

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

May 4, 2017

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 4th day of May, 2017, 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 except Director Zayas, thus constituting a quorum.

Also present at the meeting were Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Taylor Gunn of Perry Homes LLC; Thomas Sikora of KB Home; Colette Garcia of McGrath & Co., PLLC; Rhonda Patterson and Shauna Busby of Assessments of the Southwest, Inc. ("ASW"); Erin Garcia of Myrtle Cruz, Inc. ("MCI"); James Ross 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 April 7, 2017, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes of the April 7, 2017, regular meeting, as submitted. Director Pope seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

SECURITY SERVICES REPORT

The Board reviewed the attached written security report for Shadow Creek Ranch ("SCR"), provided in advance of the meeting.

REPORT ON DEVELOPMENT

Messrs. Sikora and Gunn generally reported on development in the District.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Patterson distributed and reviewed the tax assessor/collector's report, including the unpaid accounts tax roll, a copy of which is attached. She stated 97.82% of the District's 2016 taxes were collected as of April 30, 2017. Following review and discussion, Director Ruiz moved to approve the tax assessor/collector's report and payment of the bills. Director Axtell seconded the motion, which carried by unanimous vote.

REVIEW BIDS FOR THE SALE OF THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2017 (THE "BONDS")

Ms. Williams stated the Board received four bids for the Bonds, a summary of which is attached. Ms. Williams stated good faith checks were submitted by all of the bidders as requested.

Ms. Williams distributed and reviewed a report from Moody's Investors Service ("Moody's"), a copy of which is attached. She stated Moody's assigned an initial A1 rating to the District for the Bonds.

AWARD OF SALE OF THE BONDS

The Board next considered awarding the sale of the Bonds. Ms. Williams stated she verified the accuracy of the bids and recommended that the Board accept the bid with the lowest net effective interest rate submitted by SAMCO Capital Markets ("SAMCO"). After review and discussion, Director Rozell moved to award the sale of the Bonds to SAMCO, whose bid contained the lowest net effective interest rate. Director Ruiz seconded the motion, which passed by unanimous vote. A copy of the accepted bid from SAMCO is attached.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS, APPROVE PAYING AGENT/REGISTRAR AGREEMENT, APPROVE OFFICIAL STATEMENT, EXECUTE CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE, 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

The Board next considered adopting a Resolution Authorizing the Issuance of the District's Bonds ("Resolution"). Ms. Brook reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Bonds.

Ms. Brook reviewed the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A.

Ms. Williams stated the Preliminary Official Statement will be updated to include information regarding the bond sale.

Ms. Brook reviewed a Certificate Regarding Provision of Financial Advice, stating that ABHR has not provided the Board with financial advice in relation to the Bonds, and the Board has relied solely upon financial advice provided by Rathmann.

Ms. Brook stated it will be necessary for the President and Secretary of the Board to sign certain documents relating to the sale of the 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. Brook stated the Attorney General requires a fee to review the documents related to the issuance of the Bonds. She then requested the Board approve a check to the Attorney General for this purpose.

Ms. Brook stated the Texas Water Code requires the District to file an Amendment to the Information Form with Fort Bend and Brazoria Counties and the Texas Commission on Environmental Quality ("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 \$14,100,000 Unlimited Tax Bonds, Series 2017, 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 Certificate Regarding Provision of Financial Advice; (4) approve the Official Statement for the Series 2017 Bonds; (5) 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; (6) approve the check to the Attorney General for review of the bond documents; and (7) 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 Ruiz seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

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

Mr. Ross requested the Board authorize design and advertisement for bids for the water, sewer, and drainage facilities to serve Shadow Grove Section 7.

Mr. Ross reported that the District received seven bids for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 6. He recommended a contract be awarded to the low bidder, Rodriguez Construction Group, LLC ("Rodriguez") for a total bid amount of \$422,280.00. The Board concurred that award of a contract to Rodriguez would be most advantageous 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. Ross reviewed and recommended approval of two pay estimates as reflected in his report.

Mr. Ross provided an update regarding the City of Pearland's (the "City") wastewater treatment plant expansion.

Mr. Ross stated he had no updates from the City regarding use of the remaining funds made available to the City as a result of the District's funding of the water, sewer, and drainage to serve the SCR Sports Complex.

Following review and discussion, Director Axtell moved to approve the engineer's report and, based on the recommendation of the engineer, approve (1) award of a contract to Rodriguez in the amount of \$422,280.00 for construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 6 and a related letter financing agreement with KB Home; (2) authorization to LJA to design and advertise for bids for the water, sewer, and drainage facilities to serve Shadow Grove Section 7; (3) Pay Estimate No. 2 to Hurtado Construction Company in the amount of \$441,140.06 for the construction of the water, sewer, and drainage facilities to serve Southlake Sections 9 and 10; and (4) Pay Estimate No. 1 to Hurtado Construction Company in the amount of \$65,259.00 for construction of the public storm sewer to serve Shadow Creek Ranch MF-6. The motion was seconded by Director Pope and passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported the City agreed to assume maintenance and scheduling of the temporary ball fields effective May 1, 2017. She noted the City indicated it will take the appropriate action regarding existing signage to reflect the City is responsible for

the temporary ball fields. Ms. Brook reported Earthcare Management was notified of the termination of the contract to maintain the temporary ball fields, which makes the Cost Sharing Agreement for Maintenance of Temporary Ball Fields in Shadow Creek Ranch Sports between the District and Brazoria County Municipal Utility District No. 26 ("BC 26") no longer necessary. After discussion and upon a motion made by Director Rozell and seconded by Director Pope, the Board unanimously authorized termination of the Cost Sharing Agreement for Maintenance of Temporary Ball Fields in Shadow Creek Ranch Sports effective immediately.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. E. 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. She noted receipt of a check from the City in payment of the annual tax rebate (the "Rebate Check") and requested the District's auditor verify the amount is accurate and includes the shortfall from last year's rebate amount. After review and discussion, Director Ruiz moved to approve the bookkeeper's report and payment of the bills. Director Axtell seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board provided direction for updating the notice for newsletter publication and website posting. The Board reviewed an analytics report on activity on the website for the prior month, a copy of which is attached. Following review and discussion, the Board concurred to authorize newsletter publication and website posting of the notice as revised.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Mr. Wisdom generally reported on SCRMA matters.

ATTORNEY'S REPORT

Ms. C. Garcia stated the Rebate Check amount is correct and includes correction for the underpayment reported last month. Ms. Humphries entered the meeting.

Ms. Brook reported that Odor Task Force member and BC 26 resident Ed Mears attended BC 26's Board meeting this week and requested the Board of Directors of BC 26 (the "BC 26 Board") petition the TCEQ to suspend Blue Ridge Landfill's (the "Landfill") permit. Ms. Brook reported the BC 26 Board authorized an amount not to exceed \$5,000 to contribute to payment for legal representation of the SCR municipal utility districts ("MUDs"), including BC 26, the District, and Brazoria County Municipal Utility District No. 34, regarding the Landfill matter. She added the Board of BC 26

requested Danny Worrell of Katten Muchin Rosenman LLP ("KMR"), whose proposal was previously considered by the BC 26 Board, be contacted to review the Landfill matter and recommend any action that can be taken by the SCR MUDs. Ms. Brook reported that Mr. Worrell stated comments to the Revised Proposed Agreed Order (the "Agreed Order") issued by the TCEQ and executed by the Landfill will be received by the TCEQ from April 28, 2017, through May 30, 2017. She stated he recommends filing comments on the Agreed Order for an estimated total cost not to exceed \$10,000. After discussion, Director Rozell moved to authorize engaging KMR to review the Landfill matter and take the appropriate action up to a cost that does not exceed \$10,000, contingent on equal cost sharing of payment to KMR with BC 26. Director Axtell seconded the motion, which passed unanimously.

The Board requested ABHR (1) obtain information from KMR regarding how to comment on the Agreed Order and post it on the District's website; (2) contact the City attorney to request the City comment on the Agreed Order; (3) inform the Fort Bend County Commissioners offices of the engagement of KMR by the District and BC 26 for legal representation in the Landfill matter.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is June 2, 2017, 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 revise the notice and submit it to the community newsletters for publication.
2. ABHR will submit updates to the District's website as directed.
3. ABHR will obtain information from KMR regarding how to comment on the Agreed Order and post it on the District's website.
4. ABHR will contact the City attorney to request the City comment on the Agreed Order.
5. ABHR will inform the Fort Bend County Commissioners offices of the engagement of KMR by the District and BC 26 for legal representation in the Landfill matter.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Security report.....	1
Tax assessor/collector's report.....	2
Bid summary for Series 2016 Bonds.....	2
Report from Moody's Investors Service.....	2
Accepted bid from SAMCO.....	2
Engineer's report.....	4
Bookkeeper's report.....	5
Website Analytics Report.....	5