

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

July 12, 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 12<sup>th</sup> day of July, 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 Director Ruiz, thus constituting a quorum.

Also present at the meeting were Michael Doyle of Development Consultants, Inc., and the following District consultants: Rick Hale of Perry Homes; David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc.; Rod Simpson 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 June 7, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the June 7, 2013, meeting, as submitted. Director Rozell seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

The Board reviewed the monthly security report.

REVIEW SERIES 2008 ARBITRAGE REBATE REPORT

Ms. Humphries reviewed the Interim Excess Earnings Report on the Series 2008 Bonds, as prepared by OmniCap Group LLC. She stated that the report reflects that no arbitrage rebate or yield reduction payment is due to the Internal Revenue Service. The

Board directed that the report be filed appropriately and retained in the District's official records.

RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR FORT BEND CENTRAL APPRAISAL DISTRICT

The Board considered nominating a water district candidate for the Fort Bend Central Appraisal District's Board of Directors election. After discussion, the Board concurred not to take any action on this matter.

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Humphries distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 83<sup>rd</sup> Regular Session of the Texas Legislature. A copy of the report is attached.

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 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 Axtell moved to: (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse Triumph Homes LP in the amount of \$32,567, 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.

Ms. Humphries presented a Development Financing Agreement between the District and 741SCR, Ltd., an affiliate of Perry Homes, reflecting the terms for reimbursement of costs associated with public water, sewer, and drainage facilities to serve four tracts totaling 82.818 acres. She then presented a Waiver of Special Appraisal for execution by 741SCR, Ltd., in connection with the tracts. After review and discussion, Director Axtell moved to approve the Development Financing Agreement with 741SCR, Ltd., and authorize acceptance and execution of the Waiver of Special Appraisal to be executed by 741SCR, Ltd. Director Palmer seconded the motion, which passed unanimously.

UPDATE ON ANNEXATION OF 35 ACRE TRACT INTO THE DISTRICT, PETITION FOR ADDITION OF CERTAIN LAND, FEASIBILITY HEARING ON ANNEXATION, AND PETITION FOR CONSENT TO ANNEX LAND

Discussion ensued regarding the proposed annexation of a 35 acre tract of land at the southwest corner of the Shadow Creek Ranch area into the District. Mr. Ross presented a feasibility study, a copy of which is attached to the engineer's report, and the Board conducted a feasibility hearing on the proposed annexation. Ms. Humphries presented a Petition for Consent to Annex Land into Brazoria-Fort Bend County Municipal Utility District No. 1 ("Petition to the City") to the City requesting consent to the annexation and reviewed the process for receiving City consent. After review and discussion, Director Rozell moved: (1) to approve the feasibility report; and (2) authorize execution of the Petition to the City. Director Pope 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 2012 taxes were 99.5% collected as of June 30, 2013. After review and discussion, Director Palmer moved to approve the tax assessor/collector's report and payment of the tax bills. Director Rozell seconded the motion, which passed unanimously.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT WINTER CONFERENCE

The Board discussed the AWBD summer conference in Corpus Christi. Ms. Garcia noted the Directors' expenses submitted were in accordance with the District's travel reimbursement guidelines. After review and discussion, Director Rozell moved to: (1) approve reimbursement of eligible expenses for the summer conference, which were submitted in accordance with the District's travel reimbursement guidelines; and (2) authorize all interested directors to attend the AWBD winter conference in Dallas. Director Palmer seconded the motion, which carried by unanimous vote.

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. The Board discussed the possibility of conducting a special meeting to discuss the tax rate, financing plans and the District's budget for fiscal year end September 30, 2014. After review and discussion, Director Axtell moved to approve the bookkeeper's report and payment of the bills. Director Palmer 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 reported on bids received for the joint District/Pearland Reinvestment Zone No. 2 ("TIRZ") construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2, formerly known as Southlake Phase 2 Collector Road. He noted that four bids were received and recommended that the Board award the contract to the low bidder, Hurtado Construction Company ("Hurtado"), in the total bid amount of \$1,312,000, subject to approval of bonds and insurance. The Board determined that, in its judgment, Hurtado is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Ms. Humphries reviewed a Letter Financing Agreement related to financing of the facilities.

Mr. Ross reported on bids received for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60. He noted that four bids were received and recommended that the Board award the contract to the low bidder, Triple B Services, L.L.P. ("Triple B"), in the total bid amount of \$863,843.30, subject to approval of bonds and insurance. The Board determined that, in its judgment, Triple B is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Ms. Humphries reviewed a Letter Financing Agreement related to financing of the facilities.

Mr. Ross requested authorization to prepare the plans and specifications for the joint District/TIRZ construction of Shelton Ridge Lane Phase 2 Gulf Coast Water Authority Canal Bridge.

Mr. Ross requested authorization to prepare the plans and specifications for the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-63A and SF-63-B.

Mr. Ross reported on bids received for the repair of the detention pond side slopes. He noted that three bids were received and recommended that the Board award the contract to the low bidder, Fort Bend Excavation, Inc., in the total bid amount of \$1,224,999.90, subject to approval of bonds and insurance. Discussion ensued regarding the possibility of financing the project through the District's surplus maintenance tax funds instead of future bond proceeds. Following review and discussion, Director Axtell moved to: (1) authorize execution of a surplus funds notification letter to the Texas Commission on Environmental Quality in connection with financing the repair of the detention pond side slopes, if necessary; and (2) defer action on the award of the contract



for the repair of the detention pond side slopes. Director Pope seconded the motion, which carried unanimously.

Mr. Ross updated the Board on the construction of Lakes 1 and 2 to serve Southlake. He recommended approval of Pay Estimate No. 8 and Final in the amount of \$114,086.46, payable to Longhorn Excavators, Inc. ("Longhorn"), and final acceptance of the project.

Mr. Ross updated the Board on the clearing and grubbing to serve Southlake. He recommended approval of Pay Estimate No. 3 and Final in the amount of \$85,290.11, payable to Crostex Construction, Inc. ("Crostex"), and final acceptance of the project.

Mr. Ross updated the Board on the status of obtaining the records of impact fee payments within the District.

Following review and discussion, and based upon the engineer's recommendation, Director Rozell moved to: (1) accept the engineer's report; (2) award the contract for construction of the water, sanitary sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2 to Hurtado in the amount of \$1,312,000, subject to approval of bonds and insurance, and approve the related letter financing agreement; (3) award the contract for construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60 to Triple B in the amount of \$863,843.30, subject to approval of bonds and insurance, and approve the related letter financing agreement; (4) authorize the engineer to prepare the plans and specifications for the joint District/TIRZ construction of the Southlake, Shelton Ridge Lane Phase 2 Gulf Coast Water Authority Canal Bridge; (5) authorize the engineer to prepare the plans and specifications for the joint District/TIRZ construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-63A and SF-63-B; (6) approve payment of Pay Estimate No. 8 and Final in the amount of \$114,086.46, payable to Longhorn in connection with the construction of Lakes 1 and 2 to serve Southlake, and final acceptance of the project; and (7) approve payment of Pay Estimate No. 3 and Final in the amount of \$85,290.11, payable to Crostex in connection with the clearing and grubbing to serve Southlake, and final acceptance of the project. Director Axtell seconded the motion, which carried unanimously.

#### POSSIBLE REFUNDING BOND ISSUE FOR SERIES 2006 BONDS

Ms. Humphries stated the financial advisor has put this item on hold until the market improves.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. Simpson reported on the workshop that SCRMA organized with Michelle Smith, the City Parks Director, on Tuesday, June 18, 2013, to discuss plans for the Shadow Creek Ranch Sports Complex (the "Complex"). He stated the City will proceed with construction of Phase I of its original plans for the Complex as designed in 2005, which include baseball fields, a soccer field, a volleyball court, and parking, but that the City may not be able to proceed with Phases II and III due to lack of funds.

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

There were no comments from the public.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board noted the next meeting will be on August 2, 2013, at 12:00 p.m., at ABHR.

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

(SEAL)



*Jerry Rain*  
Secretary, Board of Directors

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