

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

April 5, 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 5<sup>th</sup> day of April, 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 except Directors Ruiz and Palmer, thus constituting a quorum.

Also present at the meeting were Rick Hale of Perry Homes ("Perry"); David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); Craig Rathmann of Rathmann & Associates, L.P.; Rod Simpson of the Shadow Creek Ranch Maintenance Association; and Lynne B. Humphries and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 1, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the March 1, 2013, meeting, as submitted. Director Pope seconded the motion, which passed unanimously.

ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2007 BONDS

Ms. Humphries stated that the District has received a proposal from OmniCap Group LLC to conduct an arbitrage rebate study for the \$25,000,000 Unlimited Tax Bonds, Series 2008. After review and discussion, Director Axtell moved to approve and authorize execution of the proposal from OmniCap Group LLC and direct that the proposal be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which carried by unanimous vote.

## SECURITY SERVICES REPORT

The Board reviewed the monthly security report.

## REPORT ON DEVELOPMENT

Mr. Hale reported on development and home sales in the District.

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 Meritage Homes 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 ("Series 2009 Bonds"). Ms. Humphries noted that letters have been sent to all builders in the District regarding the deadline for requests for reimbursement of water and wastewater impact fees paid to the City from proceeds of the Series 2009 Bonds.

Ms. Humphries presented a Waiver of Special Appraisal with 518SCR, Ltd., an affiliate of Perry, for the development of the following properties: (1) Shadow Creek Ranch SF-61; (2) Shadow Creek Ranch SF-62; (3) Southlake, Section 1, formerly known as Shadow Creek Ranch SF-71; (4) Southlake, Section 2, formerly known as Shadow Creek Ranch SF-72; (5) Lakes 1 and 2 to serve Southlake, formerly known as Lakes 1 and 2 to serve Shadow creek Ranch Village 7; and (6) Southlake, Phase 1, formerly known as Shadow creek Ranch Village 7, Phase 1 (collectively, the "Properties"). She noted that the Board previously approved a financing agreement with 518SCR, Ltd., for the development of approximately 315 acres within the District, part of which includes the Properties. Ms. Humphries stated that the remaining undeveloped portion of the 315 acres has an agricultural deferment until development commences, and that separate Waivers of Special Appraisal will need to be approved in the future as development commences.

After review and discussion, Director Axtell moved to: (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse Meritage Homes in the amount of \$29,382, pursuant to the Developer Reimbursement Report, contingent on receipt of an executed Receipt; (3) direct that the Developer Reimbursement Report and Receipt be filed appropriately and retained in the District's official records; and (4) approve the Waiver of Special Appraisal with 518SCR, Ltd., for the development of the Properties and direct that the Waiver be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which was approved by unanimous vote.

## REQUEST FROM DEVELOPER FOR ANNEXATION

There was no update on this item.

## 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 2012 taxes were 98.59% collected as of March 31, 2013. After review and discussion, Director Pope moved to approve the tax assessor/collector's report and payment of the tax bills. 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 Axtell seconded the motion, which passed unanimously.

Ms. Humphries reviewed with the Board a letter from the Texas Commission on Environmental Quality authorizing the District to expend \$20,037 in construction legal costs.

## ENGINEERING MATTERS

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

Mr. Ross requested approval of the plans and specifications and authorization to advertise for bids for construction of the following projects: (1) water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-52, Phase 2; (2) water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-54; and (3) Shadow Creek Ranch SF-60, Phase 2.

Mr. Ross updated the Board on the construction of Lakes 1 and 2 to serve Southlake. He recommended approval of Pay Estimate Nos. 5 and 6 in the respective amounts of \$258,095.70 and \$423,807.49, payable to Longhorn Excavators, Inc. ("Longhorn").

Mr. Ross updated the Board on the construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Phase 1. He recommended approval of Pay Estimate No. 5 in the amount of \$7,111.13, 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, Section 2. He recommended approval of Pay Estimate No. 3 in the amount of \$15,955.88, payable to Monarch.

Mr. Ross updated the Board on the clearing and grubbing to serve Southlake. He recommended approval of Pay Estimate No. 1 in the amount of \$129,641.73, payable to Crostex Construction, Inc. ("Crostex").

Mr. Ross stated that the City has approved the construction plans for the repair of the detention pond side slopes. He requested authorization to advertise for bids.

Ms. Humphries stated that that all of the District's current Drainage Easements need to be updated to provide that the District is responsible for maintenance of the facilities. She stated that each Drainage Easement will need to be abandoned and a new form of Drainage Easement be approved in its place. Ms. Humphries then presented a Drainage Easement for Lakes 1 and 2 to serve Southlake.

Mr. Ross presented a proposal from LJA for preparation of bond application no. 6 in the amount of \$35,000.

Mr. Rathmann discussed the issuance of the District's bond issue no. 6. He stated an estimate of value as of April 1, 2013, will need to be obtained in order to size the bond issue. Discussion ensued regarding the financing of future construction projects. Mr. Rathmann then discussed the possibility of refunding portions of the District's outstanding bonds and related potential savings. He stated that he will present his recommendation at a future meeting.

The Board concurred to defer action on the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and the authorization of the auditor to prepare a developer reimbursement report in connection with bond issue no. 6.

Following review and discussion, Director Axtell moved to: (1) approve the engineer's report; (2) approve the plans and specifications and authorize advertisement for bids for construction of the following projects: (i) water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-52, Phase 2; (ii) water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-54; and (iii) Shadow Creek Ranch SF-60, Phase 2; (3) approve payment of the following: (i) Pay Estimate Nos. 5 and 6 in the respective amounts of \$258,095.70 and \$423,807.49, payable to Longhorn in connection with the construction of Lakes 1 and 2 to serve Southlake; (ii) Pay Estimate No. 5 in the amount of \$7,111.13, payable to Monarch in connection with the construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Phase I; (iii) Pay Estimate No. 3 in the amount of \$15,955.88, payable to Monarch in connection with the

construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Phase 2; (iv) Pay Estimate No. 1 in the amount of \$129,641.73, payable to Crostex in connection with the clearing and grubbing to serve Southlake; (4) approve a Partial Abandonment of Drainage Easement for each of the District's Drainage Easements, approve a new Drainage Easement for each abandoned Drainage Easement, and direct that the Partial Abandonments and Easements be filed appropriately and retained in the District's official records; (5) approve the Drainage Easement for Lakes 1 and 2 to serve Southlake and direct that the Easement be filed appropriately and retained in the District's official records; (6) authorize advertisement for bids for the construction of the repair to the detention pond side slopes; and (7) accept the proposal from LJA for assistance with preparation of bond application no. 6 in the amount of \$35,000. Director Pope 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 Phase I of the construction of the Sports Complex is expected to begin as early as October, 2013.

#### ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Community Newsletter; the newsletter, *The Connection*; and the District's website. 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.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from Directors or District consultants.

#### COMMENTS FROM THE PUBLIC

Mr. Simpson reported on the Kemah Crawfish Festival being held on unimproved commercial property in Shadow Creek Ranch.

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

The Board noted the next meeting will be on May 3, 2013, at 12:00 p.m., at ABHR.

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

(SEAL)



*Jerry Ring*  
Secretary, Board of Directors

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