

BROOKSHIRE MUNICIPAL WATER DISTRICT

MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

January 6, 2020

The Board of Directors (the "Board" or "Directors") of Brookshire Municipal Water District (the "District") met in regular session on the 6th day of January, 2020, 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. Also attending were: 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"); Monica A. Garza, attorney, of Radcliffe Bobbitt Adams Polley PLLC ("Attorney" or "RBAP"); Linda Guevara, employee of the District; and all persons on the attached Attendance Roster.

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 6:02 p.m. and declared it open for such business as may regularly come before it.

1. Public Comment.

The President first opened the meeting to public comment. Mr. Elton Foster, the pastor of Curry Chapel Baptist Church (the "Church"), introduced himself and requested that he be allowed to reserve his comments regarding the status of the District's performance of evaluations to determine what, if any backflow prevention assembly devices ("BFPA") are needed by customers (the "Evaluations") until such item is discussed according to the order of agenda items.

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 from the regular meetings of November 18, 2019 and December 2, 2019. Upon a **motion** by Director Wilkins, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular meeting of November 18, 2019.

Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the minutes from the regular meeting of December 2, 2019.

3. Bookkeeper's Report.

Mr. Haskins then presented the Bookkeeper's Report, a copy of which is available upon request. Mr. Haskins reviewed the District's budget for the fiscal year ending on September 1, 2020. In response to a question, Mr. Haskins explained that the District's expenses for maintenance and repairs was over budget for such year

Next, Mr. Haskins reviewed the Quarterly Investment Report.

Upon a **motion** by Director Wilkins, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report.

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

Mr. Weishuhn next updated the Board on the water line replacement project that will replace asbestos clay water lines along Texas Farm-to-Market ("FM") 1489 and in a residential area north of U.S. Highway 90 and east of Texas FM 362 (Project Information Form No. 12613) (the "Water Line Project"). Mr. Weishuhn reported that Weishuhn has developed base maps and is preparing specifications for the design of such project. Mr. Weishuhn then stated that he needs direction from the Board regarding the easements Weishuhn has recommended the District obtain from seven (7) property owners along FM 1489. Mr. Weishuhn added that he invited such owners along FM 1489 to attend tonight's meeting. Ms. Sylvia Patton, Assistant Director of the Brookwood Community, introduced herself and reported that she received a letter from the District regarding the proposed easement. Mr. Weishuhn explained that an easement is needed for the Water Line Project because the ditches between the Texas Department of Transportation right-of-way and the construction area are narrow and do not allow enough space to install the water line. Director Penrice-Kelley requested that Mrs. Pierre contact the property owners who received letters requesting an easement and coordinate times in which the Board can meet with them to discuss the Water Line Project.

5. Engineer's Report.

Dr. Clay then presented the Engineer's Report, a copy of which is available upon request.

Dr. Clay reminded the Board that the ground storage tank ("GST") project is funded by the Community Development Block Grant ("CDBG") received through the City of Brookshire (the "City") from the Texas Department of Agriculture. Dr. Clay reported that such project has been completed and that he is waiting to receive certain paperwork from the Texas Department of Agriculture in order to close out the project.

Regarding the Brookwood Community Project, Dr. Clay reminded the Board that

one (1) of the easement agreements necessary for the construction of the sanitary sewer force main along 11th Street (the "11th Street Force Main") has been executed by the property owner and recorded in the Waller County Real Property Records. Dr. Clay reported that the agreement for a second easement has been provided to the appropriate landowner but have not yet been executed. In response to a question by Ms. Patton regarding the status of the other property owners affected by such proposed easement, Ms. Garza stated that an attorney for the property owner in question recently contacted Mr. Barner and that such attorney said he had a few minor comments to the easement agreement that he would be providing to Mr. Barner in the next few weeks.

Regarding the water line and hydrant on 10th Street (the "10th Street Water Line"), Dr. Clay reminded the Board that it previously approved the capacity report. Dr. Clay reported that the City is requiring an eight-inch (8") water line to service the development, which includes an office warehouse. Dr. Clay stated that Waller County (the "County") has approved the plans that he submitted regarding the 10th Street Water Line. Dr. Clay explained that such water line will be owned by the District and that several outstanding issues need to be resolved, including who will inspect and maintain such water line. Dr. Clay stated that if the District intends to reimburse the developer for the installation of the 10th Street Water Line, a reimbursement agreement will need to be prepared and the project will have to be bid. Dr. Clay stated that the decision regarding reimbursement will need to be reviewed by the Engineer, Attorney, and developer for such project. Dr. Clay then requested the Board's approval of the drawings he prepared for the 10th Street Water Line. Upon a **motion** by Director Alardin, seconded by Director Green, after full discussion and with all Directors present voting aye, the Board approved the drawings for the 10th Street Water Line.

Regarding the request for annexation by LTL Group ("LTL") for the Texas Greentech Business Park ("Texas Greentech"), Dr. Clay stated that he has provided all requested documents regarding such annexation to RBAP. Ms. Garza informed the Board that she had not received the executed documents from LTL nor had she received any comments to such documents since she sent them to LTL. Ms. Garza stated that she would follow up with LTL and have an update at the February 3, 2020 Board meeting.

Dr. Clay then updated that Board regarding the status of the G-Tech Fire Line Project located at 35002 Cooper Road. Ms. Garza stated that RBAP is preparing an ownership agreement for such fire line.

6. Discuss Buffer Zone Easement Around Wastewater Treatment Plant ("WWTP").

Ms. Garza explained that Mr. Taylor and Mrs. Pierre have recommended that the District have the authority to maintain the perimeter around the WWTP boundary and keep such boundary free of vegetation and other growth. Ms. Garza stated that she and Mr. Barner recommend that the existing buffer zone easement be amended to include such authority. Ms. Garza went on to state that in order to accomplish such amendment, the Board needed to authorize RBAP to prepare such amendment and coordinate with the landowner of the property adjacent to the WWTP.

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 contact the landowner of the buffer zone easement around the WWTP.

7. Update on General Manager's Review of Rate Order.

Director Penrice-Kelley reported that she has reviewed the proposed changes to the Rate Order previously submitted to the Board by Mrs. Pierre. Director Green stated that she just received proposed rate changes from MOC earlier today.

Director Green then asked Mr. Taylor to explain the quoted tap fee provided to Mr. Anil Sharma, the developer of Alexander Plaza. Mr. Taylor stated that he believes Mr. Sharma has issue with the 20% markup fee required per the District's Rate Order. Mr. Taylor pointed out that safety items within the District's Rate Order were not similarly increased by 20%. Mr. Taylor reminded the Board that the tap fee quote is an estimate and any unspent monies will be returned to Mr. Sharma should the actual costs be less than the quoted tap fee. Director Penrice-Kelley reminded the Board of the District's existing policy regarding tap fees and stated that the policy should not be changed because of one (1) customer's complaint. Discussion then ensued regarding calculation of the tap fee charged to Mr. Sharma. Mr. Taylor stated that he did not personally calculate the tap fee quote, but agreed to further research the tap fee quote provided to Mr. Sharma.

Mr. Gary Cruseturner introduced himself as a customer of the District who is concerned about the tap fee quote provided to Mr. Sharma. Director Penrice-Kelley requested that Mr. Taylor correspond with Mr. Sharma regarding the Board's discussion concerning the tap fee charged to Alexander Plaza.

8. Update Regarding Backflow Prevention Requirements, Including Status of Evaluations.

Mr. Foster requested an update from the Board regarding the status of Evaluations. Mr. Foster requested direction from the Board regarding how to resolve issues identified during such Evaluations. Director Penrice-Kelley stated that Mr. Albright, inspector performing the Evaluations, has not provided the Board with an update regarding the status of such evaluations since the previous meeting. Mr. Taylor stated that MOC would like to meet with Mr. Albright before the Board provides any comment to District residents. Discussion then ensued regarding how a baptistery may be considered to be a "pool" per Texas Commission on Environmental Quality ("TCEQ") regulations. Director Penrice-Kelley stated that once it is confirmed that Mr. Albright will be present at one (1) of the regular Board meetings, the District will notify all of the residents who had Customer Service Inspections ("CSIs") performed. Mr. Taylor explained that Mr. Albright is making recommendations as to whether or not a BFPA is required based upon the Evaluations. Mr. Taylor stated that the Evaluation reports may include recommendations for installation of a certain type of BFPA known as a reduced pressure device, also known as a reduced pressure zone assembly devices ("RZPA"), which is expensive and requires annual inspection, but that not all properties will required a RZPA.

Director Penrice-Kelley reiterated that the Board needs Mr. Albright to be present at a Board meeting before it can provide customers with an update on the Evaluations. Director Penrice-Kelley requested that Ms. Guevara contact Mr. Albright to coordinate his attendance at an upcoming meeting. Ms. Shirley Williams introduced herself as a member of the public and requested information regarding the status of the refunds she requested for costs of installing an RZPA. Director Penrice-Kelley stated that she would contact Ms. Williams regarding such refund when she has more information from Mr. Albright on whether or not her property required such BFPA.

9. Operator's Report.

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

Regarding the blow-off valve located adjacent to 605 Purdy Street, Mr. Taylor reported the relocation of such valve is complete and the water line will be flushed this week.

Director Alardin reported that he has discussed MOC's standard process for detecting and repairing water line leaks with Mrs. Pierre. Director Alardin further reported that MOC had responded to the TCEQ's Notice of Violation, dated August 30, 2019 ("NOV").

Mr. Taylor then presented the Board with a proposed amendment to the District's contract with MOC. Mr. Taylor reviewed the proposed rates and informed the Board that MOC proposes a 4.27% increase in such rates. Mr. Taylor explained that the increase in fees is primarily due to changes in TCEQ regulations, which are requiring MOC to expend more funds for operator's licensing and more hours to comply with more stringent regulations. Director Penrice-Kelley stated that the Board desires to negotiate with MOC regarding the proposed rate increase. It was the consensus of the Board to table further discussion of MOC's contract with the District.

10. Update on Response to Notices of Violation from TCEQ.

Mr. Taylor expanded on Director Alardin's previous comments about the NOV and reminded the Board that MOC sent a letter to the TCEQ addressing the violations identified in the NOV. Mr. Taylor reminded the Board that MOC requested that the TCEQ grant the District an exception to certain requirements that the District provide certain data related to the construction of its water wells, which were constructed before such data was required to be provided to the TCEQ. Mr. Taylor reported that MOC has not yet received a response from the TCEQ.

11. Update Regarding Backflow Prevention Requirements, Including Status of Customer Service Evaluation (continued).

In response to a question by Director Glover regarding the number of customer service evaluation inspections performed, Director Green clarified that only 11 such inspections have been performed based upon the number of customers who were in

attendance at the July 3, 2019 and July 22, 2019 Board meetings. Director Penrice-Kelley stated that if anyone is aware of a resident who was in attendance at either the July 3, 2019 or July 22, 2019 Board meeting and who was not subsequently contacted regarding the backflow CSIs, they need to inform the Board of the same.

Director Glover requested that Ms. Guevara provide him with information regarding the commercial and Church customer accounts in the District, so that he can coordinate with Mr. Taylor and the inspector to resolve such customers' issues with their inspections. Director Green stated that such issues should be handled exclusively by the District office rather than the Operator. Director Wilkins stated that he agreed with Director Green. Director Glover requested that the Board appoint him as a liaison on behalf of the Board to coordinate with the General Manager, Operator, and inspector regarding the Evaluations. Upon a **motion** by Director Green, seconded by Director Wilkins, after full discussion and the question being put to the Board, the Board voted two (2) votes in favor, two (2) Directors against, and one (1) vote abstaining, with Director Penrice-Kelley voting to abstain, to not allow Director Glover to serve as a liaison on behalf of the Board to coordinate with the General Manager, Operator, and inspector regarding the Evaluations. The motion failed for lack of a majority.

Director Wilkins stated that customer inquiries regarding Evaluations should be answered by Mrs. Pierre and that the Board should be updated accordingly. Director Penrice-Kelley stated that it has become apparent that the District's customers have had issues receiving such information from Mrs. Pierre.

12. Authorize Director Attendance at the Tax Compliance Officer Training Seminar.

Ms. Garza reported that RBAP, in conjunction with Arbitrage Compliance Specialists, Inc., will be conducting a training/seminar for Post-Issuance Tax-Exempt Debt Compliance Officers ("Compliance Officers") on Saturday, February 8, 2020, at 9:00 a.m. Ms. Garza reminded the Board that the District's Compliance Officer is Director Green, but that anyone wishing to attend could do so. Directors Green and Glover stated that they would attend such training/seminar. Upon a **motion** by Director Glover, seconded by Director Alardin, after full discussion and with all Directors present voting aye, the Board authorized the Directors' attendance to the Post-Issuance Tax-Exempt Debt Compliance Officer Training.

13. Election Agenda.

Ms. Garza reminded the Board that a directors election is scheduled to be held on Saturday, May 2, 2020 (the "Election"), and that such election would be for Directors Penrice-Kelley, Wilkins, and Alardin's positions, since such positions' terms of office were due to expire.

14. **Adjournment.**

There being no further business to come before the Board, the meeting was adjourned.

PASSED AND APPROVED on this 3 day of February, 2020.


Secretary, Board of Directors