

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

January 11, 2013

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 11<sup>th</sup> day of January, 2013, 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
Geoffrey Pope	Vice President
Terry Ruiz	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 Richard Marek of KB Home; David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc.; Rod Simpson and Drew Pelter of the Shadow Creek Ranch Maintenance Association ("SCRMA"); and Lynne B. Humphries and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 7, 2012, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the December 7, 2012, meeting, as submitted. Director Ruiz seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Humphries reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

SECURITY SERVICES REPORT AND REPORT ON SCRMA RESIDENT SURVEY ON INSTALLATION OF CAMERAS

The Board reviewed the monthly security report.



Discussion ensued regarding SCRMA's survey of Shadow Creek Ranch residents and commercial businesses to obtain opinions on the installation of video surveillance equipment in the Shadow Creek Ranch area. Mr. Simpson reported that the SCRMA Board approved the installation of video surveillance equipment in the Shadow Creek Ranch area, based upon a favorable resident survey showing 57% of the responding residents in favor, and authorized the installation of the video surveillance equipment to move forward.

#### REPORT ON DEVELOPMENT

Ms. Humphries reported on discussions with KB Home Lone Star, Inc. regarding the development of single family residential lots on approximately 122 acres of land within the District. She presented a Development Financing Agreement between the District and KB Home Lone Star, Inc. reflecting the terms for reimbursement of costs associated with public water, sewer, and drainage facilities to serve the property to be developed by KB Home Lone Star, Inc. and a Waiver of Special Appraisal. After review and discussion, Director Rozell moved to (1) approve the Development Financing Agreement with KB Home Lone Star, Inc.; (2) authorize acceptance and execution of the Waiver of Special Appraisal to be executed by KB Home Lone Star, Inc.; and (3) direct that the Agreement and Waiver be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which passed unanimously.

Ms. Humphries presented and reviewed a Developer Reimbursement Report prepared by McGrath & Co., PLLC for the purpose of verifying the amount to be reimbursed to Triumph Homes LP for water and wastewater impact fees paid to the City of Pearland (the "City"). She stated the reimbursement is being paid from proceeds of the District's \$4,000,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Rozell moved to (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse Triumph Homes LP in the amount of \$35,962, pursuant to the Developer Reimbursement Report, contingent on receipt of an executed Receipt; and (3) direct that the Developer Reimbursement Report and Receipt be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which was approved by unanimous vote.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that the 2012 taxes were 72.78% collected as of December 31, 2012.

Mr. Patterson presented and reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is included in the tax assessor/collector's report.



After review and discussion, Director Rozell moved to approve the tax assessor/collector's report and the delinquent tax report. Director Palmer seconded the motion, which passed unanimously.

#### ANNUAL DISCLOSURE STATEMENT FOR INVESTMENT OFFICER AND BOOKKEEPER

Pursuant to the District's Investment Policy, Ms. Garcia presented her annual disclosure statement as the District's Investment Officer and bookkeeper. Ms. Humphries explained the Investment Officer and bookkeeper are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. After review and discussion, Director Rozell moved to accept Erin Garcia's disclosure statement as the District's Investment Officer and bookkeeper and direct that the disclosure statement be filed appropriately and retained in the District's official records. Director Axtell 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 Rozell moved to approve the bookkeeper's report and payment of the bills. Director Ruiz seconded the motion, which passed unanimously.

#### ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Ross requested authorization to prepare the plans and specifications for the clearing and grubbing to serve Southlake, formerly known as Shadow Creek Ranch Village 7.

Mr. Ross updated the Board on the construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Phase I. He recommended approval of Pay Estimate No. 3 in the amount of \$24,085.07, payable to Monarch Civil Constructors, L.L.C. ("Monarch").

Mr. Ross updated the Board on the construction of the water, sanitary sewer, and drainage facilities to serve Southlake SF-1, formerly known as Shadow Creek Ranch SF-71. He recommended approval of Pay Estimate No. 1 in the amount of \$539,963.04, payable to Hurtado Construction Company ("Hurtado").



Mr. Ross updated the Board on the construction of the water, sanitary sewer, and drainage facilities to serve Southlake SF-2, formerly known as Shadow Creek Ranch SF-72. He recommended approval of Pay Estimate Nos. 1 and 2 in the respective amounts of \$409,398.47 and \$22,744.36, payable to Monarch.

Mr. Ross requested authorization to prepare the plans and specifications for the repair of the detention pond side slopes.

Discussion ensued regarding impact fees reimbursements that have been disbursed to developers and those that will need to be disbursed in the future. Ms. Humphries stated that the status of the District's impact fee reimbursements must be determined before any future bonds may be issued by the District.

Following review and discussion, Director Axtell moved to (1) authorize the preparation of plans and specifications for the clearing and grubbing to serve Southlake; (2) approve payment of Pay Estimate No. 3 in the amount of \$24,085.07, payable to Monarch in connection with the construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Phase I; (3) approve payment of Pay Estimate No. 1 in the amount of \$539,963.04, payable to Hurtado in connection with the construction of the water, sanitary sewer, and drainage facilities to serve Southlake SF-1; (4) approve payment of Pay Estimate Nos. 1 and 2 in the respective amounts of \$409,398.47 and \$22,744.36, payable to Monarch in connection with the construction of the water, sanitary sewer, and drainage facilities to serve Southlake SF-2; (5) authorize the preparation of plans and specifications for the repair of the detention pond side slopes; and (6) authorize the engineer to take all necessary action to determine the status of impact fee reimbursements that have been or still need to be disbursed to developers. Director Ruiz seconded the motion, which carried unanimously.

#### RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries reported on an update from the City on the Shadow Creek Ranch Sports Complex. She stated that construction of the Sports Complex is expected to begin in August, 2013, and will take an estimated 12 to 15 months to complete. Ms. Humphries stated that a workshop has been scheduled with the City Council before its meeting on February 25, 2013, for the Board of the District and the Board of Brazoria County Municipal Utility District No. 26 ("MUD 26") to present the final report regarding the need for parks and recreation facilities in or near Shadow Creek Ranch (the "Park Report"). She stated that MUD 26 Directors Fred Weary and Michael Parks are working on the Park Report and that the District may appoint a Director to assist in the preparation. Following discussion, Director Rozell moved to appoint Director Ruiz to coordinate with MUD 26 Directors Fred Weary and Michael Parks to prepare the Park Report for the presentation to the City Council. Director Axtell seconded the motion, which carried unanimously.





## RENEWAL OF INSURANCE POLICIES

Ms. Humphries stated that the District's insurance policies with HARCO Insurance Services ("HARCO") expire on March 17, 2013. After discussion, the Board directed ABHR to request a renewal proposal from HARCO for consideration.

## 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; the newsletter, *The Connection*; and the District's website. Ms. Humphries stated that the Pearland Police Department Honor Guard will participate in a ceremony during National Police Week in Washington, D.C. from May 12 to May 18, 2013, to honor and memorialize police officers who lost their lives while performing their duties. She presented a flyer from the Pearland Police Honor Guard Commander requesting individual donations to assist with the costs associated with travel and accommodations incurred by the officers participating in the event, a copy of which is attached. After review and discussion, the Board directed ABHR to prepare a notice with the standard monthly message directing residents to the website for information about District meetings, including information on the Pearland Police Department Honor Guard's request for donations relating to officers' participation in National Police Week.

Director Ruiz reported on the status of the new City library in Shadow Creek Ranch. She stated that the library is scheduled to open in June, and once information is available on its opening, she will provide ABHR a notice to include on the District's website.

## REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from Directors or District consultants.

## COMMENTS FROM THE PUBLIC

Mr. Pelter stated that representatives of the annual Kemah Crawfish Festival (the "Festival") have contacted SCRMA to request that the Festival be held in Shadow Creek Ranch. He stated that SCRMA has volunteered undeveloped land for the Festival, and proceeds from ticket sales will be donated to the new City library in Shadow Creek Ranch. Mr. Pelter stated that he will provide more information on the Festival to the Board once it is available.

## DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board agreed the next meeting will be on February 1, 2013, at 12:00 p.m., at ABHR.



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

(SEAL)



*Serry Reiv*  
Secretary, Board of Directors



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