

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

January 7, 2011

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 7th day of January, 2011, 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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|-------------------|--------------------------|
| Tamara Miller Lee | President |
| John Kapacinskis | Vice President |
| Jalene Palmer | Secretary |
| Michael D. Rozell | Assistant Vice President |
| Chris Swedlund | Assistant Secretary |

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

Also present at the meeting were Karri Axtell, a resident of the District; James Ross of LJA Engineering & Surveying, Inc.; David Patterson of Assessments of the Southwest, Inc.; Pam Logsdon of AVANTA Services; and Angela Lutz and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 12, 2010, regular meeting, which were provided in advance of the meeting. After review, Director Swedlund moved to approve the minutes as submitted. Director Rozell seconded the motion, which passed unanimously.

EXPIRATION OF INSURANCE POLICIES

Ms. Lutz stated that the District's insurance policies with HARCO Insurance Services/TML ("HARCO/TML") expire on March 17, 2011. She noted that the policies were previously renewed for an 8-month term from July 6, 2010, through March 17, 2011, which is the same annual term as the insurance policies for Brazoria County Municipal Utility District No. 26 ("MUD 26"). After discussion, the Board directed ABHR to request a renewal proposal from HARCO/TML.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2010

Ms. Lutz said the auditor indicated that the draft audit for the fiscal year ended September 30, 2010, will be presented at next month's meeting.

REPORT ON DEVELOPMENT

The Board reviewed a reimbursement report prepared by the District's auditor reflecting reimbursement owed to Westin Homes in the amount of \$28,511 from Series 2008 surplus bond proceeds for water and wastewater impact fees paid to the City of Pearland. A copy of the impact fee reimbursement report is attached. After review and discussion, Director Rozell moved to approve the impact fee reimbursement report and authorize disbursement of funds to Westin Homes pursuant to the reimbursement report. Director Swedlund seconded the motion, which passed by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

Ms. Lutz stated that in accordance with the District's Investment Policy, Ms. Logsdon and Pam Lightbody, as the District's bookkeeper and Investment Officer, are required to execute statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission. Ms. Logsdon presented the executed disclosure statements. After review and discussion, Director Rozell moved to accept the disclosure statements, pursuant to the District's Investment Policy and the Public Funds Investment Act, and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Swedlund seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and considered establishing travel guidelines for the upcoming Association of Water Board Directors winter conference in Galveston. After review and discussion, Director Rozell moved to establish maximum limits of two director fees of office, two nights of lodging, and reasonable and necessary meals for any director attending the Association of Water Board Directors winter conference. Director Palmer seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Logsdon distributed and reviewed the bookkeeper's report, including the investments, budget comparison, and lists of checks presented for approval, a copy of which is attached. Director Kapacinskas reviewed ABHR's invoices and Ms. Logsdon stated that the checks to ABHR represent two months of general and construction legal fees. Director Kapacinskas suggested that the Board consider asking ABHR to bill in 10-minute increments instead of 15-minute increments. He then questioned various charges on ABHR's invoices and Ms. Lutz said ABHR does not bill the District for internal administrative office work. The other Directors concurred they had no objections to the

charges, but asked Ms. Lutz to discuss the billing increment with Lynne Humphries. Following review and discussion, Director Swedlund moved to approve the bookkeeper's report and payment of the bills. Director Rozell seconded the motion, which passed unanimously.

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. After review and discussion, Director Palmer then moved to approve the tax assessor/collector's report. Director Kapacinskas seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, noting there were no action items for the Board's consideration. A copy of the engineer's report is attached. After review and discussion, Director Palmer moved to approve the engineer's report. Director Swedlund seconded the motion, which passed by unanimous vote.

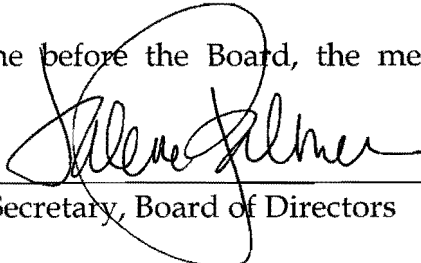
SUPPLEMENTAL SECURITY SERVICES

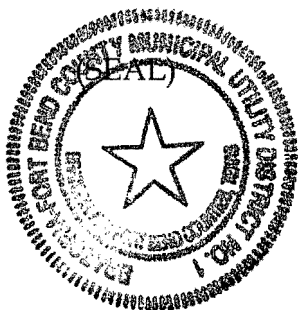
The Board noted the checks in the bookkeeper's report to MUD 26 for the District's share of the November and December supplemental security services. Ms. Hogan noted that copies of the security reports submitted by the officers for the previous two months were forwarded to the Board in advance of the meeting and will be retained in the District's official records.

COMMENTS FROM THE PUBLIC

Ms. Axtell said she attended today's meeting to observe. She noted that MUD 26 publishes notice of its monthly meeting in the Shadow Creek Ranch Area Newsletter and the homeowners association newsletter known as *The Current*. Ms. Axtell suggested that the District consider publishing similar notice of its meetings in the newsletters. After discussion, the Board directed ABHR to add an item to the next agenda for the Board to consider this matter.

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


Secretary, Board of Directors



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