

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

September 9, 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 9<sup>th</sup> day of September, 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, thus constituting a quorum.

Also present at the meeting were Rick Hale of Perry Homes ("Perry"); Mark McGrath of McGrath and Co., PLLC ("McGrath"); Rhonda Rushton of Assessments of the Southwest, Inc. ("ASW"); Erin Garcia of Myrtle Cruz, Inc.; Terry Ruiz, a resident of the District; and Lynne B. Humphries, Kristen Hogan, and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 5, 2011, regular meeting, which were provided in advance of the meeting. After review, Director Palmer moved to approve the minutes as submitted. Director Axtell seconded the motion, which passed unanimously.

AURHORIZE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011

Mr. McGrath discussed new GASB No. 54 auditing standards and estimated a cost of \$12,000 for preparation of the District's audit for the fiscal year ending September 30, 2011. Ms. Humphries noted that the District has an evergreen engagement with McGrath for preparation of annual audits and developer reimbursement reports. After discussion, Director Swedlund made a motion to authorize McGrath to proceed with preparation of the audit for the fiscal year ending September 30, 2011, pursuant to the District's engagement letter. Director Axtell seconded the motion, which passed unanimously.

## REPORT ON DEVELOPMENT

Mr. Hale reported that Perry, operating under an affiliate company known as 518SCR, Ltd., closed on the acquisition of approximately 315 undeveloped acres within the District. Ms. Humphries noted that the Board previously approved an assignment of reimbursables, a financing agreement, and a waiver of special appraisal with Perry for the development of platted and partially developed lots within Shadow Creek Ranch Sections 45B, 45C, 49, 52, 54, 55A, 55B, 60, 61, and 62, all within the District. She added that ABHR will present the following documents for the Board's consideration and execution by 518SCR at next month's meeting: (1) an Assignment of Reimbursables reflecting the assignment of the Master Developer's reimbursables associated with the above-described property to Perry and the District's consent to same, if needed; (2) a Financing Agreement between the District and Perry reflecting the terms for reimbursement of costs associated with public water, sewer, and drainage facilities to serve the property; and (3) a Waiver of Special Appraisal.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rushton distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. She noted that the 2010 taxes were 99.64% collected as of August 31, 2011. After review and discussion, Director Palmer moved to approve the tax assessor/collector's report. Director Axtell seconded the motion, which passed unanimously.

## PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Ms. Rushton said ASW published a Notice of Public Hearing in the Reporter News regarding the adoption of the District's 2011 tax rate at today's meeting. Director Rozell then opened the public hearing. No members of the public came forward to make comments. Director Rozell closed the public hearing. Ms. Humphries presented to the Board an Order Levying Taxes reflecting a total 2011 tax rate of \$0.85 per \$100 assessed valuation, with \$0.80 allocated for debt service and \$0.05 allocated for operations and maintenance. She then presented an Amendment to Information Form reflecting the newly adopted tax rate. Ms. Humphries stated that the Amendment to Information Form will be filed with Brazoria and Fort Bend Counties and the Texas Commission on Environmental Quality. After review and discussion, Director Axtell moved to adopt the Order Levying Taxes and authorize execution of the Amendment to Information Form, as presented, and direct that such documents be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which passed unanimously. The Board confirmed its intention that the 2011 tax levy consist of a maintenance and operation tax component for the fiscal year ending September 30, 2012, and a debt service component for the year ending December 31, 2012.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy. Ms. Humphries reviewed and recommended an adoption of an Amended Investment Policy in order to update several provisions of the current policy, based on recent legislative changes. Following review and discussion, Director Axtell moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which passed by unanimous vote.

REVIEW, REVISE, AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Humphries next presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. She noted that the District's bookkeeper provided the updated list of banks, which is attached as an exhibit to the Resolution. After review and discussion, Director Palmer moved to adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Swedlund seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report, budget comparison, and list of checks presented for approval, a copy of which is attached. After review and discussion, Director Palmer moved to approve the bookkeeper's report and payment of the bills. Director Axtell seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2012

Ms. Garcia reviewed the District's proposed budget for the fiscal year ending September 30, 2012. Following review and discussion, Director Axtell moved to adopt the District's budget for the fiscal year ending September 30, 2011. Director Palmer seconded the motion, which passed unanimously.

## ENGINEERING MATTERS

Ms. Humphries 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.

Ms. Humphries distributed and reviewed correspondence received during the previous month from the attorney for the Shadow Creek Ranch Maintenance Association ("SCRMA") to the District and Brazoria County Municipal Utility District No. 26 ("MUD 26"), providing notice of issues with sloughing and erosion in the detention lakes in Shadow Creek Ranch. Ms. Humphries discussed the Maintenance and Use Agreement for TIRZ Improvements between SCRMA, the Master Developer, and the City ("SCRMA Agreement"), which provides that SCRMA is solely responsible for maintenance of the drainage channels and lakes. She reported on discussions with Gary Cook of the Master Developer to request they ensure SCRMA is aware that it is responsible for 100% of the costs associated with maintenance of these drainage channels and lakes. Ms. Humphries said Mr. Cook indicated that the statute of limitations on the original construction work is expiring soon and, therefore, notice was sent to all parties associated with the original construction to protect rights in the event of any defects. Ms. Humphries stated that Mr. Ross conducted an inspection of the detention lakes and channels and other facilities maintained by the City for MUD 26. Discussion ensued regarding the level of maintenance being performed by SCRMA and the City. Ms. Humphries said any requested maintenance or repair items should be submitted to the City in March for consideration during the City's budget process. After discussion, the Board directed the District's engineer to perform an inspection of its facilities every March to determine any necessary maintenance and repairs.

## ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and the homeowners' association, *The Current*. After discussion, Director Swedlund made a motion to direct ABHR to prepare a notice regarding the District's 2011 tax rate and associated public hearing to take place at the next meeting along with the standard monthly message directing residents to the website for information about District meetings. Director Axtell seconded the motion, which carried unanimously.

## SUPPLEMENTAL SECURITY SERVICES

Ms. Humphries reported on discussion at the MUD 26 meeting regarding procedures for patrolling officers providing supplemental security services in Shadow Creek Ranch. Director Axtell stated that she will contact Director Michael Parks of MUD 26 and inform him of the patrol activity she observes in the community.

COMMENTS FROM THE PUBLIC

There were no public comments.

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



*[Handwritten Signature]*  
Asst. Secretary, Board of Directors

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