

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

March 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 March, 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:

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| 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 Michael Parks, Director of Brazoria County Municipal Utility District No. 26 ("BC 26"); Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); 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.; Amy Symmank of Myrtle Cruz, Inc.; Taylor Baumgartner of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported on bond application no. 7, which includes the District's portion of funds to construct the public water, sewer, and drainage to serve the Shadow Creek Ranch Sports Park Phase 1 (the "Project"). Ms. Brook stated bond application no. 7 cannot be filed with the Texas Commission on Environmental Quality ("TCEQ") because the City has been notified by the TCEQ that the sewage treatment plant that serves the District and BC 26 is operating in excess of capacity. Ms. Brook said neither bond application no. 7 nor BC 26's bond application no. 8, which includes BC 26's portion of funding for the Project, can be filed with the TCEQ until December of this year when the City's emergency temporary expansion of the plant is proposed to be complete.

Ms. Williams stated the District's operating account currently has a healthy reserve with enough surplus revenue to pay for the Project. Ms. Brook reported the Board of BC 26 approved the use of BC 26's surplus operating revenue to pay for the

Project, subject to the Board's approval of using the District's surplus operating revenue to pay for the Project, noting both the District and BC 26 will need to proceed together in order to fund the Project. After discussion, Director Rozell moved to authorize preparation and adoption of a Resolution Authorizing Expedited Application to the Texas Commission on Environmental Quality for Use of Surplus Operation and Maintenance Tax Revenue for use of the District's surplus operating revenue to fund the Project, and direct that the Resolution be filed appropriately and retained in the District's records. The motion was seconded by Director Pope and passed unanimously.

Mr. DeForest stated the site plan for construction of the temporary ball fields (the "Fields") has been reworked with the input of LJA to address drainage such that a mitigation plan is not needed. Mr. DeForest discussed submittal of the new site plan for the Fields to the City for approval and requested the Board reject the bid from Key-Scape, LLC for a total cost of \$246,905.00, which was reviewed at the February 6, 2015, meeting and authorize KGA/DeForest to advertise the reworked site plan for construction of the Fields for public bids, subject to City approval of the new site plan. After discussion, Director Rozell moved to reject the bid from Key-Scape LLC and authorize KGA/DeForest to advertise for bids for construction of the Fields based on the new site plan, subject to City approval of the site plan. The motion was seconded by Director Pope and passed by unanimous vote.

BC 26 Director Parks left the meeting.

MINUTES

The Board considered approving the minutes of the February 6, 2015, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes of the February 6, 2015, regular meeting, as presented. Director Ruiz seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

The Board reviewed the written security report for Shadow Creek Ranch, submitted in advance of today's meeting. A copy of the security report is attached. Discussion ensued regarding the possibility of adding a graphic to the security report to account for trends in crimes. Following review and discussion, the Board concurred to direct ABHR to contact Officer Lucas to request the addition of a graphic to account for crime trends.

UNLIMITED TAX REFUNDING BONDS, SERIES 2015

PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2015

Ms. Williams reviewed the Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2015. After review and discussion, Director Rozell moved to approve the Preliminary Official Statement. Director Pope seconded the motion, which passed by unanimous vote.

DESIGNATE UNDERWRITER

The Board considered selecting an underwriter to purchase the Series 2015 Refunding Bonds. Ms. Williams recommended the Board use RBC Capital Markets ("RBC") and SAMCO Capital Markets, Inc. ("SAMCO"). Following review and discussion and based on the recommendation of the District's financial advisor, Director Rozell moved to designate RBC and SAMCO as underwriters for the Series 2015 Refunding Bonds. Director Pope seconded the motion, which passed by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a paying agent/registrar and escrow agent for the Series 2015 Refunding Bonds. Following review and discussion, Director Rozell moved to appoint The Bank of New York Mellon Trust Company, N.A., as the District's paying agent/registrar and Wells Fargo Bank, N.A., as escrow agent for the Series 2015 Refunding Bonds. Director Pope seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2015 AND AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE SALE OF THE BONDS

Ms. Brook presented a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2015, and reviewed the parameters for the refunding bond sale to be designated by an authorized representative of the District. After review and discussion, Director Rozell moved to (1) adopt the Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2015; (2) authorize the President to act as the District's authorized representative; (3) authorize the financial advisor to proceed with the sale of the Series 2015 Refunding Bonds in a principal amount not to exceed \$50,000,000 and subject to a present value savings of at least 8%; and (4) authorize the Board of Directors to sign all documents relating to the sale

of the Series 2015 Refunding Bonds. Director Pope seconded the motion, which passed by unanimous vote.

AUTHORIZE THE DISTRICT'S ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2015

Ms. Brook discussed the necessary action to be taken by the District's attorney and financial advisor, in connection with the issuance of the Series 2015 Refunding Bonds. She requested the Board authorize execution of a letter stating ABHR will discount its fee for services rendered as bond counsel to the District in connection with the Series 2015 Refunding Bonds by 10%. Ms. Williams requested the Board authorize execution of a letter stating Rathmann's fee for services rendered in connection with the Series 2015 Refunding Bonds is .9%, which is reduced from 1.25%. After review and discussion, Director Rozell moved to (1) authorize execution of a letter stating ABHR's fee for services rendered in connection with the Series 2015 Refunding Bonds will be discounted 10%; (2) authorize execution of a letter stating Rathmann's fee for services rendered in connection with the Series 2015 Refunding Bonds will be .9%; (3) authorize the District's attorney and financial advisor to take all necessary action in connection with the issuance of the District's Series 2015 Refunding Bonds; and (4) direct that any documents be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed by unanimous vote.

EXECUTION OF CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Brook presented a Certificate Regarding Provision of Financial Advice related to the Series 2015 Refunding Bonds certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Bonds. After review and discussion, Director Rozell moved to authorize execution of the Certificate and direct that the Certificate be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed by unanimous vote.

APPROVE CHECK TO ATTORNEY GENERAL RELATING TO BOND ISSUE TRANSCRIPT REVIEW

The Board discussed approving a check to the Attorney General of Texas for the Series 2015 Refunding Bonds transcript review. Following discussion, Director Rozell moved to approve the check to the Attorney General of Texas for review of the transcript for the Series 2015 Refunding Bonds. Director Pope seconded the motion, which passed by unanimous vote.

Director Palmer entered the meeting. Director Rozell acknowledged the dedication of Rathmann throughout many years serving as the District's financial advisor. Mr. Baumgartner and Mr. Gunn concurred with Director Rozell concerning their respective experiences working with Rathmann.

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

Mr. Doyle and Mr. Gunn 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 96.06% of the District's 2014 taxes had been collected as of February 28, 2015. Following review and discussion, Director Rozell 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. Baumgartner distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Baumgartner reviewed and recommended approval of one pay estimate as detailed in the engineer's report.

The Board concurred to defer discussion on the engineer's inspection of the District's facilities.

Mr. Baumgartner stated there were no additional updates for bond application no. 7.

Following review and discussion, Director Pope moved to approve the engineer's report and, based upon the engineer's recommendation, approve Pay Estimate No. 2 to Hurtado Construction Company in the amount of \$305,812.71 for construction of the water, sewer, and drainage facilities to serve SF-58. Director Palmer seconded the motion, which passed unanimously.

Ms. Brook updated the Board on the District's compliance with TPDES general permit no. TXR040000. She stated the District is included in the City's stormwater management plan and requested the Board approve the annual report prepared by the City for year 1. Following discussion, Director Palmer moved to approve the annual report and authorize that the report be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Symmank 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 Palmer moved to approve the bookkeeper's report and payment of the bills. Director Pope seconded the motion, which passed unanimously.

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, including review of a draft article outlining contributions made by the District and BC 26 to the community. After discussion, the Board concurred to request ABHR post the standard notice to the newsletter and the District's website with the addition of the draft article in final form which includes (1) the combined assessed value of the District and BFB1 as a percentage of the City's assessed value; (2) the City's overcapacity issue; (3) access to the Annual Report, which outlines the financial health of the District; (4) the District's and BC 26's funding of security patrols and how each District paying for the repairs to the detention ponds has enabled SCRMA to pay for surveillance cameras; and (5) upcoming City Council elections. 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

Mr. Norton reported on the Emerald Bay Homeowners Association Board of Directors meeting held March 3, 2015, and noted BC 26 Director Michael Parks was in attendance. Mr. Norton reported on Officer Lucas's acknowledgement of the District's and BC 26's funding of security patrol and repair of the detention ponds side slopes to enable SCRMA to fund installation of security cameras and noted there was resultant resident applause.

COMMENTS FROM THE PUBLIC

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

ATTORNEY'S REPORT

The Board considered authorizing ABHR to send a letter to the City on the District's behalf to inform the City of the extra developer interest the District will have to pay due to the approximate one year delay in submitting bond application no. 7 because the City is overcapacity at its sewer treatment plant. Mr. Baumgartner noted

four to five projects could be added to bond application no. 7 before submission to TCEQ, increasing the developer interest. Following discussion, Director Rozell moved to authorize ABHR to send a letter to the City on the District's behalf regarding extra developer interest the District will have to pay as described above. The motion was seconded by Director Palmer and passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation. Ms. Williams 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. Ms. Williams discussed savings from the Series 2015 Refunding Bonds, which should enable the District possibly to offer a homestead exemption of 20%. Following discussion, the Board concurred to defer adoption of a Resolution Concerning Exemptions from Taxation until confirmation of sale of the District's Series 2015 Refunding Bonds.

ANNUAL REPORT

Ms. Brook 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, 2015. Following review and discussion, Director Palmer 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 Ruiz seconded the motion, which passed unanimously.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred to move the next regular Board meeting from April 3, 2015, to April 10, 2015, at noon, at ABHR, due to the Easter holiday.

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

(SEAL)



Serry Ruiz
Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the standard notice, to the District’s website and community newsletters, including an additional article with noted provisions.
2. Mr. DeForest will submit the new site plan for the Fields for City approval.
3. Mr. DeForest will rebid the construction of the Fields based on the new site plan.
4. ABHR will send a letter to the City regarding the District’s extra cost for developer interest incurred because of the City’s overcapacity issue, which is causing a delay in the District’s submittal of bond application no. 7.
5. ABHR will contact Officer Lucas to request that a graphic accounting for crime trends be added to the security report that will.

LIST OF ATTACHMENTS TO MINUTES

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