7:32 p.m.

PASSED, APPROVED and ADOPTED this the 3 day of MAY, 2021.

Shirley Williams
Secretary, Board of Directors

(DISTRICT SEAL)

