

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

September 2, 2016

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 2nd day of September, 2016, 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
Heather Zayas	Secretary
Karri Axtell	Assistant Vice President
Terry Ruiz	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Maria Shaw of Shadow Creek Ranch Maintenance Association ("SCRMA"); Tayo Ilori of McGrath & Co., PLLC ("McGrath"); Thomas Sikora of KB Home; Officer Natisha Lucas of the City of Pearland ("City") Police Department; David Patterson of Assessments of the Southwest, Inc. ("ASW"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); Taylor Baumgartner of LJA Engineering, Inc. ("LJA"); Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 5, 2016, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes of the August 5, 2016, regular meeting, as revised. Director Ruiz seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

REPORT ON DEVELOPMENT

Mr. Baumgartner generally reported on development in the District.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the tax assessor/collector's report,

including the unpaid accounts tax roll, a copy of which is attached. He stated 99.7% of the District's 2015 taxes were collected as of August 31, 2016. Following review and discussion, Director Pope moved to approve the tax assessor/collector's report and payment of the bills. Director Zayas seconded the motion, which carried by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S 2016 TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Brook stated that ASW published the required Notice of Public Hearing stating the District anticipates levying a maximum rate of \$0.848 at this meeting. Director Rozell then opened the public hearing. No members of the public came forward to make comments. Director Rozell closed the public hearing.

Ms. Brook presented to the Board an Order Levying Taxes for a \$0.848 tax rate, comprised of \$0.80 for debt service and \$0.048 for operations and maintenance. After review and discussion, Director Zayas moved to adopt the Order Levying Taxes as presented and direct that it be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed unanimously. The Board confirmed its intention that the 2016 tax levy includes a debt service component for the calendar year ending December 31, 2017, and a maintenance tax component for the fiscal year ending September 30, 2017.

Ms. Brook also presented an Amendment to Information Form reflecting the newly adopted tax rate. After review and discussion, Director Ruiz moved to authorize execution of the Amendment to Information Form, and direct that it be filed appropriately and retained in the District's official records. Director Zayas seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Baumgartner distributed and reviewed the engineer's report, a copy of which is attached. In response to a question from the Board, Mr. Baumgartner said he will confirm the calculation of the amount of remaining reimbursement to developers for the payment of impact fees. Mr. Sikora entered the meeting.

Mr. Baumgartner provided an update on the construction of the water, sewer, and drainage facilities to serve Southlake Section 9 and 10. He requested the Board authorize advertisement for bids for the project.

Mr. Baumgartner stated the District received fourteen bids for the construction of Shadow Grove Lake 1 Expansion and Lake 3. Mr. Baumgartner recommended award

of the contract to the low bidder, 5758 Construction, L.P. ("5758"), for a total bid amount of \$551,356.00. The Board determined that, in its judgment, 5758 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. The Board considered approving a letter financing agreement with KB Home related to the financing of the project.

Mr. Baumgartner stated the District received eight bids for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 4 and 5. Mr. Baumgartner recommended award of the contract to the low bidder, Rodriguez Construction Group LLC ("Rodriguez"), for a total bid amount of \$543,850.00. The Board determined that, in its judgment, Rodriguez, 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. The Board considered approving a letter financing agreement with KB Home related to the financing of the project.

Mr. Baumgartner provided an update on the construction of the water, sewer, and drainage facilities to serve Southlake Section 11. He recommended the Board approve Pay Estimate No. 2 to 5758 in the amount of \$311,308.05.

Mr. Baumgartner provided an update on the preparation of bond application no. 8. He reviewed a revised summary of costs, which includes the use of surplus funds from the capital project account to reduce the bond amount by approximately \$1.6 million. Ms. Brook reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and Use of Surplus Funds, which includes approval for the use of surplus funds.

Mr. Baumgartner provided an update on the City's expansion of the sewage treatment plant and the construction of the Regional Sports Park.

Following review and discussion, Director Axtell moved to approve the engineer's report and, based on the recommendation of the engineer, (1) authorize advertisement of bids for the construction of the water, sewer, and drainage to serve Southlake Section 9 and 10; (2) award of the contract for the construction of Shadow Grove Lake 1 Expansion and Lake 3 to 5758 in the amount of \$551,356.00 and a related letter financing agreement with KB Home; (3) award of the contract for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 4 and 5 to Rodriguez in the amount of 543,850.00 and a related letter financing agreement with KB Home; (4) Pay Estimate No. 2 to 5758 in the amount of \$311,308.05; and (5) adoption of a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and Use of Surplus Funds. The motion was seconded by Director Pope and passed unanimously. Officer Lucas entered the meeting.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board discussed matters relating to the recreational facilities in and near the District. Director Pope reported the contractor who constructed the temporary ball fields agreed to replace the missing fence caps and secure them with glue and address rust spots and repaint the fence where it is needed as warranty items.

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. Following review and discussion, Director Axtell moved to approve the bookkeeper's report and payment of the bills. Director Ruiz seconded the motion, which passed unanimously.

Ms. Garcia reviewed the proposed budget for fiscal year end September 30, 2017, a copy of which is attached to the bookkeeper's report.

Mr. Ilori distributed and reviewed a proposal to conduct the District's annual audit for an estimated fee of \$12,500, which is an increase of \$500 from last year.

After review and discussion, Director Rozell moved to approve the bookkeeper's report and payment of the bills; adopt the budget for fiscal year ending September 30, 2017, as presented; and authorize McGrath to proceed with preparation of the audit for fiscal year ending September 30, 2016, for an estimated cost of \$12,500 and pursuant to the District's engagement letter.

The Board conducted an annual review of the District's Investment Policy and determined no changes were necessary. Ms. Brook presented a Resolution Regarding Annual Review of Investment Policy reflecting such.

Ms. Brook presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. She noted the District's bookkeeper provided an updated list of banks, which is attached as an exhibit to the Resolution.

After review and discussion, Director Rozell moved to adopt the Resolution Regarding Annual Review of Investment Policy and the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolutions be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed a draft of the notice for submission to the Shadow Creek Community Newsletter and The Connection and considered updates for the District's website. The Board reviewed an analytics report on activity on the website for the prior month, a copy of which is attached. Director Pope provided updated information regarding City Council terms. Following review and discussion, the Board directed ABHR to revise the newsletter notice and website to reflect the information provided by Director Pope.

The Board reviewed Summer Photo Submission entries and selected all of the entries for posting until further notice. In response to a request from the Board, Ms. Brownlee said she will inquire about options for displaying multiple photos on the website. Discussion ensued regarding promotion of the Summer Photo Submission. After discussion and with the consent of Director Pope, Director Zayas said she will attempt to post Director Pope's entries for the Summer Photo Submission to SCRMA's Facebook page.

SECURITY SERVICES REPORT

Officer Lucas reviewed the written security report for Shadow Creek Ranch ("SCR") provided in advance of the meeting. A copy of the security report is attached.

Officer Lucas reported that a patrol officer recently resigned. She requested the Board approve the addition of a new officer. Ms. Brook reviewed an Amended and Restated Security Patrol Services Agreement (the "Patrol Agreement") between the District, Brazoria County Municipal Utility District No. 26, and a qualified licensed peace officer. Following review and discussion, Director Pope moved to approve the Patrol Agreement. The motion was seconded by Director Zayas and passed unanimously. Officer Lucas then left the meeting.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Ms. Shaw reported on a recent ABC television news feature, which showed how stolen items were recovered as a result of surveillance from the security cameras installed by the homeowners association with funding from the District and Brazoria County Municipal Utility District No. 26 (collectively, the "Districts").

Ms. Shaw reported the SCRMA Board of Directors will meet September 8, 2016, to discuss, among other matters, items in need of funding assistance from the Districts.

Ms. Shaw said she will present these items at the October District meetings. Ms. Humphries entered the meeting.

ATTORNEY'S REPORT

The Board reviewed revisions to the District Information Kit. In response to a question from the Board, Ms. Humphries stated the District's outstanding bond amount can be updated twice a year following the bi-annual March and September debt service payments. She noted a link to the Electronic Municipal Market Access website containing the District's financial information is available on the District's website.

ANNEXATION MATTERS

There was no discussion on this matter.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is October 7, 2016, at 12:00 p.m.

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

(SEAL)



Secretary, Board of Directors

ACTION LIST

1. ABHR will update the monthly newsletter notice to reflect the current City Council terms and positions and submit the notice to the community newsletters.
2. ABHR will submit the updated City Council term information to the District's website.
3. Ms. Brownlee will inquire about options for posting multiple photos on the District's website.
4. Ms. Brownlee will update the outstanding bond amounts in the District's Information Kit upon availability of such.
5. Ms. Shaw will present a written request and report from the SCRMA Board of Directors for SCR items in need of funding at the October meeting.
6. Mr. Baumgartner will confirm the calculation of the amount of remaining reimbursement to developers for the payment of impact fees.

LIST OF ATTACHMENTS TO MINUTES

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