

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

February 2, 2018

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 February, 2018, 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 Ed Mears, Kristen Anton, Maria Ferguson, David Selsky, Arnold Prevot, John Costas, Parisa Ellisar, Cliff Eslinger, Perri Cross, Jeanne Vandervort, and Jason Harrison, members of the public; Rosa Saade, Lakshima Simium, Jenny Rankin, Ron Wright, Marilyn Snider, James S. Snider, Julie Ward, Leslie Billings, Sean Kennedy, Rick Garrett, and Jason Goodwin, District residents; Herb Fain, Caralynn Prade, Melissa Slade, and Fred Weary, members of the Brazoria County Municipal Utility District No. 26 ("BC 26") Board of Directors; Shannon Waugh of Off Cinco; Maria Southall-Shaw, Jennifer Meador, Raquel Rodriguez, and Paul Wisdom of Shadow Creek Ranch Maintenance Association ("SCRMA"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); James Ross of LJA Engineering, Inc.; Erin Garcia of Myrtle Cruz, Inc. ("MCI"); Ryan Hawkins of KB Home; Tayo Ilori of McGrath & Co. PLLC ("McGrath"); and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

DISCUSSION REGARDING BLUE RIDGE LANDFILL (THE "LANDFILL") ODOR MATTERS AND EFFORTS TO ENSURE COMPLIANCE OF THE LANDFILL'S TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") PERMIT

Director Rozell and BC 26 Director Fain introduced themselves and thanked the visitors for attending to provide comments regarding the Landfill. They acknowledged the Landfill is a very serious matter to the residents and Board of the District. Ms. Humphries and Ms. Brook summarized action taken by the Districts regarding attempts to ensure enforcement of the Landfill's permit to date.

Discussion ensued regarding the TCEQ's review of the Plan of Corrective Action (the "Plan") submitted by the Landfill as required by the TCEQ's Agreed Order. It was noted the TCEQ apparently has rejected two prior Plans. BC 26 Director Slade indicated Representative Ron Reynolds, upon her request, agreed to provide a summary of his and Representative Ed Thompson's questioning of the TCEQ regarding the TCEQ's Plan review and that any summary provided could be posted on the District's website. Ms. Humphries provided the Districts' website address to the audience.

In response to public comment, it was discussed that (1) TCEQ proceedings may last several years and the Landfill case might not be resolved before BC 26 is dissolved; (2) the TCEQ determines the number of Plans the Landfill can submit and its review timeline; (3) Representative Ed Thompson has stated the Legislature is holding hearings to determine if more effective legislation could be enacted that would be applied to all Texas landfills to ensure safe operations; (4) the Texas Water Code prescribes what municipal utility districts ("MUD") can do, whereas the City, which is a "home rule" city, has more latitude in their powers than the Districts to pursue opposition to the Landfill's violation; (5) the Districts' Presidents attended the TCEQ Landfill Hearing and requested, but were denied, the opportunity to review the Plan; (6) the City is required to test its water supply and such tests have indicated the water supply is safe to drink to date; (7) the Districts are responsible for financing the water, wastewater, and stormwater non-plant infrastructure and the City is responsible for operating and maintaining it; (8) any odorous water or concerns for the safety of the water should be reported to the City; and (9) any health concerns believed to be the result of the Landfill might be pursued by a class action law suit against the Landfill with a private law firm.

In response to public comments, the Boards noted: (1) currently only one Shadow Creek Ranch ("SCR") resident serves on City Council; (2) attendance by SCR residents at City Council meetings is encouraged to request allocation of additional funds and more advocacy regarding the Landfill and other matters of interest or concern to SCR; and (3) February 16, 2018, is the deadline to apply for City Council and MUD candidacy.

David Selsky, Arnold Prevot, John Costas, Parisa Ellisar, Cliff Eslinger, Perri Cross, Jeanne Vandervort, Jason Harrison, Marilyn Snider, James S. Snider, Julie Ward, Leslie Billings, Sean Kennedy, Rick Garrett, Jason Goodwin, Maria Southall-Shaw, and Jennifer Meador left the meeting.

Shannon Waugh, David Patterson, James Ross, Erin Garcia, Ryan Hawkins, and Tayo Ilori entered the meeting.

MINUTES

The Board considered approving the minutes of the January 5, 2018, regular meeting, which were provided in advance of the meeting. After review and discussion, including Board direction regarding a clarification, Director Rozell moved to approve the minutes of the January 5, 2018, regular meeting, as revised. Director Ruiz seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

Ms. Ferguson acknowledged the Board and BC 26 Board for their dedication and service to improving the SCR community.

SECURITY SERVICES REPORT

The Board reviewed the attached written security report for SCR, provided in advance of the meeting.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2017

Mr. Ilori distributed and reviewed a draft of the audit for fiscal year end September 30, 2017. Following review and discussion, Director Ruiz moved to approve the audit for fiscal year end September 30, 2017, subject to final review, and direct that it be filed appropriately and retained in the District's official records. Director Axtell seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. Ilori reviewed a developer reimbursement report from McGrath for the purpose of verifying the amount to reimburse Perry Homes from the District's Series 2016 Unlimited Tax Bonds for impact fees paid on behalf of the District. Following review and discussion, Director Zayas moved to approve the report, direct that it be filed appropriately and retained in the District's records, and authorize disbursement of funds to Perry Homes in the amount indicated by the report. Director Axtell seconded the motion, which passed unanimously.

Mr. Hawkins 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 91.75% of the District's 2017 taxes were collected as of January 31, 2018. Following review and discussion, Director Ruiz moved to approve the tax assessor/collector's report and

payment of the bills. Director Pope seconded the motion, which carried by unanimous vote.

The Board reviewed a proposed Resolution Concerning Exemptions from Taxation for the 2017 tax year. Following review and discussion, Director Rozell moved to adopt the Resolution Concerning Exemptions from Taxation reflecting that the Board (i) grants a general homestead exemption of 20%, but not less than \$5,000; (ii) rejects an additional homestead exemption for disabled persons or persons over 65 years of age; and (iii) rejects any exemption of travel trailers from ad valorem taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. He reported on District engineering matters and distributed an updated District aerial.

FINANCIAL AND BOOKKEEPING MATTERS

The Board reviewed the bookkeeper's report, including the investment report, budget comparison, and list of checks presented for approval, a copy of which is attached.

The Board discussed the Association of Water Board Directors ("AWBD") winter conference. The Board then considered approving reimbursement of eligible expenses for the winter conference and authorizing attendance to the AWBD summer conference.

After review and discussion, Director Axtell moved to (1) approve the bookkeeper's report and payment of the bills; (2) approve reimbursement of eligible expenses for the winter conference submitted in accordance with the District's travel guidelines; and (3) authorize all interested directors to attend the AWBD summer conference. Director Zayas seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed a draft newsletter notice distributed to the Board in advance of today's meeting. The Board considered website updates and reviewed an analytics report on the prior month's website activity, a copy of which is attached.

Ms. Waugh distributed and reviewed an Off Cinco proposal to upgrade website services to include (1) additional webmaster monitoring and alerts; and (2) emergency and nonemergency email and text blasts. Discussion ensued.

Following review and discussion, the Board concurred to authorize publication of the newsletter notice and deferred action regarding the Off Cinco proposal.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Zayas reported receipt of email communication from District resident Julie Ward. She read the email, which acknowledged the Board and BC 26 Board for their dedication and service to improving the SCR community.

ATTORNEY'S REPORT

Ms. Brook reviewed an Arbitrage Rebate Report for the District's Series 2012 Bonds provided by OmniCap Group LLC. She noted the Report indicates no payment is due to the Internal Revenue Service at this time.

Ms. Brook noted the Board was provided a draft of the District's 2018 Information Kit in advance of the meeting. She noted ABHR is working on additional updates. The Board concurred to defer the matter until the next regularly scheduled meeting.

The Board reviewed a proposal from HARCO Insurance Services ("HARCO"), the District's current provider, for renewal of the District's insurance policies, which expire on March 17, 2018.

Following review and discussion, Director Axtell moved to approve HARCO's proposal to renew the District's insurance policies. The motion was seconded by Director Ruiz and carried unanimously.

2018 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2018 Directors Election. She reviewed an Order Calling Directors Election establishing the procedures for conducting the election.

Ms. Brook discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Brazoria County.

Following review and discussion, Director Rozell moved to (1) adopt the Order Calling Directors Election and direct that it be filed appropriately and retained in the District's records; and (2) authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Ruiz seconded the motion, which was approved by unanimous vote.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is March 2, 2018, at 12:00 p.m.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS MATTERS RELATED TO BLUE RIDGE LANDFILL

At 1:04 p.m., Director Rozell announced that the Board would meet in executive session to conduct a private consultation with attorney and the BC 26 Board to discuss pending or contemplated litigation related to Blue Ridge Landfill (the "Landfill"), including Texas commission on Environmental Quality ("TCEQ") monitoring regarding permit violations.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

At 1:53 p.m., Director Rozell announced that the Board would re-convene in open session.

BC 26 Director Slade left the meeting.

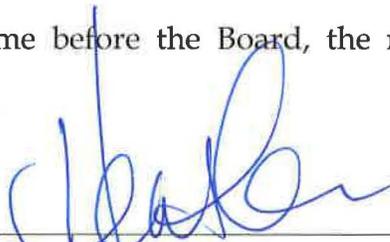
Ms. Ferguson entered the meeting.

Upon reconvening in open session, and based on a motion made by Director Rozell and seconded by Director Axtell, the Board unanimously authorized ABHR to prepare (1) a letter for presentation to City Council to request the City's aggressive pursuit of the Landfill and allocation of appropriate funds; (2) a letter to the TCEQ requesting (i) enforcement of Agreed Order issued to the Landfill; (ii) review timeline for the Corrective Action Plan submitted by the Landfill; and (iii) the maximum number of Corrective Action Plans the Landfill is allowed to submit to the TCEQ; (3) letter to Representative Ed Thompson declaring the District's and BC 26's readiness to help with the State Legislative Environmental Committee hearing; and (4) letter to City Councilman Trent Perez, as a member of the TCEQ Municipal Solid Waste Management and Resource and Recovery Council, requesting reports from his bi-weekly meetings regarding the Landfill.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the monthly notice to the community newsletters for publication.
2. ABHR will submit updates to the District's website as directed.
3. ABHR will take all action as directed in the special session.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Security report	3
Tax assessor/collector's report	3
Engineer's report.....	4
Bookkeeper's report.....	4
Website Analytics Report	4