

BROOKSHIRE MUNICIPAL WATER DISTRICT

MINUTES OF BOARD OF DIRECTORS SPECIAL MEETING

March 8, 2021

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in special session on the 8th 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, with Director Glover attending via telephone conference call, thus constituting a quorum. Also attending were Tonya Pierre ("General Manager"); John Taylor of Municipal Operations and Consulting, Inc. ("Operator" or "MOC"); 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 were Dr. Herman Clay, PhD ("Engineer"); and John Howell, Jr. of The GMS Group, L.L.C. ("Financial Advisor").

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

Director Green discussed several options available to the District for the funding of repairs to various District facilities, including applying for loans and/or grants, holding a bond election or an operations and maintenance tax election, issuing bonds, and increasing the rates charged for water and sewer services.

In response to a question from Mr. Howell regarding the District's immediate funding needs, Director Green stated that the smoke testing of the District's sanitary sewer lines is the item with the most urgent need for funding. In response to a question, Mr. Barner then reminded the Board that as part of the Texas Commission on Environmental Quality's (the "TCEQ") approval of the District's proposed plan for participation in the TCEQ's SSO Program, the District must conduct smoke testing on its sanitary sewer lines, as well as perform inspections and/or repairs of various manholes, by September 1, 2021.

Mr. Howell then explained that the most efficient method for financing the District's debt is through the sale of unlimited tax bonds and added that, given the current market conditions, the District would likely be able to borrow at a rate of less than three percent (3%) per year. Mr. Barner then clarified that the issuance of such bonds requires the District to have tax bond authority and that currently the District has no such authority. Mr. Barner reminded the Board that in order to have such authority, a bond election would be required.

Mr. Howell next discussed a loan option previously presented to the Board from Communities Unlimited in the amount of \$500,000. Mr. Howell stated he had reviewed the terms of such loan and it appeared that it would require the District to make payments on such loan in the amount of \$4,000 per month for 15 years. Mr. Howell then explained that the interest rate for such loan is not competitive with other means of financing such as issuing revenue bonds through the Texas Water Development Board (the "TWDB").

Ms. Howell then discussed the option of the District obtaining a three (3) year loan from a private banking institution, and then later refinancing such loan through longer-term debt financings such as unlimited tax bonds. Mr. Howell stated that it is in the best interest of the District to obtain bond authority from the voters of the District in a special election in order to finance long-term debt.

In response to a question, Mr. Howell then explained the differences in financing debt through short-term loans versus the sale of bonds. Mr. Barner next explained the process and purpose of issuing unlimited tax bonds. Mr. Barner went on to explain that prior to issuing such bonds, the District will need to obtain authority from the voters to issue bonds in an amount sufficient to fund the District's current financing needs and the needs that the District anticipates financing over the next 20 or more years. Discussion then ensued regarding the feasibility of holding an election for bond authority on the next uniform election date in November 2021.

Mr. Barner next discussed the option of obtaining a loan through Government Capital Corporation ("Gov. Cap."), which is an entity that he has worked with before that offers low interest rates and specializes in public finance, including the financing of water district infrastructure. Mr. Howell explained that the interest rates currently offered by Gov. Cap. are lower than those being offered by Communities Unlimited.

Mr. Howell next explained the method by which he reviews the taxable value of property within the District and determines the amount to recommend that the District assess in ad valorem taxes in order to adequately increase its reserve fund and pay down its debt. Mr. Howell then requested that the Engineer and Operator coordinate to prepare a list of immediate and long-term capital improvement projects related to the District's infrastructure and provide the estimated cost

to complete such projects. Mr. Howell explained that he will analyze such list to determine the amount of bonds that the District will need to issue in order to finance such projects and the taxes that the District will need to levy to satisfy the debt service requirement for such bonds. Mr. Howell further requested that the District's Bookkeeper confirm the amount of unrestricted funds available in the District's reserve fund. Mr. Howell went on to request that the Bookkeeper provide information related to the status of his correspondence with Allegiance Bank relating to loans available to the District.

In response to a question from Director Glover regarding the funding options available to the District, Dr. Clay stated that he will not be involved in any efforts by the District to obtain a loan from the TWDB; however, he is agreeable to assisting the District in preparing an application to the TCEQ for the issuance of bonds.

Director Green requested that Dr. Clay provide the District with an estimate of the costs associated with completion of the various SSO Projects required by the TCEQ. Director Green stated that she will coordinate with Dr. Clay to incorporate such costs into a long-term Capital Improvements Plan for the District.

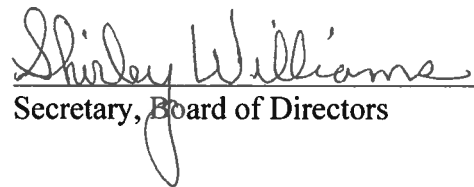
In response to a request from the Board, Director Glover stated that he will reach out to Weishuhn Engineering, Inc. regarding the previous options for short-term loans available to the District for funding of the smoke testing of the District's sanitary sewer lines to find out if they were aware of any additional options.

Discussion next ensued regarding a reasonable timeline for preparation and execution of a plan of financing the District's debt.

3. 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 19 day of APRIL, 2021.


Secretary, Board of Directors

(DISTRICT SEAL)

