

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

April 29, 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 29th day of April, 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 Ruiz, thus constituting a quorum.

Also present at the meeting were Taylor Gunn of Perry Homes, LLC; Craig Rathmann and Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Mark McGrath of McGrath & Co., P.L.L.C. ("McGrath"); Michael Doyle of Development Consultants, Inc.; David Patterson of Assessments of the Southwest, Inc.; Dana Davis of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Brooks Hamilton, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 4, 2014, regular meeting, and April 16, 2014 special meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes as presented. Director Pope seconded the motion, which passed 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.

ENGINEERING MATTERS

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

Mr. Ross reported on bids received for construction of water, sewer, and drainage facilities to serve Southlake Phase 3 Collectors. He recommended award of the contract to the low bidder, Hurtado Construction Company, Inc., with a total bid amount of \$984,000.00, 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. Humphries requested the Board approve a letter financing agreement with 518SCR, Ltd. related to financing of the project.

Mr. Ross reported on bids received for the clearing and grubbing to serve Shadow Grove Phase 2. He recommended award of the contract to the low bidder, T.F.R Enterprises, Inc., with a total bid amount of \$335,300.00, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, T.F.R Enterprises, 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. Ms. Humphries requested the Board approve a letter financing agreement with KB Home related to financing of the project.

Mr. Ross then recommended approval of the following: (1) Pay Estimate No. 1 in the amount of \$449,428.18 for the construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-56, payable to Allgood Construction Company, Inc.; (2) Pay Estimate No. 3 in the amount of \$213,636.55 for construction of water, sewer, and drainage facilities to serve Shadow Oaks Section 1, payable to Clearwater Utilities, Inc.; and (3) Pay Estimate No. 1 in the amount of \$308,909.34 for the construction of the water, sewer, and drainage facilities to serve Shadow Ridge Section One, payable to R Construction Company;

Mr. Ross updated the Board on bond application no. 7. Following review and discussion, the Board concurred to request a proposal from Jones-Heroy & Associates, Inc. for the preparation and submittal of bond application no. 7 to the Texas Commission on Environmental Quality ("TCEQ").

Ms. Humphries discussed the issuance of TPDES General Permit No. TXR040000 (the "MS4 Permit") by the TCEQ required for discharges from municipal separate storm sewer systems and its applicability to the District. She informed the Board of the required steps for implementation of the MS4 Permit, and indicated that, pursuant to the MS4 Permit requirements, the District must submit a Notice of Intent ("NOI") and Storm Water Management Program ("SWMP") to the TCEQ no later than June 11, 2014, in order to obtain MS4 Permit coverage.

Ms. Humphries discussed a proposal from Storm Water Solutions ("SWS") to conduct the work necessary to prepare the NOI and SWMP, submit the required documentation to the TCEQ, and implement the SWMP for the five year duration of the

MS4 Permit. She noted ABHR will request that a representative from SWS attend the next Board meeting and present the NOI and SWMP for execution. Ms. Humphries requested that Ms. Davis bring a draft to the next Board meeting of an amended budget to include a line item to facilitate the required reporting of expenses related to the District's obtaining and maintaining the MS4 Permit.

Following review and discussion, Director Axtell moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) award the contract for construction of water, sewer, and drainage facilities to serve Southlake Phase 3 Collectors to Hurtado Construction Company, Inc. for a total cost of \$984,000.00, subject to approval of construction bonds and insurance, and approve a related letter finance agreement with 518SCR, Ltd.; (2) award the contract for the clearing and grubbing to serve Shadow Grove Phase 2 to T.F.R Enterprises, Inc. for a total cost of \$335,300.00, subject to approval of construction bonds and insurance, and approve a related letter finance agreement with KB Home; (3) approve Pay Estimate No. 1 as presented for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-56; (4) approve Pay Estimate No. 3 as presented for the construction of the water, sewer, and drainage facilities to serve Shadow Oaks Section 1; (5) approve Pay Estimate No. 1 as presented for the construction of the water, sewer, and drainage facilities to serve Shadow Ridge Section One; (6) approve SWS's proposal for managing the MS4 Permit; (7) authorize SWS to proceed with preparation of the NOI and SWMP for review by the Board; and (8) direct that the contract be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which carried unanimously.

Mr. Ross left the meeting.

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

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

Mr. Doyle reported on construction and homebuilding in the Newmark Homes section of the District.

The Board reviewed a developer reimbursement report prepared by McGrath for the purpose of verifying the amounts to be reimbursed to Perry 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 \$4,535,000 Unlimited Tax Bonds, Series 2012. A copy of the developer reimbursement report is attached. After review and discussion, Director Rozell moved to: (1) approve the developer reimbursement report; (2) authorize disbursement of funds to reimburse Perry Homes in the amount of \$381,520, pursuant to the developer reimbursement report and contingent on receipt of executed Receipt; and

(3) direct that the developer reimbursement report and Receipt be filed appropriately and retained in the District's official records. Director Axtell seconded the motion, which was approved by unanimous vote.

REVIEW BIDS FOR THE SALE OF THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2014 (THE "SERIES 2014 BONDS")

Mr. Rathmann stated that the Board received 7 bids for the District's Series 2014 Bonds, a summary of which is attached. He reviewed bids from (1) RBC Capital Markets ("RBC") with a net effective interest rate of 3.532665; (2) Raymond James & Associates, Inc., with a net effective interest rate of 3.599118; (3) SAMCO Capital Markets, with a net effective interest rate of 3.608279; (4) First Southwest, with a net effective interest rate of 3.616736; (5) BOSC, Inc., with a net effective interest rate of 3.631987; (6) Hutchinson, Shockey, Erley & Co., with a net effective interest rate of 3.705486; and (7) FTN Financial Capital Markets, with a net effective interest rate of 3.841538. Mr. Rathmann stated that good faith checks were submitted by all of the bidders as requested.

Mr. Rathmann distributed and reviewed a report from Standard & Poor's Ratings Services ("S&P"), a copy of which is attached. He stated that S&P assigned a BBB/Stable rating to the District for the Series 2014 Bonds.

AWARD OF SALE OF THE DISTRICT'S SERIES 2014 BONDS

The Board next considered awarding the sale of the District's Series 2014 Bonds. Mr. Rathmann stated he verified the accuracy of the bids and recommended that the Board accept the bid with the lowest net effective interest rate submitted by RBC. After review and discussion, Director Rozell moved to award the sale of the District's Series 2014 Bonds to RBC, whose bid contained the lowest net effective interest rate. Director Pope seconded the motion, which passed by unanimous vote. A copy of the accepted bid from RBC is attached.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SERIES 2014 BONDS, APPROVE PAYING AGENT/REGISTRAR AGREEMENT, APPROVE OFFICIAL STATEMENT, AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE BOND SALE, AUTHORIZE THE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER, AND EXECUTION OF AMENDMENT TO THE INFORMATION FORM

Ms. Humphries reviewed a Resolution Authorizing the Issuance of the District's \$7,395,000 Unlimited Tax Bonds, Series 2014. She then reviewed the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Mr. Rathmann stated the Preliminary Official Statement will be updated to include information regarding the bond sale. Ms. Humphries stated it will be necessary for the

President, Vice President, and Secretary of the Board to sign certain documents relating to the sale of the District's Series 2014 Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas. She added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. Ms. Humphries stated the Texas Water Code requires the District to file an Amendment to the Information Form with Fort Bend and Brazoria Counties and the TCEQ in order to reflect the bonds issued by the District. She then reviewed the Amendment to the Information Form with the Board. After review and discussion, Director Rozell moved to (1) adopt the Resolution Authorizing the Issuance of the District's \$7,395,000 Unlimited Tax Bonds, Series 2014, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A, and direct that the Agreement be filed appropriately and retained in the District's official records; (3) approve the Official Statement for the Series 2014 Bonds; (4) authorize the President and Secretary to sign the documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; and (5) authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed by unanimous vote.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries informed the Board of the next meeting date for Brazoria County Municipal Utility District No. 26 ("MUD 26") for those Directors interested in staying up to date on the development of the 5 acre tract into a park site with temporary ball fields. She stated an email forwarded to her by Director Weary of MUD 26 from Shadow Creek Soccer Club ("SCSC") reports that Alvin Independent School District has given approval to SCSC for the development of new fields at York Elementary School. The email notes that construction will begin in June and is funded by SCSC.

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 stated 98.79% of the District's 2013 taxes had been collected as of March 31, 2014. He 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 Axtell seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and considered establishing travel guidelines for the upcoming AWBD summer conference in Fort Worth. After discussion, Director Rozell moved to establish maximum limits of four director fees of office, three nights of lodging, and up to three meals a day for any director attending the AWBD summer conference for expenses submitted in accordance with the Guidelines. Director Palmer seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Davis 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. Ms. Humphries reviewed the funds in the operating and capital projects accounts and the Board concurred to use surplus operating funds for reimbursement of impact fees in order to minimize the amount included in the next bond issue. After review and discussion, Director Axtell moved to approve the bookkeeper's report and payment of the bills. Director Pope seconded the motion, which passed unanimously.

Mr. Gunn left the meeting.

ATTORNEY'S REPORT

Ms. Humphries provided an update for the District's 2014 Unlimited Tax Refunding bonds.

Mr. Patterson left the meeting.

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. The Board then reviewed an analytics report on activity on the website for the prior month, a copy of which is attached.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

No reports were presented.

COMMENTS FROM THE PUBLIC

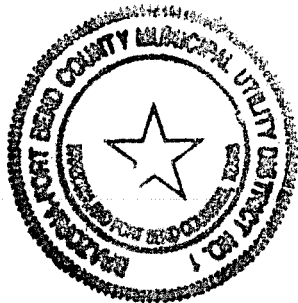
No members of the public came forward to address the Board.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the District's next meeting will be held on June 6, 2014, at 12:00 p.m., at ABHR and the District's July meeting will be held on July 11, 2014, at 12:00 p.m., at ABHR.

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

(SEAL)



Jerry Rein
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Security report.....	1
Engineer's report.....	1
Developer reimbursement report.....	3
Report from Standard & Poor's Investors Service	4
Accepted bid from RBC	4
Tax assessor/collector's report	5
Bookkeeper's report.....	6
Website Analytics Report	6