

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

March 7, 2014

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 7th day of March, 2014, 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 Axtell, thus constituting a quorum.

Also present at the meeting were Taylor Gunn of Perry Homes, LLC; Craig Rathmann of Rathmann & Associates, L.P. ("Rathmann"); Michael Doyle of Development Consultants, Inc.; Donna Bryant of Assessments of the Southwest, Inc.; Christina Garcia and Kayla Rucker of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Brooks Hamilton, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the February 7, 2014, regular meeting, which were provided in advance of the meeting. Ms. Brook reviewed minor typographical errors and requested the Board authorize these corrections. After review and discussion, Director Rozell moved to approve the minutes with correction of noted typographical errors. 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 design the water, sewer, and drainage facilities to serve Shadow Oaks Section 2 and Shadow Oaks Section 3.

Mr. Ross then recommended approval of the following: (1) Pay Estimate No. 4 and Final in the amount of \$57,358.83 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, L.L.P.; (2) Pay Estimate No. 3 in the amount of \$29,402.50 for construction of the water, sewer, and drainage facilities to serve Southlake Section 3 and Section 4, payable to 5758 Construction, L.P.; (3) Pay Estimate No. 4 and Final in the amount of \$155,194.31 for the rehabilitation of the detention pond side slopes, payable to Fort Bend Excavation, Inc.; (4) Pay Estimate No. 4 and Final in the amount of \$55,770.00 for the clearing and grubbing of Shadow Oaks, Phase 1, payable to Fort Bend Excavation, Inc.; (5) Pay Estimate Nos. 1 and 2 in the respective amounts of \$82,620.00 and \$129,307.50 for the construction of detention/amenity lakes and Change Order No. 1 in the amount of \$2,860.00 for change in the outfall to existing drainage system, both to serve Shadow Oaks Phase 1 and payable to Sonora SWQM CO dba Sonora Construction; and (6) Pay Estimate No. 1 in the amount of \$337,878.90 for the water, sewer, and drainage facilities to serve Shadow Oaks Section 1, payable to Clearwater Utilities, Inc.

Mr. Ross updated the Board on bond application no. 6 which has been submitted to the Texas Commission on Environmental Quality ("TCEQ"). He then reviewed a list of construction projects to possibly include in bond application no. 7 (the "construction projects"), a copy of which is included in the Engineer's Report. In response to a question by the Board, Mr. Ross stated the construction projects are listed by developer. The Board requested Mr. Ross list the construction projects by date of completion, as requested last month.

Mr. Rathmann discussed the timing and process of submitting bond application no. 7. The Board requested Mr. Ross generate a cost summary of the construction projects and submit it to Mr. Rathmann.

Mr. Ross discussed the District's option of authorizing LJA to inspect the District's facilities to determine any necessary maintenance and repairs. He said the fee is a lump sum of \$10,000 and the project will take approximately six weeks to complete. The process includes compiling a binder with a list of repairs, such as broken manholes or valves, and submitting it to the City for maintenance recommendations. Ms. Garcia stated the District currently has \$10,000 budgeted for this expense. Ms. Humphries stated the City's fiscal year end is September 30. Following review and discussion regarding effectiveness, cost, and timing, the Board concurred to table this item until next month.

Following noted review and discussion, Director Ruiz moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) approve Pay Estimate No. 4 and Final as presented for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60; (2) approve Pay Estimate No. 3 as presented for construction of the water, sewer, and drainage facilities to serve Southlake Section 3 and Section 4; (3) approve Pay Estimate No. 4 and Final as presented for rehabilitation of the detention pond side slopes; (4) approve Pay Estimate No. 4 and Final as presented for the clearing

and grubbing of Shadow Oaks, Phase 1; (5) approve Pay Estimate Nos. 1 and 2 as presented for the construction of detention/amenity lakes and Change Order No. 1 as presented for change in the outfall to existing drainage system, both to serve Shadow Oaks Phase 1; and (6) Pay Estimate No. 1 as presented for construction of the water, sewer, and drainage facilities to serve Shadow Oaks Section 1.

Director Rozell seconded the motion, which carried unanimously.

SECURITY SERVICES REPORT

The Board reviewed the written security report for Shadow Creek Ranch submitted by Officer Wes Boyer in advance of today's meeting. A copy of the security report is attached. Discussion ensued regarding crime trends.

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

Mr. Doyle reported on development in the District, stating contractors had been mobilized in Shadow Ridge for the construction of water, sewer, and drainage facilities.

Mr. Gunn reported on the construction and homebuilding, including sales, in the Perry Homes sections.

In response to a question by Director Ruiz regarding the possibility of a Walmart being built in the District, Mr. Ross stated he had received an inquiry from a developer regarding the drainage of a commercial site, but the project was not specified.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Bryant distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. She stated 96.86% of the District's 2013 taxes had been collected as of February 28, 2014. She next reviewed the delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached to the tax assessor/collector's report. 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Humphries reviewed the optional exemptions, including a general residential homestead exemption, an exemption of travel trailers, and a homestead exemption for disabled persons or persons over 65 years of age. After review and discussion, Director Ruiz made a motion to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board rejects any exemption of residential homesteads

and travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed unanimously.

ANNUAL REPORT

Ms. Humphries reviewed the District's Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System in compliance with SEC Rule 15c12-12 and with the Municipal Advisory Council of Texas, the State Information Depository, by March 31, 2014. Following review and discussion, Director Ruiz moved to approve the Annual Report to be filed in compliance with the continuing disclosure provisions contained in the bond resolutions and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Pope 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 Palmer seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries stated the City is moving forward to develop Phase 1 of the Regional Sports Park. Ms. Humphries stated Brazoria County Municipal Utility District No. 26 ("MUD 26") has authorized LJA to solicit bids for the clearing and leveling of the 5 acre park site which the City has leased to MUD 26 and will solicit a proposal from KGA/DeForest Design, L.L.C. to provide a schematic drawing of the fields to the City and present bids for maintenance of the fields and construction of temporary ball fields. Director Ruiz added that she will continue to follow up with Director Fred Weary of MUD 26.

ATTORNEY'S REPORT

No report was presented.

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 submit the District's standard notice and for Director Ruiz to submit a notice regarding the meeting schedule of Pearland Westside Library. The Board then reviewed an analytics report on activity on the website for the prior month. A copy of the February website analytics report is attached.

Mr. Ross left the meeting.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Ms. Humphries presented an email from Ryan O'Hara of BOSC, Inc. presenting its bond underwriting qualifications and certain financing and refunding alternatives. A copy of the email is filed in the District's records.

Mr. Rathmann presented and reviewed a proposal for Current Refunding of Selected Maturities of the Series 2006 Bonds (the "Refunding Bonds"). He then answered questions from the Board regarding fees, timing, and present value savings for the refunding. Discussion ensued regarding the effect of the upcoming bond sale no. 7, surplus operating funds, upcoming bond applications, and the lower interest rates connected with bank qualified bonds. The Board asked Mr. Rathmann to prepare a Preliminary Official Statement and all items necessary for the Board to consider approving the Refunding Bonds at next month's Board meeting.

Mr. Gunn left the meeting.

COMMENTS FROM THE PUBLIC

No members of the public came forward to address the Board.

Ms. Humphries left the meeting.

2014 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2014 Directors Election. She presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors, to be executed by the Board Secretary, stating the District received two candidate applications for the two director positions for the May 10, 2014, Directors Election.

Ms. Brook presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating the May 10, 2014, Directors Election is cancelled

and that the unopposed candidates, Michael "Mike" D. Rozell and Karri Axtell, are declared elected to office to serve from the May 10, 2014, election until the May 12, 2018, Directors Election.

Ms. Brook discussed the Board had approved entering into a contract with Brazoria and Fort Bend Counties (the "Counties") to administer the District's 2014 Directors Election.

Following review and discussion, Director Rozell moved to (1) accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors; (2) adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office; and (3) cancel the contracts with the Counties for election services for the May 2014 Directors Election. Director Ruiz seconded the motion, which passed unanimously.


DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the District's next meeting will be held on April 4, 2014, at 12:00 p.m., at ABHR.

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

(SEAL)




Assistant Secretary, Board of Directors

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