

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
Minutes of Meeting of Board of Directors  
July 12, 2016

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 6 (the "District") met in regular session, open to the public, at 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, on July 12, 2016, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

L/Sheryl D. Hudson, President  
Richard A. Skotak, Vice President  
R. Michael Haney, Secretary  
Erich R. Bell, Assistant Secretary  
Rick King, Assistant Secretary

and all of said persons were present, with the exception of Director Hudson, thus constituting a quorum.

Also present were Lisa Bonham of Jones & Carter, Inc. ("J&C"); Chris Wilson and Kyle Melbourne of Si Environmental, LLC ("Si"); Natalie Galgano of Municipal Accounts & Consulting, L.P. ("Municipal Accounts"); Esther Kumaga of Assessments of the Southwest ("ASW"); Jeremy Roach of Apollo IT Consulting ("Apollo"); David Fifield, who entered the meeting after it had been called to order as indicated herein, Melinda Myers, Cindy Forma, and Fred Krenzke, residents of the District; and Peter Harding and Kara Burns of Schwartz, Page & Harding, L.L.P. ("SPH").

The Vice President called the meeting to order and declared it open for such business as might regularly come before it.

**MINUTES**

The Board considered the minutes of its meeting held on June 14, 2016. After discussion regarding the minutes previously forwarded for review, it was moved by Director Haney, seconded by Director Bell, and unanimously carried, that said minutes be approved, with a minor revision, as discussed.

**PUBLIC COMMENTS**

Ms. Myers presented to and reviewed with the Board a handout outlining her various questions and comments regarding District business, a copy of which is attached hereto as **Exhibit A**. A discussion ensued regarding holding future Board of Director's meetings within the District. Ms. Myers noted that she was in favor of Director King's suggestion to hold the Board of Director's meetings within the District twice a year.

Mr. Fifield entered the meeting at this time.

Mr. Fifield reported that there has been irregular mowing of Clarence E. Sasser Park ("Park"). Director King advised that Brazoria County Municipal Utility District No. 3 ("No. 3") manages the mowing of Park and advised Mr. Fifield that he would notify No. 3 of the irregular mowing.

### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Kumaga distributed to and reviewed with the Board the Tax Assessor-Collector's Report for the month ended June 30, 2016, and an Unpaid Accounts Tax Roll as of July 11, 2016, copies of which are attached hereto as **Exhibit B**. Director King inquired as to the entity responsible for determining the taxable valuations for the District. Ms. Kumaga advised that the District is required by law to use the taxable valuations set by the Brazoria County Appraisal District. Director King then inquired as to if District taxes have increased or remained steady over the life of the District. Ms. Kumaga advised that page two of the Tax Assessor-Collector's Report outlines the District's historical tax rates and reflects that the District's tax rate has been steadily decreased over the life of the District. After discussion, on motion made by Director Haney and seconded by Director King, the Board voted unanimously to approve the report and authorize the payments listed therein.

### **DELINQUENT TAX COLLECTIONS REPORT**

Mr. Harding advised that delinquent tax collections reports from Perdue, Brandon, Fielder, Collins & Mott L.L.P., the District's delinquent tax collection attorneys, regarding legal action taken on delinquent tax accounts are submitted quarterly and that no report was received this month.

### **APPROVE ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER, FORM OF DEPOSITORY PLEDGE AGREEMENT, AND AMENDMENT TO AGREEMENT FOR SERVICES OF TAX ASSESSOR/COLLECTOR**

Mr. Harding reminded the Board that Wells Fargo Bank, N.A. ("Wells Fargo"), which serves as the depository bank for the District's tax funds, is no longer willing to accept the Public Funds Depositor Collateral Security Agreement previously entered into by the District and Wells Fargo. He then presented to the Board Wells Fargo's form of Depository Pledge Agreement (the "Depository Pledge Agreement"), a copy of which is attached hereto as **Exhibit C**. Mr. Harding advised the Board that the District's current investment policy only contemplates the old form of agreement, and that, in order to enter into the Depository Pledge Agreement, said policy would need to be revised. In connection therewith, Mr. Harding presented to the Board an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Order"), a copy of which is attached hereto as **Exhibit D**. After discussion on the matter, Director Haney moved that the Board adopt the Order and approve the form of Depository Pledge Agreement presented. Director Bell seconded said motion, which unanimously carried.

Mr. Harding further advised that, because the Depository Pledge Agreement allows Wells Fargo to pledge certain forms of collateral which may not be appropriate for securing District

funds, he recommends that the District's contract with ASW be amended to require ASW to (1) monitor and report to the Board the form of collateral pledged by Wells Fargo and (2) in the event an unauthorized form of collateral is pledged, request that Wells Fargo substitute an approved form of collateral. In connection with same, Mr. Harding presented a Second Amendment to Agreement for Services of Tax Assessor/Collector (the "Amendment"), a copy of which is attached hereto as **Exhibit E**. He noted that ASW has submitted the required Texas Ethics Commission ("TEC") Form 1295 relative to the Amendment. After discussion, upon motion made by Director Haney, seconded by Director Bell, and unanimously carried, the Board (1) approved the Amendment, (2) authorized the Vice President of the Board to execute same on behalf of the District, (3) accepted the TEC Form 1295, and (4) authorized SPH to acknowledge the District's receipt of same with the TEC.

### **OPERATIONS AND MAINTENANCE REPORT**

Mr. Wilson presented to and reviewed with the Board an Operations Report for the month of June 2016, a copy of which is attached hereto as **Exhibit F**.

Mr. Wilson reported that the District's fire hydrants were inspected during the month of June.

In connection with the rehabilitation of eleven (11) manholes located in the District, Brazoria County Municipal Utility District No. 2 (No. 2"), and No. 3, collectively, Mr. Wilson reported that Si is in the process of sandblasting and epoxy coating the manholes.

Director King inquired as to the possibility of recycling the District's grey water. Ms. Bonham stated that, to her knowledge, a water reuse study has not been performed for the joint districts wastewater treatment plant and advised that she would research the Districts' records to confirm same.

### **ENGINEER'S REPORT**

Ms. Bonham presented to and reviewed with the Board the Engineering Report dated July 12, 2016, a copy of which is attached hereto as **Exhibit G**.

With regard to the construction of the crosswalk leading to Sasser Park by Traffic Systems Construction ("TSC"), Ms. Bonham reported that the bonding company confirmed receipt of the correspondence forwarded by construction litigation attorney Tom Meyers on behalf of the District declaring TSC to be in default of the contract and advised that a response should be received from the bonding company by the August Board meeting. Director Skotak requested that SPH request that Mr. Meyers request a timeline from the bonding company. Mr. Harding advised that SPH would request a timeline from Mr. Meyers for the Board's review.

Ms. Bonham reported that No. 3 authorized Jones & Carter to proceed with design of the 2017 lift station rehabilitation project included in the District's 30-Year Capital Improvement Plan ("CIP"). She advised that the District's share of said project is approximately \$656,000 and that the District has available surplus construction funds that can be utilized for said expense.

In connection with the Water Plant Improvements project, Ms. Bonham reported that the final punch list items have been completed.

Ms. Bonham reported that Jones & Carter has begun inspection of the water plants.

### **DISCUSSION REGARDING REQUESTS RECEIVED FROM THE CITY OF PEARLAND ("CITY")**

Mr. Harding advised the Board that the District has not yet received a response from Mr. Darrin Coker, attorney for the City, regarding the District's response to the City's latest offer with respect to the City's interest in de-annexing the two out tracts east of 288 and west of the District.

In connection to the City's inquiry as to the District's interest in participating in funding a portion of an east frontage road along Highway State Highway 288, Mr. Harding advised that he conveyed to Mr. Coker that the District (i) is interested in participating in funding a portion of the construction of an east frontage road and would like more specific information regarding said project and (ii) would like the City to request the participation of Public Improvement District No. 3 ("PID No. 3"), as previously requested by the Board. He reported that Mr. Coker provided follow up correspondence that has been forwarded to the Board (i) advising that he was not aware of PID No. 3 and (ii) requesting that the District contribute \$350,000 toward engineering fees for the design of the east frontage road. Mr. Harding reminded the Board that the City will need to consent to the District's application for road powers and that the Texas Commission on Environmental Quality must grant the District's application for road powers before any District funds can be expended on road projects. After discussion, Director Haney requested that SPH convey to Mr. Coker that the District would be interested in funding a portion of an east frontage road should the City be amenable to (i) consenting to the District acquiring road powers, (ii) granting the District additional time on its maturity schedule, (iii) agreeing that the District not be annexed in the City for thirty (30) years, and (iv) allowing the District to annex the out tracts located on the west boundary of the District. Director King seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Ms. Galgano presented to and reviewed with the Board the Bookkeeper's Report, dated July 12, 2016, attached hereto as **Exhibit H**, including the bills, which were presented for payment, as prepared by MA&C. Ms. Galgano noted check no. 9526 to the Brazoria County Sherriff's Office in the amount of \$19,703.16 which includes the District's share of a new patrol vehicle. Director Haney inquired as to check no. 9533 to Reliant Energy Solutions ("Reliant"). Ms. Galgano advised that said check is a holding check that will be released after Reliant submits a revised invoice for payment. After discussion, Director King moved that the Bookkeeper's Report be approved and payment be authorized of the disbursements listed therein, with the exception of check no. 9493, which was voided. Director Haney seconded the motion, which carried unanimously.

Ms. Galgano reminded the Board that she had previously advised the Board that the Texas CLASS investment pool is currently offering a .50% interest rate for money market

accounts and inquired if the Board desired for MA&C to move the District's funds in its money market accounts at Compass Bank, where rates are currently .15%, to Texas CLASS. She reminded the Board that Mr. Mark Burton, a principal of MA&C, subsequently disclosed to and discussed with the Board that he serves as an advisory board member to Texas CLASS, but owns no interest therein, has no voting rights, and does not derive any pecuniary interest therefrom. Ms. Galgano then inquired as to if the Board would desire for MA&C to move the District' funds in its money markets accounts at Compass Bank to Texas CLASS or if the Board desires for said accounts to remain at Compass Bank. After discussion, Director King moved that the District's money market accounts be moved to Texas CLASS. Director Haney seconded said motion, which unanimously carried.

### **PARK REPORT**

A discussion ensued regarding the possible construction of a dog park at the Park. Director King reported that he took an unofficial poll of the Silver Creek neighborhood on the neighborhood website NextDoor.com and advised that 77% of respondents reported that they did not want a dog park constructed at the Park. Mr. Fifield presented the Board with a handout detailing issues that could arise in connection with the installation of a dog park, a copy of which is attached hereto as **Exhibit I**. After discussion, the Board unanimously decided to defer discussion of the possible construction of a dog park until such time as a Board of Director's meeting can be held in the District in order to receive input regarding the proposed dog park from more District residents.

### **DISTRICT WEBSITE**

Director King requested that a link to the website detailing Clarence E. Sasser's Medal of Honor be added to the District website.

### **UTILITY COMMITMENTS**

The Board deferred consideration of the issuance of utility commitments after being advised by Ms. Bonham that no requests had been received since the Board's last meeting.

### **DEVELOPERS' REPORTS**

The Board deferred consideration of the developer's reports, as no developers were present at the meeting.

### **ATTORNEY'S REPORT**

Mr. Harding reported that he had nothing new to report in regards to the Silverlake Shopping Center drainage easements and conveyances.

Mr. Harding reminded the Board that, pursuant to recent amendments to Chapter 176 of the Texas Local Government Code ("Chapter 176"), the District is required to and does maintain a list of Local Government Officers ("LGOs"), which includes the members of the Board and the

District's Investment Officers. Mr. Harding also reminded the Board that pursuant to Chapter 176, certain business, personal and family relationships, as well as other matters, between the District's vendors and its LGOs must be disclosed to the Board. In this regard, Mr. Harding reported to the Board that one of the District's Investment Officers, Mark Burton, recently married an employee of SPH. He explained that, under Chapter 176, their marriage creates a disclosable family and business relationship between a District vendor and a LGO. As such, SPH and Mr. Burton were each required to file the appropriate Texas Ethics Commission forms disclosing the relationship, which forms have been timely filed and received by the District on June 21, 2016, and copies of which are attached as **Exhibit J**.

Mr. Harding reported that the District's Financial Advisor, Mr. Gene Shepherd, was not in attendance at the meeting due to a conflict and had forwarded a handout detailing a potential opportunity for the District to refund a portion of the District's Unlimited Tax Bonds, Series 2005 ("Series 2005 Bonds"), for the Board's review, a copy of which is attached hereto as **Exhibit K**. After discussion, the Board unanimously agreed to move forward with the proposed refunding of a portion of the Series 2005 Bonds. The Board requested that the necessary items be placed on the August agenda for said refunding transaction.

#### **DISCUSSION REGARDING HOLDING FUTURE MEETINGS WITHIN THE DISTRICT**

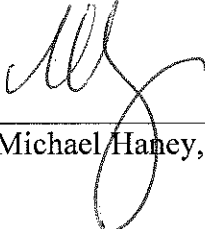
The Board discussed scheduling a single focus meeting within the District to discuss the possibility of installing a dog park within the Park. After discussion, the Board requested that a meeting be held within the District on Tuesday, Wednesday, or Thursday of the third week in September. Mr. Harding advised that SPH would coordinate the scheduling of said meeting.

#### **MATTERS FOR NEXT AGENDA**

The Board next considered items for placement on future agendas.

#### **ADJOURNMENT**

There being no further business to come before the Board, on motion made by Director Bell, seconded by Director Haney, and unanimously carried, the meeting was adjourned.

  
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R. Michael Haney, Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Myers Handout
- Exhibit B - Tax Assessor/Collector Report
- Exhibit C - Depository Pledge Agreement
- Exhibit D - Order Establishing Policy for Investment of District Funds and Appointing Investment Officer
- Exhibit E - Second Amendment to Agreement for Services of Tax Assessor/Collector
- Exhibit F - Operations Report
- Exhibit G - Engineering Report
- Exhibit H - Bookkeeper's Report
- Exhibit I - Fifield Handout re: Issues with Dog Parks
- Exhibit J - TEC Disclosure Forms
- Exhibit K - Preliminary Refunding Numbers

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