

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

February 6, 2015

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 February, 2015, 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 Caralynn Prade, Melissa Slade, Michael Parks, and Herb Fain, Directors of Brazoria County Municipal Utility District No. 26 ("BC 26"); Officer Natisha Lucas of City of Pearland Police Department (the "City"); Charlie Norton and Maria Southall-Shaw of Shadow Creek Ranch Maintenance Association ("SCRMA"); Bobby Wilkerson, Committee Chair of Biscayne Bay Homeowners Association; Mark McGrath and Tayo Ilori of McGrath & Co., PLLC; Bob DeForest of KGA/DeForest Design, LLC; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Michael Doyle of Development Consultants, Inc.; David Patterson of Assessments of the Southwest, Inc.; Tracey Scott of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott 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 Ruiz 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

Mr. DeForest presented and reviewed a summary of comments from the City regarding the site plan for construction of the temporary ball fields, a copy of which is attached. Mr. DeForest said the comments are directed at a permanent facility and he

will meet with City Park Director Michelle Graham to intercede with the other City departments who have commented to emphasize the temporary nature of the project. Mr. DeForest recommended the District not accept the alternate bid item of irrigation and instead use a drop truck as needed to water the fields. Mr. DeForest recommended the District engage LJA to review and provide the engineer's seal as required by the City. Mr. DeForest stated one bid was received for the construction of the temporary ball fields from Key-Scape, LLC for a total cost of \$246,905.00, which does not include the alternate bid item for irrigation. A copy of the bid tabulation is attached. Mr. DeForest stated the Districts can award a contract once it has received approval from the City.

Ms. Humphries stated the Board of BC 26 requested a special meeting today to finalize details and answer questions related to the park projects underway in Shadow Creek Ranch that the District and BC 26 (collectively, the "Districts") are funding, including obtaining City approval for the temporary ball fields site plan and a commitment from SCRMA to schedule and maintain the temporary ball fields. Ms. Humphries noted the lease agreement with the City for the 4-acre tract on which the temporary ball fields will be constructed was entered into with BC 26 exclusively via an Interlocal Agreement Regarding Use of the Shadow Creek Ranch Sports Complex (the "Agreement") because at that stage of project planning and development, the District was not fully committed to participating in the funding of the project and the temporary ball fields are located within BC 26. Ms. Humphries noted the Agreement stipulates that BC 26 is responsible for the maintenance of the ball fields and the scheduling of usage, although BC 26 may subcontract to another party.

Discussion ensued regarding (1) resistance to the Districts' funding of City owned park projects; (2) the source of funding for the construction of the temporary ball fields using operating revenue from City water bills rather than maintenance tax revenue; (3) the Districts' advocacy of park development to date and going forward; and (4) the benefits to the community of completing the temporary ball fields.

Discussion ensued with representatives of SCRMA about SCRMA's initial decision to not fund ongoing maintenance and scheduling of the temporary ball fields because SCRMA believes this is the City's responsibility. Both Boards agreed the City should pay all costs associated with the Regional Sports Park, but Board members of BC 26 noted the City was unwilling to do anything related to the temporary sports fields, including even refusing to pay for irrigation water.

Director Ruiz requested a two week time period to meet with Ms. Graham and members of City Council to address the expectation of the Districts, the community of Shadow Creek Ranch, and SCRMA that the City bears the responsibility for scheduling and mowing the temporary ball fields, water usage, and park development.

Following discussion, the Boards of the Districts concurred to schedule a special meeting on February 20, 2015, at ABHR at noon to discuss and take action, if necessary, on award of a contract for the temporary fields depending on the outcome of Director Ruiz's meeting with City representatives. Ms. Southall-Shaw said at the February 20, 2015, meeting she will report SCRMA's decision whether to enter into an agreement with BC 26, with the consent of the District, for SCRMA to be responsible for the scheduling and mowing of the temporary ball fields, once constructed.

Ms. Humphries presented a Cost Sharing Agreement for Construction of Temporary Ball Fields in Shadow Creek Ranch Sports between the Districts to share equally the cost of constructing the temporary ball fields, which was previously approved.

Ms. Humphries presented a Maintenance and Scheduling Agreement between BC 26 and SCRMA for Temporary Ball Fields in the Shadow Creek Ranch Regional Sports Park (the "Maintenance and Scheduling Agreement") which stipulates that SCRMA will be responsible for scheduling usage of the temporary ball fields and mowing the temporary ball fields, once installed. Ms. Humphries noted the Maintenance and Scheduling Agreement includes a consent by BFB1 to acknowledge the Agreement. Ms. Southall-Shaw stated that if SCRMA becomes responsible for scheduling usage of the temporary ball fields, SCRMA will only schedule the time slots on a first come first served basis and notify parties of their allotted time. She added SCRMA will not be responsible for enforcing any party's adherence to the reservation of that or any other party's allotted time. In response to a question by Mr. Wilkerson, the Boards indicated when and if the temporary ball fields are completed, they will consider ways to generate funds for maintaining the temporary ball fields.

Following review and discussion, Director Ruiz moved to (1) engage LJA to review and provide the engineer's seal as required by the City regarding construction of the temporary ball fields; (2) reapprove the Cost Sharing Agreement for Construction of Temporary Ball Fields in Shadow Creek Ranch Sports between the District and BFB1 for equal sharing of the cost of constructing the temporary ball fields; and (3) authorize consent to acknowledge the Maintenance and Scheduling Agreement between BC 26 and SCRMA, which stipulates that SCRMA will be responsible for scheduling usage of the temporary ball fields and mowing the temporary ball fields, once installed. The motion was seconded by Director Rozell and passed unanimously.

SECURITY SERVICES REPORT

Officer Lucas reviewed the written security report for Shadow Creek Ranch, submitted in advance of today's meeting. A copy of the security report is attached. Officer Lucas reported the arrest of individuals suspected of burglarizing apartment homes in Shadow Creek Ranch.

Ms. Southall-Shaw reported on the security cameras and confirmed all officers employed by the District and BC 26 will be trained on video monitoring from the security cameras in the next two weeks. Ms. Southall-Shaw said locations for the posting of 62 surveillance signs have been selected by the Board of SCRMA. Ms. Southall-Shaw noted the signs were purchased from fundraising by the Shadow Creek Ranch neighborhood Crimewatch. Ms. Southall-Shaw discussed the full initiative of Crimewatch, including plans for a town watch and the distribution of car stickers to enable security patrol to distinguish between Shadow Creek Ranch residents and non-residents.

Officer Lucas discussed coverage for security patrol shifts and requested the Board approve an Amended and Restated Security Patrol Services Agreements for five officers needed to fill current and anticipated vacancies. Following discussion, Director Ruiz moved to approve an Amended and Restated Security Patrol Services Agreement for five officers and direct that the Agreement be retained in the District's official records. The motion was seconded by Director Axtell and passed by unanimous vote.

Directors Parks, Fain, Prade, and Slade left the meeting. Officer Lucas and Ms. Southall-Shaw left the meeting.

REVIEW ARBITRAGE REBATE REPORT FOR THE SERIES 2009 BONDS

Ms. Brook presented and reviewed the arbitrage rebate report on the District's Series 2009 bonds prepared by OmniCap Group, LLC. Ms. Brook stated the report indicates that no arbitrage rebate payment is required by the District. Following review and discussion, Director Ruiz moved to accept the report and authorize ABHR to file the report in the District's files. The motion was seconded by Director Rozell.

Director left the meeting.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2014

Mr. McGrath reviewed the audit for the fiscal year ended September 30, 2014. After review and discussion, Director Ruiz moved to approve the audit, subject to final Director and Consultant review, authorize filing of the audit with the Texas Commission on Environmental Quality ("TCEQ"), and direct that the audit be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which carried unanimously.

REPORT ON POTENTIAL REFUNDING BOND ISSUE

Before Ms. Humphries left the meeting, she stated ABHR discounted the bond counsel's fee 10% in consideration of the fact that the District is also selling new money bonds this year. Ms. Williams presented and reviewed a proposal for Refunding Bonds

for current refunding of the Series 2006 and Series 2007 and advanced refunding of Series 2008 and Series 2009 Bonds (the "Refunding Bonds"), a copy of which is attached. Ms. Williams reported Rathmann discounted the financial advisor's fee for the same reasons. Ms. Humphries then left the meeting.

Ms. Williams discussed and responded to questions from the Board regarding proposed savings on the District's debt service, possible bond pricing, a summary of proposed bonds to be refunded upon delivery and in 2016, the estimated cost of issuance, negative arbitrage, and projected escrow statistics. Following review and discussion, and upon a motion by Director Axtell and a second by Director Ruiz, the Board voted unanimously to authorize Ms. Williams to prepare a Preliminary Official Statement and all items necessary for the Board to consider proceeding with the Refunding Bonds at next month's Board meeting.

MINUTES

The Board considered approving the minutes of the January 9, 2015, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes of the January 9, 2015, meeting, as presented. Director Ruiz seconded the motion, which passed unanimously.

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

Mr. Doyle reported on home construction and sales in the District.

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 91.71% of the District's 2014 taxes had been collected as of January 31, 2015. Following review and discussion, Director Axtell made a motion to approve the tax assessor/collector's report and payment of the tax bills. Director Palmer seconded the motion, which carried unanimously.

ENGINEERING MATTERS

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

Mr. Ross reviewed and recommended approval of five pay estimates and two change orders as detailed in the engineer's report.

Mr. Ross stated there were no updates for bond application no. 7.

Ms. Brook stated there were no updates regarding the MS4 Permit.

Mr. Ross reported the District received nine bids for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-57. Mr. Ross recommended award of the project to the low bidder, Crostex Construction, Inc. ("Crostex") with a total bid amount of \$1,012,505.50, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Crostex 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. Brook requested the Board approve a letter financing agreement with 741SCR, Ltd. related to financing of the project.

Mr. Ross requested the Board authorize design of the water, sewer, and drainage facilities to serve Southlake Section 8 and advertisement for bids.

Following review and discussion, Director Palmer moved to approve the engineer's report and take the following action, based upon the engineer's recommendation: (1) award the contract for construction of the water, sewer, and drainage to serve Shadow Creek Ranch SF-57 to Crostex in the amount of \$1,012,505.50, subject to approval of construction bonds and insurance, and approve a related letter finance agreement with 741SCR, Ltd; (2) authorize LJA to design the water, sewer, and drainage facilities to serve Southlake Section 8 and advertise for bids; (3) approve Change Order No. 1 to Triple B Services, L.L.P. in the amount of \$1,500 to re-locate a fire hydrant, which increases the contract amount for the construction of water, sewer, and drainage facilities to serve SF-54 and SF-60 from \$863,843.30 to \$865,343.30; (4) approve Pay Estimate No. 1 to Hurtado Construction Company ("Hurtado") in the amount of \$185,699.16 for construction of the water, sewer, and drainage facilities to serve SF-58; (5) approve Pay Estimate No. 2 and Final to Hurtado in the amount of \$88,599.14 for construction of the water, sewer, and drainage facilities to serve SF-63A; (6) approve Pay Estimate No. 5 and Final to Menade, Inc. in the amount of \$78,691.97 and Change Order No. 1 in the amount of \$18,540.00 for additional steel water line under the canal and additional bridge rail items for Southlake, Shelton Ridge Lane Phase 2 GCWA Canal Bridge, which increases the contract amount from \$396,964.50 to \$415,504.50; (7) approve Pay Estimate No. 2 and Final to Hurtado in the amount of \$385,760.79 for construction of the water, sewer, and drainage facilities to serve Southlake Phase 3 Collectors; and (8) approve Pay Estimate No. 3 to 5758 Construction, L.P. in the amount of \$251,860.91 for construction of the water, sewer, and drainage facilities to serve Southlake Section 6 and Section 7. Director Axtell seconded the motion, which passed unanimously.

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

The Board discussed the AWBD winter conference. After discussion, Director Ruiz moved to approve reimbursement of eligible expenses for the winter conference submitted in accordance with the District's travel guidelines and authorize all interested directors to attend the AWBD summer conference. Director Palmer seconded the motion, which carried by unanimous vote.

Mr. Ross and 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*, and on the District's page of the website. After discussion, the Board concurred to direct 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.

The Board reviewed a draft of the District Information Kit provided in advance of the meeting. Following review and discussion the Board concurred to approve the District Information Kit as submitted and direct that it be posted on the District's website.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

No reports were given.

COMMENTS FROM THE PUBLIC

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

ATTORNEY'S REPORT

Ms. Brook presented a proposal received from HARCO Insurance Services ("HARCO"), the District's current provider, for renewal of the District's insurance policies, which expire on March 17, 2015. After review and discussion, Director Ruiz moved to approve the proposal from HARCO for renewal of the District's insurance policies. Director Axtell seconded the motion, which carried unanimously.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred to hold the next regular Board meeting on March 6, 2015, at noon, at ABHR.

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

(SEAL)



Jerry King
Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the standard notice, to the District’s website and community newsletters.
2. Mr. DeForest will meet with Michelle Graham to intercede with other City departments to reconsider comments to the site plan for the temporary ball fields.
3. Director Ruiz will meet with Ms. Graham and available members of City Council to request the City assume responsibility for scheduling usage of, water usage, and mowing for the temporary ball fields.
4. The Districts will hold a special meeting February 20, 2015, at noon at ABHR to discuss and take action, if appropriate, on the temporary ball fields.
5. Ms. Southall-Shaw will present the Maintenance and Scheduling Agreement to SCRMA and report SCRMA’s decision at the Districts’ special meeting on February 20, 2015.

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Bookkeeper’s report.....	1
Summary of comments from the City regarding the site plan for construction of the temporary ball fields	1
bid tabulation for construction of the temporary ball fields	2
Security report	3
Proposal for Refunding Bonds.....	4
Tax assessor/collector’s report	5
Engineer’s report.....	5
Website analytics report.....	7