

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

September 6, 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 6th day of September, 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 Colette Garcia of McGrath & Co., PLLC ("McGrath"); Julie Williams of Rathmann & Associates, L.P.; Michael S. Doyle of Development Consultants, Inc.; David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Hannah Brook and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 2, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Ruiz moved to approve the minutes as submitted. Director Axtell seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

The Board reviewed the monthly security report, a copy of which is attached. Ms. Brook discussed the security report given at the recent Brazoria County Municipal Utility District No. 26 ("MUD 26") meeting by an officer of the City of Pearland (the "City") Police Department. She said MUD 26 asked ABHR to prepare a notice for the newsletters and the MUD 26 page of the website encouraging residents to be careful when hiring contractors for work at residences and to check the credentials of contractors they hire to ensure they are properly licensed and insured as applicable.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2013

Ms. C. Garcia noted that the District has an evergreen engagement with McGrath for preparation of annual audits and developer reimbursement reports. She presented an updated evergreen engagement letter, noting it was reviewed by ABHR. Ms. C. Garcia estimated a cost of \$12,000 for preparation of the District's audit for fiscal year end September 30, 2013. After review and discussion, Director Rozell made a motion to approve the new evergreen engagement letter and to authorize McGrath to proceed with preparation of the audit for fiscal year end September 30, 2013, pursuant to the engagement letter. Director Axtell seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

There was no report on development in the District.

UPDATE ON ANNEXATION OF 35-ACRE TRACT INTO THE DISTRICT

Mr. Ross updated the Board on the annexation of a 35-acre tract of land at the southwest corner of the Shadow Creek Ranch area into the District. He said LJA prepared the submittal package to the City for review by the District's consultants. Discussion ensued with Mr. Doyle regarding the timing for submittal to the City. After discussion, Director Rozell moved to authorize execution of any annexation documents necessary for submittal of the annexation package to the City. Director Axtell 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 99.63% collected as of August 31, 2013. Mr. Patterson reviewed and discussed a deferral account and said the delinquent tax attorney will pursue collection once the Fort Bend County Tax Office removes the deferral from the account. After review and discussion, Director Pope moved to approve the tax assessor/collector's report and payment of the tax bills. Director Palmer seconded the motion, which passed unanimously.

2013 TAX RATE

Ms. Williams distributed and reviewed a tax rate analysis recommending that the District levy a 2013 tax rate of \$0.85 per \$100 of assessed valuation, with \$0.80 allocated to debt service and \$0.05 allocated to maintenance and operations. A copy of the tax rate analysis is attached. Ms. Williams noted that the analysis includes the 2014 debt service requirements associated with the District's next bond issue. Following review and discussion, Director Palmer moved to authorize the tax assessor/collector to

publish notice of the District's public hearing on October 4, 2013, to set the proposed 2013 tax rate of \$0.85 per \$100 of assessed valuation, with \$0.80 allocated to debt service and \$0.05 allocated to maintenance and operations. Director Axtell seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014

Ms. E. 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. She noted that bank statements have not been received yet this month due to the holiday and, therefore, next month's report will reflect two months' interest.

Ms. E. Garcia then reviewed the proposed budget for fiscal year end September 30, 2014, a copy of which is attached to the bookkeeper's report. She noted revisions to the line items for City rebates and maintenance tax revenue.

After review and discussion, Director Ruiz moved to approve the bookkeeper's report and payment of the bills and adopt the budget for fiscal year end September 30, 2014, with the revisions noted by Ms. E. Garcia. Director Palmer seconded the motion, which passed unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and determined no changes were necessary. Following review and discussion, Director Rozell moved to adopt a Resolution Regarding Annual Review of 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.

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

Ms. Brook 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 Rozell 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 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 Shadow Oaks Phase 1 clearing and grubbing, including a calculation error made by the low bidder. He recommended award of the contract to the second lowest bidder, Fort Bend Excavation, Inc., in the base bid amount of \$319,700.00, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, that Fort Bend Excavation, Inc. is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Ross next discussed the plans for Shadow Oaks Phase 1 detention/amenity lakes. He requested authorization to advertise for bids for the project.

Mr. Ross then updated the Board on construction projects under way and recommended approval of the following: (1) Pay Estimate No. 1 in the amount of \$202,758.75 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, payable to Hurtado Construction Company; and (2) Pay Estimate No. 1 in the amount of \$169,086.60 for the joint District/TIRZ construction of Lakes 3, 4, and 5 to serve Southlake, payable to Lindsey Construction, Inc.

Mr. Ross reported on coordination with Jones-Heroy & Associates, Inc. to prepare bond application no. 6. He said the application should be submitted to the Texas Commission on Environmental Quality in the next month.

Following review and discussion, Director Palmer moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) award the contract for Shadow Oaks Phase 1 clearing and grubbing to Fort Bend Excavation, Inc., in the base bid amount of \$319,700.00, subject to approval of bonds and insurance; (2) approve the plans and specifications and authorize advertisement for bids for Shadow Oaks Phase 1 detention/amenity lakes; (3) approve Pay Estimate No. 1 in the amount of \$202,758.75 for the joint District/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; and (4) approve Pay Estimate No. 1 in the amount of \$169,086.60 for the joint District/TIRZ construction of Lakes 3, 4, and 5 to serve Southlake. Director Axtell seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported on a meeting of representatives of MUD 26, ABHR, and the City regarding options to promote additional parks in and near Shadow Creek Ranch.

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 Connection* newsletter, and on the District's page of the website. After discussion, the Board directed ABHR to draft a notice for the newsletters and/or the District's website (as applicable based on timing for publication of the newsletters) containing the same message as last month and additional messages regarding the Pearland Westside Library "Open House" reported by Director Ruiz and water conservation information to be provided by Director Palmer.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no additional reports.

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 October 4, 2013, at 12:00 p.m., at ABHR.

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




Secretary, Board of Directors

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