

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

November 1, 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 1<sup>st</sup> day of November, 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 Officer Natisha Lucas of the City of Pearland Police Department; Taylor Gunn of Perry Homes; Michael S. Doyle of Development Consultants, Inc., representing RM 2013, LLC ("RM 2013"); David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Teshia Judkins, Linda Sotirake, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the October 4, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes as submitted. Director Ruiz seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

Officer Lucas reported on security in Shadow Creek Ranch and reviewed the written security report submitted by Officer Pratt in advance of today's meeting. A copy of the security report is attached. Officer Lucas then responded to questions from the Board regarding crime trends.

REPORT ON DEVELOPMENT, DEVELOPER REIMBURSEMENT REPORT, AND DISBURSEMENT OF FUNDS

Mr. Gunn reported on home building activity by Perry Homes.

The Board reviewed a developer reimbursement report prepared by McGrath & Co., PLLC for the purpose of verifying the amounts to be reimbursed to Perry Homes and Meritage Homes for water and wastewater impact fees paid to the City of Pearland (the "City"), which are being paid from proceeds of the District's \$4,000,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Palmer moved to: (1) approve the developer reimbursement report; (2) authorize disbursement of funds to reimburse Perry Homes and Meritage Homes in the amounts of \$270,728 and \$4,621, respectively, pursuant to the developer reimbursement report, contingent on receipt of executed Receipts; and (3) direct that the developer reimbursement report and Receipts be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which was approved by unanimous vote.

#### ANNEXATION OF 35-ACRE TRACT INTO THE DISTRICT

Ms. Judkins reported that the City consented to the District's annexation of the 34.224-acre tract of land at the southwest corner of the Shadow Creek Ranch area (the "Tract"). She presented a Petition for Addition of Certain Land to the Board from the owner of the Tract, RM 2013, requesting annexation of the Tract into the District. She noted the District previously reviewed and approved the feasibility study related to the annexation. Ms. Judkins next presented and reviewed an Order Adding Land to annex the Tract into the District. She then presented an Amendment to Information Form to update the acreage of the District following the annexation. Ms. Judkins said the Amendment to Information Form will be filed with Brazoria and Fort Bend Counties and with the Texas Commission on Environmental Quality ("TCEQ").

Ms. Judkins presented a Development Financing Agreement between the District and RM 2013 for development of the Tract. She also presented and reviewed a Waiver of Special Appraisal executed by the owner of Tract. Mr. Doyle presented and reviewed an Assignment of Development Financing Agreement ("Assignment") to assign future receivables pursuant to the Development Financing Agreement from RM 2013 to First Continental Investment Co., Ltd. He also reviewed an Acknowledgment of Notice and Indemnity for the Board's consideration to acknowledge the Assignment by RM 2013 to First Continental Investment Co., Ltd.

After review and discussion, Director Rozell moved to accept the Petition for Addition of Certain Land, adopt the Order Adding Land, authorize execution of the Amendment to Information Form, approve the Development Financing Agreement, accept the Waiver of Special Appraisal, authorize execution of the Acknowledgment of Notice and Indemnity, and direct that such documents be filed appropriately and retained in the District's official records. The motion was seconded by Director Palmer and carried by unanimous vote.

## 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. After review and discussion, Director Pope moved to approve the tax assessor/collector's report and payment of the tax bills. Director Ruiz seconded the motion, which passed unanimously.

## RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTOR ELECTION FOR FORT BEND CENTRAL APPRAISAL DISTRICT

Ms. Judkins presented a District ballot from the Fort Bend Central Appraisal District ("FBCAD") for the Board to consider casting the District's allocated votes in the FBCAD election. After review and discussion, Director Palmer moved to adopt a Resolution Voting for Director in the Board of Directors Election for Fort Bend Central Appraisal District to cast the District's five votes for Albert Glover, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which carried 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 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 requested approval for design and authorization to advertise for bids for construction of the water, sewer, and drainage to serve Shadow Oaks, Section 1 and Shadow Ridge.

Mr. Ross reported on bids received for construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-63A. He recommended award of the contract to the low bidder, Hurtado Construction Company, with a total bid amount of \$464,500.00, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Hurtado Construction Company 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. Ms. Judkins reviewed a letter financing agreement with 741SCR, Ltd. related to financing of the project.

Mr. Ross reported on bids received for construction of detention/amenity lakes to serve Shadow Oaks Phase 1. He recommended award of the contract to the low bidder, Sonora SWQM Co. dba Sonora Construction ("Sonora"), with a total bid amount of \$612,099.00, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Sonora 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. Ms. Judkins reviewed a letter financing agreement with KB Home Loan Star, Inc. ("KB Home") related to financing of the project.

Ms. Judkins also reviewed a letter financing agreement with KB Home related to financing of Shadow Oaks Phase 1 clearing and grubbing, which was awarded to Fort Bend Excavation, Inc. in the amount of \$319,700.00 at the District's September meeting.

Mr. Ross updated the Board on construction projects under way. He reported that more voids were found during the rehabilitation of the detention pond side slopes and the project costs have the potential to exceed the initial contract amount. He said he will present a change order at next month's Board meeting.

Mr. Ross then recommended approval of the following: (1) Pay Estimate No. 2 in the amount of \$767,270.48 for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2, payable to Hurtado Construction Company; (2) Pay Estimate No. 2 in the amount of \$498,898.67 for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60, payable to Triple B Services, LLP; (3) Pay Estimate No. 3 in the amount of \$316,683.45 for the construction of Lakes 3, 4, and 5 to serve Southlake, payable to Lindsey Construction, Inc.; (4) Pay Estimates Nos. 1 and 2 in the respective amounts of \$425,693.53 and \$76,745.75 for the construction of the water, sewer, and drainage facilities to serve Southlake Section 3 and Section 4, payable to 5758 Construction, L.P.; (5) Pay Estimate No. 1 in the amount of \$424,094.49 for the rehabilitation of the detention pond side slopes, payable to Fort Bend Excavation, Inc.; and (6) Pay Estimate No. 1 in the amount of \$82,800.00 for Shadow Oaks Phase 1 clearing and grubbing, payable to Fort Bend Excavation, Inc.

Mr. Ross said Jones-Heroy & Associates, Inc. continues to work on preparation of bond application no. 6.

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) approve design and authorize advertisement for bids for the construction of water, sewer, and drainage to serve Shadow Oaks, Section 1 and Shadow Ridge; (2) award the contract for the construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-63A to Hurtado Construction in the amount of \$464,500.00, subject to approval of bonds and insurance, and approve the related letter financing agreement; (3) award the contract for construction of the

detention/amenity lakes to serve Shadow Oaks Phase 1 to Sonora in the amount of \$612,099.00, subject to approval of bonds and insurance, and approve the related letter financing agreement; (4) approve the letter financing agreement related to Shadow Oaks Phase 1 clearing and grubbing; (5) approve Pay Estimate No. 2 in the amount of \$767,270.48 for construction of water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2, payable to Hurtado Construction Company; (6) approve Pay Estimate No. 2 in the amount of \$498,898.67 for the construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60, payable to Triple B Services, LLP; (7) approve Pay Estimate No. 3 in the amount of \$316,683.45 for construction of Lakes 3, 4, and 5 to serve Southlake, payable to Lindsey Construction, Inc.; (8) approve Pay Estimate No. 1 and 2 in the respective amounts of \$425,693.53 and \$76,745.75 for the construction of water, sewer, and drainage facilities to serve Southlake Section 3 and Section 4, payable to 5758 Construction, L.P.; (9) approve Pay Estimate No. 1 in the amount of \$424,094.49 for rehabilitation of the detention pond side slopes, payable to Fort Bend Excavation, Inc.; and (10) approve Pay Estimate No. 1 in the amount of \$82,800.00 for Shadow Oaks Phase 1 clearing and grubbing, payable to Fort Bend Excavation, Inc. Director Ruiz seconded the motion, which carried unanimously.

#### RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Judkins reported on a meeting recently held among representatives of ABHR, Brazoria County Municipal Utility District No. 26, and the City regarding the terms for interlocal agreements to promote the development of parks and recreational facilities in and near Shadow Creek Ranch. She said the proposed draft agreements likely will be presented at next month's meeting for the Board's approval.

#### 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 concurred for ABHR to include the District's standard notice in the newsletters. The Board then reviewed an analytics report on activity on the website for the prior month. A copy of the October analytics report is attached.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Palmer briefly reported on a recent presentation at the Association of Water Board Directors Fall Seminar regarding storm sewer maintenance.

#### COMMENTS FROM THE PUBLIC

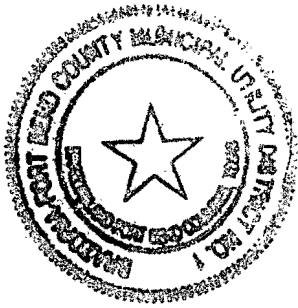
There were no comments from the public.


DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board noted the next meeting will be on December 6, 2013, at 12:00 p.m., at ABHR.

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

(SEAL)



  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Security report.....	1
Tax assessor/collector's report .....	3
Bookkeeper's report.....	3
Engineer's report.....	3
Analytics report.....	5