

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

May 6, 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 6th day of May, 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:

Tamara Miller Lee	President
John Kapacinskas	Vice President
Jalene Palmer	Secretary
Michael D. Rozell	Assistant Vice President
Chris Swedlund	Assistant Secretary

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

Also present at the meeting were Karri Axtell, a resident of the District; David Patterson of Assessments of the Southwest, Inc.; Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering & Surveying, Inc.; and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 1, 2011, regular meeting, which were provided in advance of the meeting. After review, Director Rozell moved to approve the minutes as submitted. Director Swedlund seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Ms. Humphries presented a reimbursement report prepared by the District's auditor reflecting reimbursement owed to Perry Homes, Meritage Homes, and Leckhampton Homes in the amounts of \$5,495, \$51,554, and \$21,156, respectively, from Series 2008 surplus bond proceeds for water and wastewater impact fees paid to the City of Pearland (the "City"). 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 the builders pursuant to the reimbursement report. Director Palmer seconded the motion, which passed by unanimous vote.

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. He noted that the 2010 taxes were 97.90% collected as of April 30, 2011. Mr. Patterson reported that the District's 2011 preliminary assessed value from the Brazoria County and Fort Bend Central Appraisal Districts is \$478,581,251. After review and discussion, Director Rozell moved to approve the tax assessor/collector's report and the delinquent tax report. Director Kapacinskas seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report and list of checks presented for approval, a copy of which is attached. She noted that a new District checking account was opened at Compass Bank. In response to a question from Director Palmer, Ms. Garcia said she will include current interest rates offered by banks on future investment reports.

Ms. Garcia next discussed the District's fund balances and reviewed investment recommendations for certificate of deposit ("CD") purchases of \$720,000 with District debt service funds for three CDs and \$960,000 with District operating funds for four CDs to earn higher interest rates than the District is currently earning in money market accounts. Copies of the investment recommendations are attached to the bookkeeper's report.

The Board then conducted an annual review of the District's Investment Policy dated July 6, 2004. Ms. Humphries recommended that the Board adopt an Amended Investment Policy in order to update several provisions of the current policy. She reviewed the changes in the Amended Investment Policy and presented a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy.

The Board considered appointing Ms. Garcia as the District's new Investment Officer since the District's prior bookkeeper served as Investment Officer. Ms. Humphries presented a Resolution Appointing Investment Officer for the Board's consideration.

Ms. Humphries stated that in accordance with the District's Investment Policy, Ms. Garcia, as the District's bookkeeper and Investment Officer, is required to execute a statement that discloses any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statement will be filed with the Texas Ethics Commission. Ms. Garcia presented the executed disclosure statement for the Board's consideration.

Ms. Humphries stated that Exhibit A to the District's Depository Pledge Agreements with Wells Fargo Bank, Central Bank, and Compass Bank must be updated to reflect the District's new bookkeeper and Investment Officer as authorized persons to handle District funds. She presented the amended exhibits for execution and consideration.

Ms. Humphries next 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 that the District's bookkeeper provided the updated list of banks, which is attached as Exhibit A to the Resolution.

In response to a question from Director Swedlund, the Board considered authorizing the purchase of an additional CD with District operating funds. Ms. Humphries discussed the possibility of funding some future District construction projects from surplus funds on hand instead of issuing bonds. Mr. Ross discussed the remaining projects to be funded by the District.

After review and discussion, Director Palmer moved to approve the bookkeeper's report and payment of the bills, authorize purchase of the recommended CDs and an additional CD with operating funds at the best available rate, adopt the Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy, adopt the Resolution Appointing Investment Officer to appoint Ms. Garcia as the District's Investment Officer, accept the disclosure statement pursuant to the District's Investment Policy and the Public Funds Investment Act, authorize execution of the amended exhibits to the District's Depository Pledge Agreements with Wells Fargo Bank, Central Bank, and Compass Bank, adopt 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 such documents be filed appropriately and retained in the District's official records. Director Rozell 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. Mr. Ross reported on the improvements underway to Shadow Creek Parkway, noting the project should be completed during the first quarter of 2012. Ms. Humphries suggested adding a notice to the new website providing a link to the City's website for information on the road project. The Board then discussed the unsightliness of the City's water plant located near the intersection of Shadow Creek Parkway and FM 521. After discussion, Director Palmer made a motion to approve the engineer's report and authorize ABHR to prepare a letter to the City requesting that the unsightliness be addressed. Director Rozell seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE AND COST SHARING AGREEMENT WITH BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26 FOR JOINT WEBSITE

Ms. Humphries presented a letter agreement between the District and Brazoria County Municipal Utility District No. 26 ("MUD 26") to share joint website costs pursuant to a Service Agreement between MUD 26 and Off Cinco for design, programming, domain hosting, and ongoing maintenance of such joint website. Ms. Humphries reported that the website, www.shadowcreekcranchmuds.com, is now live.

The Board directed ABHR to include a notice regarding the new joint website and District meetings in the next issues of the Shadow Creek Area Community Newsletter and the homeowners association newsletter, *The Current*.

After review and discussion, Director Rozell moved to approve the letter agreement with MUD 26 to share the costs of the joint website and authorize publication of the newsletter notice. Director Palmer seconded the motion, which carried unanimously.

SUPPLEMENTAL SECURITY SERVICES

Ms. Axtell said residents seem pleased with the police presence in the District.

RESIGNATION OF DIRECTOR KAPACINSKAS AND PROCESS FOR APPOINTMENT OF REPLACEMENT DIRECTOR

Ms. Humphries noted that Director Kapacinskas submitted his resignation from the Board as of today's meeting since he is moving out of the State. The Board discussed the process for appointing a new director to fill the vacancy and reviewed resumes and correspondence submitted by Geoffrey Pope and Ms. Axtell, residents of the District, reflecting their interest in the vacant position. Director Rozell discussed his experience with filling vacant positions while serving on other boards. He suggested that an item be added to next month's agenda for the Board to consider the two resumes previously received and any additional resumes submitted prior to next month's meeting. Upon a motion by Director Rozell and a second by Director Palmer, the Board voted unanimously to accept the resignation of Director Kapacinskas.

DISTRICT REGISTRATION FORM

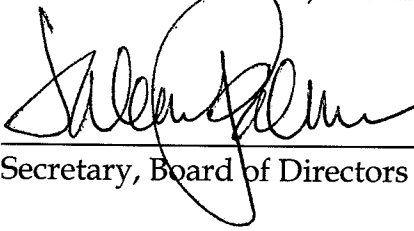
Ms. Humphries presented an updated District Registration Form reflecting the vacant position on the Board and the new District bookkeeper. She said the Registration Form will be filed with the Texas Commission on Environmental Quality. After review and discussion, Director Palmer moved to authorize execution of the updated District Registration Form and direct that it be filed appropriately and retained in the District's official records. Director Swedlund seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no public comments.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
impact fee reimbursement report	1
tax assessor/collector's report	2
bookkeeper's report	2
engineer's report	3