

MINUTES
BRAZORIA-FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

March 4, 2011

The Board of Directors (the "Board") of Brazoria-Fort Bend County Municipal Utility District No. 1 (the "District") met in regular session, open to the public, on the 4th day of March, 2011, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Tamara Miller Lee	President
John Kapacinskas	Vice President
Jalene Palmer	Secretary
Michael D. Rozell	Assistant Vice President
Chris Swedlund	Assistant Secretary

and all of the above were present except Directors Kapacinskas and Swedlund, thus constituting a quorum.

Also present at the meeting were Terry Ruiz, a resident of the District; Holly Blesener and Mark Simien of Association Management, Inc.; Mark McGrath of McGrath & Co., PLLC; James Ross of LJA Engineering & Surveying, Inc.; David Patterson of Assessments of the Southwest, Inc.; Pam Logsdon of AVANTA Services; and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the February 2, 2011, regular meeting, which were provided in advance of the meeting. After review, Director Miller moved to approve the minutes as submitted. Director Palmer seconded the motion, which passed unanimously.

RENEWAL OF INSURANCE POLICIES

Ms. Humphries said HARCO Insurance Services/TML is waiting for the renewal package from the underwriter for renewal of the District's insurance policies, effective March 17, 2011. She discussed the renewal proposal from HARCO Insurance Services/TML that was recently approved by Brazoria County Municipal Utility District No. 26 ("MUD 26"). After discussion, Director Rozell made a motion to authorize renewal of the District's insurance policies with HARCO Insurance Services/TML, subject to receipt of a renewal proposal that is not substantially different from the proposal approved by MUD 26. Director Palmer seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. McGrath distributed and reviewed a reimbursement report reflecting reimbursement owed to Perry Homes in the amount of \$269,195 from Series 2008 surplus bond proceeds for water and wastewater impact fees paid to the City of Pearland (the "City"). A copy of the impact fee reimbursement report is attached. After review and discussion, Director Miller moved to approve the impact fee reimbursement report and authorize disbursement of funds to Perry Homes pursuant to the reimbursement report. Director Palmer seconded the motion, which passed by unanimous vote.

ANNUAL REPORT

Ms. Humphries reviewed the District's Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System in compliance with SEC Rule 15c12-12 and with the Municipal Advisory Council of Texas, the State Information Depository, by March 31, 2011. Ms. Humphries stated that a footnote will be added to the Annual Report to reflect the actual tax rebate received from the City if such amount is substantially different from the projected rebate. Following review and discussion, Director Palmer moved to approve the Annual Report to be filed in compliance with the continuing disclosure provisions contained in the bond resolutions and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Miller seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that the 2010 taxes were 95.63% collected as of February 28, 2011. Mr. Patterson reported that the January 1, 2011, estimate of value for the District is \$487,905,710. He then reviewed a letter from a District resident claiming they did not receive a tax bill from the District and requesting a waiver of penalties and interest. A copy of the letter is attached. Mr. Patterson said he is not aware of any error made by the tax office related to the resident's account. After review and discussion, Director Rozell moved to approve the tax assessor/collector's report and deny the request for a waiver of penalties and interest since there was no known error made by the District. Director Palmer seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Humphries reviewed the optional exemptions, including a general

residential homestead exemption, an exemption of charitable organizations, an exemption of travel trailers, and a homestead exemption for disabled persons or persons over 65 years of age. After review and discussion, Director Palmer made a motion to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board rejects any exemption of residential homesteads, charitable organizations, and travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Miller seconded the motion, which passed unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS CONFERENCES

Director Palmer said she submitted her Association of Water Board Directors ("AWBD") winter conference expenses to Pam Lightbody by email for review to verify compliance with the District's Travel Reimbursement Guidelines. Ms. Logsdon said she was not aware of the expenses being submitted the reimbursement is not reflected in the bookkeeper's report and she asked Director Palmer to re-send the documentation for review and consideration at next month's meeting. The Board then considered authorizing attendance at the AWBD summer conference in Fort Worth. Upon a motion made by Director Miller and seconded by Director Palmer, the Board voted unanimously to authorize any interested Directors to attend the AWBD summer conference.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Logsdon distributed and reviewed the bookkeeper's report, including the investments, budget comparison, and lists of checks presented for approval, a copy of which is attached. She discussed the District's investments and noted that certificates of deposit were purchased at Plains State Bank and Founders Bank with debt service funds previously invested in a certificate of deposit at Compass Bank and with Texpool. Ms. Logsdon discussed the current interest rate offered by Bank of Houston and said such bank requires copies of the Directors' driver's licenses to purchase a certificate of deposit. Following review and discussion, Director Palmer moved to approve the bookkeeper's report and payment of the bills and authorize Ms. Logsdon to purchase a certificate of deposit at Bank of Houston with the appropriate amount of District debt service funds, based on the debt service payment schedule on the District's bonds. Director Rozell seconded the motion, which passed unanimously.

Director Rozell expressed concerns about AVANTA Services slow and tardy billing and the lack of initiative to identify the highest available interest rates for investment of District funds. He said he talked to a Director of MUD 26 regarding MUD 26's recent change in bookkeepers to Myrtle Cruz, Inc. ("MCI"). Director Rozell said MCI has re-invested MUD 26 funds and projects to earn an additional \$60,000 in interest earnings on such funds during the next year. He requested that an item be added to next month's agenda for the Board to consider terminating the District's

contract with AVANTA Services and hiring MCI as the District's new bookkeeper. Director Rozell discussed his previous work experience with Erin Garcia of MCI on Baybrook Municipal Utility District No. 1 and said Ms. Garcia lives in Pearland.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, noting there were no action items for the Board's consideration. A copy of the engineer's report is attached. Mr. Ross distributed copies of a new aerial photograph of the District. He then reported on development in Shadow Creek Ranch, including a proposed Sam's Club on a site that is not within the District or MUD 26. In response to questions from the Board, Mr. Ross said development of the Fort Bend Independent School District site appears to be on hold. Ms. Ruiz said she was informed that there are not enough residents for a new school at such location at this time and that some existing schools may be closing.

ARTICLES FOR NEWSLETTER AND POSSIBLE SHARING OF WEBSITE WITH BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

Ms. Humphries reported that MUD 26 voted to proceed with the creation of a website to post agendas, minutes, and other information for District residents and any other interested members of the public. She discussed the website proposals received by MUD 26 and reviewed the proposal approved by MUD 26 for Off Cinco to develop and maintain the website. Ms. Humphries said MUD 26 asked whether the District would be interested in sharing the website and the associated costs. The Board discussed the matter and welcomed input from the members of the public in attendance. Ms. Ruiz said she is a proponent of the idea since so many people seem to use the internet and not the newsletters. Ms. Blesener agreed. Ms. Blesener discussed the homeowners association website and options for notifying the community of a new MUD 26/District website by including a link on the HOA's website. Ms. Humphries said MUD 26 appointed two of its Board members to work with Off Cinco to prepare the initial website layout. She said if the District wishes to participate in the website, Off Cinco will be asked to revise the proposal to include the District and the Board may consider designating a representative or representatives to work with the MUD 26 designated representatives and Off Cinco on the initial website layout. Director Palmer volunteered to be the District's designated website representative. After review and discussion, Director Palmer moved to authorize District participation in a website with MUD 26, including execution of a cost sharing agreement with MUD 26 to share the costs of the website contract between MUD 26 and Off Cinco. Director Miller seconded the motion, which passed unanimously.

SUPPLEMENTAL SECURITY SERVICES

Director Palmer and Ms. Humphries reported on security reports given by City police officers who conduct supplemental patrols in Shadow Creek Ranch at the recent MUD 26 "town hall" meeting. Director Palmer noted that the residents in attendance at

such meeting seemed pleased with the supplemental security services paid for by the District and MUD 26.

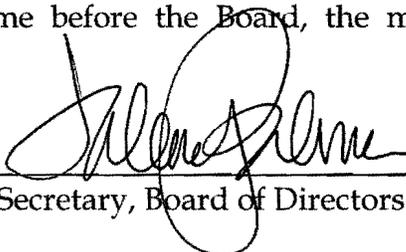
The Board noted the check in the bookkeeper's report to MUD 26 for the District's share of the February supplemental security services. Ms. Humphries noted that copies of the security reports submitted by the officers for the previous month were forwarded to the Board in advance of the meeting and will be retained in the District's official records.

COMMENTS FROM THE PUBLIC

Director Palmer reported on additional discussions at the recent "town hall" meeting held by MUD 26 to give a presentation on the powers and functions of MUD 26. Ms. Ruiz said she was unable to attend, but received positive feedback from other residents. She encouraged the Board to carefully consider initial resident complaints before taking actions since it is not possible to please all residents. Director Palmer suggested the possibility of the District holding occasional joint meetings with MUD 26. Ms. Humphries reported that MUD 26 decided to meet within the District on a quarterly basis.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
impact fee reimbursement report	2
tax assessor/collector's report	2
letter from a District resident	2
bookkeeper's report	3
engineer's report	4