

Brazoria-Fort Bend County Municipal Utility District No. 1

2017 INFORMATION KIT

Approved February 3, 2017

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FACT SHEET: DISTRICT OVERVIEW

District Mailing Address and Telephone Number

Brazoria-Fort Bend County Municipal Utility District No. 1
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
(713) 860-6400

Public Information Officer/Media Contact

Ms. Lynne B. Humphries
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
(713) 860-6406

Date of Creation

June 28, 2004

Size of District and Annexations

- Original size of District at creation: 455.9360 acres
- 808.329 acres annexed on July 6, 2004
- 463.631 acres annexed on May 4, 2007
- 34.224 acres annexed on November 1, 2013
- Current size of District: 1762.1200

Bond History

\$138,515,000 in bonds have been authorized and, as of February 5, 2016, \$86,290,000 have been issued and sold. \$60,000,000 in refunding bonds have been authorized and, as of February 5, 2016, \$100,000 have been issued and sold. For additional information, please see separate section entitled, "How does the District fund its projects?" and separate fact sheet entitled, "District Bond Issuance History."

Tax Rate

The tax rate was reduced from the initial rate of \$0.85/\$100 in assessed value to \$0.848/\$100 in assessed value for 2015. Further, the District offers a 20% general

homestead exemption. For additional information, please see separate section entitled, "How does the District fund its projects?"

Subdivisions and Developers/Builders

The District is part of the master planned community known as Shadow Creek Ranch. Subdivisions in the District are as follows:

Neighborhoods	
Meadow Trails West	Meadows Trails East
Nicole Terrace	Creekside Meadows
Silver Leaf Glen	Biscayne Bay
Regents Glen	Briarwood North
Briarwood South	Trinity Shores
Brookglen	Riverside Place
Copper Creek	Village Green
Seacrest Pointe	Harvest Grove
Edgewater	Westhaven
Azalea Creek	Brook Run
Windy Shores	Arbor Lakes
Eden Cove	Country Glen
Holly Landing	Westwood Springs
Pelican Shores	Cedar Wood
Blackberry Crossing	Autumn Brook
Shadow Ridge	Crystal Cove
Piney Trail	Orchard Village

Directors

Michael "Mike" Rozell	President
Geoffrey Pope	Vice President
Heather Zayas	Secretary
Terry Ruiz	Assistant Secretary
Karri Axtell	Assistant Vice President

If you need to contact one of the Directors, please contact Tracie Brownlee at (713) 800-8465 or tbrownlee@abhr.com and she will contact them on your behalf. You may also visit the District's website at www.shadowcreekranchmuds.com and fill out the form on the contact page to send an email to the District or its Directors.

For more complete information, please see separate sections entitled “Who manages the District”? and “How can I contact the District”?

Notable District Projects and Accomplishments

The District and Brazoria County Municipal Utility District No. 26 are within the master planned community known as Shadow Creek Ranch.

Blue Ridge Landfill - The Shadow Creek Ranch MUDs (Brazoria County MUD No. 26 and Brazoria-Fort Bend County MUD No. 1) continue to monitor efforts by the Texas Commission on Environmental Quality (TCEQ) to eliminate noxious odors in our community. The TCEQ has investigated Blue Ridge Landfill (BLR), and has identified that to be the cause of the odor nuisance in West Pearland. According to a recent TCEQ Notice of Enforcement, BLR is not in compliance with its permit. The MUDs notified our State Senator and Representative, new Fort Bend County Commissioner Precinct No. 1 Vincent Morales, and the Pearland City Council and Mayor of the MUDs’ desires for a swift and satisfactory resolution so residents may continue to enjoy the many benefits of living in Shadow Creek Ranch, odor free.

The City of Pearland formed an ad hoc committee called The Odor Task Force. The City maintains a webpage with documentation on BLR from the TCEQ and information on how to report resident odor complaints. Anyone interested in updates for the odor nuisance is encouraged to visit the following link:

<https://www.pearlandtx.gov/other-city-pages/west-pearland-air-quality>

The District sold its seven series of tax exempt unlimited tax bonds to finance its water, sewer, and drainage facilities. The first bond issue of \$10,000,000 sold at a net effective interest rate of 4.823102 percent, the second bond issue of \$19,000,000 sold at a net effective interest rate of 4.681106 percent, the third bond issue of \$25,000,000 sold at a net effective interest rate of 5.738029 percent, the fourth bond issue of \$4,000,000 sold at a net effective interest rate of 5.170485 percent, the fifth bond issue of \$4,535,000 sold at a net effective interest rate of 3.242234 percent, the sixth bond issue of \$7,395,000 sold at a net effective interest rate of 3.532665 percent, and the seventh bond issue of \$16,360,000 sold at a net effective interest rate of 1.879382 percent.

The District has refinanced portions of its outstanding bonds to reduce debt service payments through the use of refunding bonds. The Board monitors opportunities for additional refunding to further reduce its debt as interest rates stay low.

Standard & Poor’s gave the District a credit rating of BBB and commented that the “...the MUD’s financial position remains very strong...” meaning that Shadow Creek Ranch continues to be a premier location for new home buyers as well as expanding

West Pearland. Fewer than 20% of all special water districts in the Country have credit ratings. With 1762.1 acres within the District’s boundaries, the certified taxable assessed value has grown phenomenally from \$69,125,500 in 2005 to \$843,970,411 in 2016.

For more complete information, please see separate sections entitled “What services does the District provide other than utilities?”

FACT SHEET: DISTRICT BOND ISSUANCE HISTORY

District voters have authorized a total of \$138,515,000 of bonds for the purpose of acquiring, constructing, repairing, improving and expanding waterworks, wastewater treatment and storm drainage in the District. Thus far, the following bonds have been issued:

<u>Series</u>	<u>Type Issued</u>	<u>Amount Issued</u>	<u>Amount Outstanding (3-1-16)</u>
2006	Unlimited Tax Bonds	\$10,000,000	\$0
2007	Unlimited Tax Bonds	\$19,000,000	\$0
2008	Unlimited Tax Bonds	\$25,000,000	\$0
2009	Unlimited Tax Bonds	\$4,000,000	\$225,000
2012	Unlimited Tax Bonds	\$4,535,000	\$4,105,000
2014	Unlimited Tax Bonds	\$7,395,000	\$7,125,000
2014	Unlimited Tax Refunding Bonds	\$2,395,000	\$2,285,000
2015	Unlimited Tax Refunding Bonds	\$47,375,000	\$45,505,000
2016	Unlimited Tax Bonds	\$16,360,000	\$16,360,000
	Total:	\$87,620,000	\$75,605,000

WHAT IS A MUNICIPAL UTILITY DISTRICT OR MUD?

The District was created to bring water, sewer, drainage and other basic services to residents who have no service lines built by a city. To accomplish the purposes for which they are created, the MUD is authorized by law to purchase and construct all facilities necessary to supply water, wastewater, and stormwater services. In addition to funding water, sewer and drainage services, MUDs may provide supplemental security patrol services, and may generally enhance communities by building parks and recreational facilities.

MUDs are authorized by Article XVI, Section 59 of the Texas Constitution and by Chapter 54 of the Texas Water Code. MUDs (also called “Districts”) are political subdivisions of the State of Texas. They can perhaps best be described as the most

fundamental form of local government because they provide municipal level services, have elected officials, and are authorized to assess and collect taxes and sell bonds in order to pay off the debt incurred in providing their services. Because it is a political subdivision, the District's meetings and files, including the meeting minutes, are open to the public. The District also has an annual standardized independent audit. The audit results are filed with the Texas Commission on Environmental Quality ("TCEQ") and are open to the public.

HOW AND WHEN WAS THE DISTRICT CREATED?

The District was created by the TCEQ on June 28, 2004.

WHO ARE OUR CUSTOMERS AND WHAT AREA DO WE SERVE?

The District is comprised of approximately 1762.1200 acres of land located entirely within Brazoria County and Fort Bend County and the corporate limits of the City of Pearland, Texas. The District is primarily residential in nature, but expects to include retail and other commercial establishments sufficient to support our residents' needs.

The subdivisions within the District as of February 3, 2017, are listed on page 2. A current map of the District is located on the District's website at www.shadowcreekranchmuds.com for your convenience.

For complete and updated information regarding the number of active residential or commercial connections, you should consult the City of Pearland, Texas.

WHAT UTILITY SERVICES DOES THE DISTRICT PROVIDE FOR ITS RESIDENTS?

WATER AND WASTEWATER/SEWER

The District is entirely within the corporate limits of the City of Pearland, Texas (the "City"). Therefore, its utility systems have been designed and constructed to meet the standards of the City, as well as all applicable State standards. After the water and sewer facilities are designed and constructed by the District, the City takes over operation and maintenance. The District paid impact fees to the City for the City to build potable water and wastewater treatment facilities to serve the District. Information regarding water and sewer service, including water quality reports, may be obtained by contacting the City at (281) 652-1603.

DRAINAGE

Storm drainage for the District is provided by an internal drainage network of underground storm drainage lines that outfall into the Shadow Creek Ranch drainage

system comprised of interconnected groups of lakes, detention ponds, channels, and dry detention ponds that drain to Clear Creek, which forms the northern and eastern boundaries of the City. The City maintains the storm sewers.

WHAT SERVICES DOES THE DISTRICT PROVIDE OTHER THAN UTILITIES?

SECURITY

The District provides supplemental security services from off-duty City of Pearland Police Officers.

PARKS

The District, upon approval by the TCEQ, contributed to the cost of the water, sewer and drainage facilities to serve the Pearland Regional Sports Park. As a result, the City has more money to fund additional park facilities, including the following: 1. Crushed granite trail around detention pond; 2. Clear and grub Phase 2 open space; 3. Playground; 4. Lawn amphitheatre; 5. Volleyball courts; 6. Maintenance Building; and 7. 4th lighted softball field.

The District partnered with the City to build temporary ball fields using approximately four acres that are part of the Sports Park. This project was funded by water revenue from the City and no tax dollars were spent to construct these fields.

WHO MANAGES THE DISTRICT?

The District is administered by a Board of Directors with five members who all either own property or are residents within the District. The District's Board has financial and administrative authority for the District, and retains consultants and contractors to assist with administration of the District.

Board members are elected for four year staggered terms, with elections held every two years in May of even-numbered years.

The current directors of the District are listed on page 2.

WHO ASSISTS IN THE OPERATION OF THE DISTRICT?

Auditor

The auditor conducts an independent annual audit that is filed with the TCEQ. The auditor selected by the Board is engaged by many other municipal utility districts to conduct their audits.

McGrath & Co., PLLC
P.O. Box 270148
Houston, Texas 77277

Bookkeeper

The bookkeeper maintains the general ledger, reconciles bank and other financial statements, invests funds in accordance with the Texas Public Funds Investment Act and with the District's Investment Policy, and prepares monthly activity and budget reports.

Myrtle Cruz, Inc.
3401 Louisiana Street, Suite 400
Houston, Texas 77002-9552

Engineer

The engineer oversees the design, construction, and installation of the water, sewer, and drainage systems.

LJA Engineering, Inc.
2929 Briarpark Drive, Suite 600
Houston, Texas 77042

Financial Advisor

The financial advisor advises the District on issuing bonds and on adopting the annual tax rate.

Rathmann & Associates, L.P.
8584 Katy Freeway, Suite 250
Houston, Texas 77024

General Counsel

The District retains attorneys to act as general counsel, advising the Board of Directors on any matters that are presented. The firm selected by the Board is principally engaged in representing municipal utility districts in all aspects of their operations.

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

Bond Counsel

The District retains attorneys to act as bond counsel, who assist in the District's issuance of bonds by providing a legal opinion that the bonds are valid and binding obligations of the District payable from a continuing ad valorem tax. The firm selected by the District is nationally recognized in this area.

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

Investment Officer

The District appoints an investment officer to oversee the District's investments pursuant to the District's Investment Policy and in accordance with the Texas Public Funds Investment Act.

Mary Jarmon
Myrtle Cruz, Inc.
3401 Louisiana Street, Suite 400
Houston, Texas 77002-9552

Tax Assessor/Collector

The tax assessor/collector manages the collection of the District's taxes from property owners in the District pursuant to the tax rate levied by the District each year.

Assessments of the Southwest, Inc.
P.O. Box 1368
Friendswood, Texas 77546-1368

HOW CAN I CONTACT THE DISTRICT?

The District's Board of Directors generally meets once a month on every first Friday at 12:00 p.m. at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas 77027. Agendas for each meeting are posted at the Biscayne Bay Recreation Center, 14210 Windward Bay, Pearland, Texas 77584, and at the Brazoria County Courthouse and the Fort Bend County Courthouse at least 72 hours before every meeting, and the Board of Directors invites all members of the public to attend its meetings. All agendas also are posted on the website, www.shadowcreekcranchmuds.com.