

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

August 5, 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 5th day of August, 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:

Michael D. Rozell	President
Tamara Miller Lee	Vice President
Chris Swedlund	Secretary
Karri Axtell	Assistant Vice President
Jalene Palmer	Assistant Secretary

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

Also present at the meeting were Rick Hale of Perry Homes ("Perry"); Julie Williams of Rathmann and Associates, L.P.; Mark McGrath of McGrath and Co., PLLC ("McGrath"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering & Surveying, Inc.; and Kerri J. Dorman, Kristen Hogan, and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

Before beginning the agenda items, Director Rozell introduced Mr. Hale to the Board. Mr. Hale reported on Perry's recent purchase of lots in the District and thanked the Board for working with Perry on the associated documentation.

MINUTES

The Board considered approving the minutes of the July 8, 2011, regular meeting, which were provided in advance of the meeting. After review, Director Lee moved to approve the minutes as submitted. Director Axtell seconded the motion, which passed unanimously.

ENGAGEMENT OF COMPANY TO CONDUCT ARBITRAGE REBATE STUDIES FOR SERIES 2006 BONDS

Ms. Dorman presented and reviewed a proposal from OmniCap Group LLC to perform **arbitrage rebate and yield restriction compliance services related to the District's \$10,000,000 Unlimited Tax Bonds, Series 2006** (the "Series 2006 Bonds") at a cost not to

exceed \$5,000. Following review and discussion, Director Lee moved to approve the proposal for the Series 2006 Bonds and direct that it be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which carried unanimously.

RESOLUTION VOTING FOR WATER DISTRICT NOMINEE FOR THE ELECTION OF THE BOARD OF DIRECTORS OF THE FORT BEND CENTRAL APPRAISAL DISTRICT

Ms. Dorman discussed the process for casting the District's allocated votes for a water district nominee to appear on the ballot in the Fort Bend Central Appraisal District's (the "Appraisal District") Board of Directors election. She presented a District ballot from the Appraisal District reflecting five allocated votes, noting a deadline of August 15th to cast the votes. The Board reviewed a letter from candidate Kraig Warren requesting support for his re-election to the Appraisal District Board of Directors, a copy of which is attached. After review and discussion, Director Palmer moved to adopt a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District, casting the District's five votes for Kraig Warren to appear on the ballot, and to direct that the Resolution be filed appropriately with the Appraisal District and retained in the District's official records. Director Lee seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. McGrath presented and reviewed a reimbursement report reflecting reimbursement owed to Meritage Homes and Leckhampton Homes in the amounts of \$29,387 and \$19,207, respectively, 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 Lee moved to approve the impact fee reimbursement report and to authorize disbursement of funds to the builders pursuant to the reimbursement report. Director Palmer seconded the motion, which passed by unanimous vote.

Ms. Dorman reminded the Board that, last month, the Assignment of Reimbursables and Consent to Assignment and the Development Financing Agreement regarding the property purchased or to possibly be purchased by Perry were revised to apply only to the property acquired by Perry within the District to date. She noted that if Perry closes on any additional property, a separate financing agreement may be considered.

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 99.52% collected as of July 31, 2011. After review and discussion, Director Lee moved to approve the tax assessor/collector's report. Director Axtell seconded the motion, which passed unanimously.

2011 TAX RATE

Ms. Williams distributed and reviewed a debt service tax rate analysis recommending that the District levy a 2011 debt service tax rate of \$0.80 per \$100 of assessed valuation, based on the initial 2011 certified value of \$470,096,874. A copy of the debt service tax rate analysis is attached. Ms. Williams discussed the District's Utility Agreement with the City and noted that the tax rebate paid annually to the District will continue until: (1) the District's tax rate falls to \$0.65 per \$100 taxable value or less; and (2) development within the District is complete and all developers have been reimbursed.

The Board next considered the District's maintenance tax rate. Ms. Garcia presented three budget scenarios based on varying maintenance tax rates.

Following review and discussion, Director Palmer moved to authorize the tax assessor/collector to publish notice of the District's September meeting, which the Board concurred to reschedule for September 9, 2011, at 11:30 a.m. due to the Labor Day holiday, to set the proposed 2011 tax rate of \$0.85 per \$100 of assessed valuation, with \$0.80 allocated for debt service and \$0.05 allocated for operations and maintenance. Director Axtell seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2012

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report and list of checks presented for approval, a copy of which is attached. Ms. Garcia reviewed the draft District budget for the fiscal year ending September 30, 2012, based on a 2011 maintenance tax rate of \$0.05 per \$100 of assessed valuation. She requested that the Directors and consultants review the draft budget and send her any comments prior to next month's meeting. After review and discussion, Director Palmer moved to approve the bookkeeper's report and payment of the bills. Director Lee seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report. A copy of the engineer's report is attached. He reported on the City's improvements underway to Shadow Creek Parkway, noting the project was originally scheduled to be completed during the first quarter of 2012, but now is expected to be completed by the end of the year.

Mr. Ross discussed the age of the District's detention lakes and channels and other facilities such as fire hydrants, manholes, and valves that are maintained by the City. He said Brazoria County Municipal Utility District No. 26 ("MUD 26") authorized him to perform an inspection of its facilities to determine any necessary maintenance and repairs. Mr. Ross suggested that he could perform a similar inspection of the District's facilities. After discussion, the Board concurred that Mr. Ross should contact the City to determine its maintenance schedule for the facilities and its plans as to any necessary or advisable improvements or repairs, and should prepare a cost estimate for the inspection of the facilities.

Mr. Ross discussed the platted and partially developed lots acquired by Perry in Shadow Creek Ranch Sections 45B, 45C, 49, 52, 54, 55A, 55B, 56, 57, 58, 60, 61 and 62, and requested the Board's authorization for the design and advertisement of bids for utilities to serve Sections 45B, 45C, and 49. After discussion, Director Palmer made a motion to authorize the design and advertisement for bids for utilities to serve Sections 45B, 45C, and 49. Director Lee seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

Ms. Hogan reported on updates to the Shadow Creek Ranch MUDs' website, including the addition of a link to ASW's website for payment of tax bills.

The Board considered the District's monthly newsletter notice and concurred for ABHR to repeat the same notice in the next issues of the Shadow Creek Area Community Newsletter and the homeowners' association newsletter, *The Current*, which states that the approved minutes and agenda of the Board meetings will be posted on the District's website.

SUPPLEMENTAL SECURITY SERVICES

There was no discussion on this agenda item.

MEETING SCHEDULE

The Board noted that the District's next meeting will be held on Friday, September 9, 2011, at 11:30 a.m. at ABHR.

COMMENTS FROM THE PUBLIC

There were no public comments.

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



A handwritten signature in blue ink, appearing to read "Chris Woodhead".

Secretary, Board of Directors

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