

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

October 4, 2012

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 4<sup>th</sup> day of October, 2012, 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
Terry Ruiz	Secretary
Karri Axtell	Assistant Vice President
Jalene Palmer	Assistant Secretary

and all of the above were present except Directors Axtell and Palmer, thus constituting a quorum.

Also present at the meeting were Rick Hale of Perry Homes; David Patterson of Assessments of the Southwest, Inc. ("ASW"); Erin Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc.; Craig Rathmann of Rathmann & Associates, L.P.; and Lynne B. Humphries and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

REVIEW BIDS AND AWARD SALE OF THE DISTRICT'S \$4,535,000 UNLIMITED TAX BONDS, SERIES 2012

Mr. Rathmann reviewed the bid results for the District's \$4,535,000 Unlimited Tax Bonds, Series 2012 ("Series 2012 Bonds"), a copy of which is attached, and stated that the District received six bids. He reviewed the low bid from RBC Capital Markets with a net effective interest rate of 3.242234%. Mr. Rathmann stated that he verified the accuracy of the bids and recommended that the Board accept the bid with the lowest net effective interest rate submitted by RBC Capital Markets. After review and discussion, Director Pope moved to award the sale of the Series 2012 Bonds to RBC Capital Markets, whose bid contained the lowest net effective interest rate of 3.242234%. Director Ruiz seconded the motion, which carried unanimously.

MINUTES

The Board considered approving the minutes of the September 7, 2012, regular meeting, which were provided in advance of the meeting. After review and discussion,



Director Ruiz moved to approve the minutes of the September 7, 2012, meeting, as submitted. Director Rozell seconded the motion, which passed unanimously.

### SUPPLEMENTAL SECURITY SERVICES

The Board reviewed the security report for September.

Ms. Humphries updated the Board on the installation of video surveillance equipment in the Shadow Creek Ranch area. She stated that the Shadow Creek Ranch Maintenance Association ("SCRMA/HOA") has agreed to fund the installation of video surveillance equipment in the Shadow Creek Ranch area, contingent upon the District and Brazoria County Municipal Utility District No. 26 ("MUD 26") (collectively, the "Districts") funding the necessary erosion repairs of the detention ponds and Texas Commission on Environmental Quality ("TCEQ") approval of the erosion repairs. Ms. Humphries stated that a survey of Shadow Creek Ranch residents on the installation of video surveillance equipment in the Shadow Creek Ranch area is no longer necessary. She then discussed a recent news report regarding the theft of copper wiring from facilities in the Harris County area. She stated that the installation of video surveillance equipment at the facilities referenced in the news report contributed to the apprehension of the thieves.

### REPORT ON DEVELOPMENT

Mr. Hale reported on development and home sales in the District.

Ms. Humphries presented and reviewed a Developer Reimbursement Report prepared by McGrath & Co., PLLC for the purpose of verifying the amount to be reimbursed to Meritage Homes and Leckhampton Homes for water and wastewater impact fees paid to the City of Pearland (the "City"). She stated the reimbursement is being paid from proceeds of the District's \$4,000,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Ruiz moved to (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse Meritage Homes and Leckhampton Homes in the respective amounts of \$13,360 and \$10,688, pursuant to the Developer Reimbursement Report; and (3) direct that the Developer Reimbursement Report be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which was approved 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 2011 taxes were 99.72% collected as of September 30, 2012.



Mr. Patterson presented and reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is included in the tax assessor/collector's report.

After review and discussion, Director Ruiz moved to approve the tax assessor/collector's report, payment of the tax bills, and the delinquent tax report. Director Rozell seconded the motion, which passed unanimously.

#### CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Patterson stated that ASW published a Notice of Public Hearing regarding the adoption of the District's 2012 tax rate. Director Rozell then opened the public hearing. No members of the public came forward to make comments. Director Rozell closed the public hearing.

Ms. Humphries presented an Order Levying Taxes reflecting a total 2012 tax rate of \$0.85 per \$100 assessed valuation, with \$0.80 allocated for debt service and \$0.05 allocated for operations and maintenance. She then presented an Amendment to Information Form reflecting the newly adopted tax rate. Ms. Humphries stated that the Amendment will be filed with Brazoria County, Fort Bend County, and the TCEQ. After review and discussion, Director Ruiz moved to (1) adopt the Order Levying Taxes; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Pope seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. 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. After review and discussion, Director Ruiz moved to (1) approve the bookkeeper's report and payment of the bills, and (2) express the Board's intent to reimburse the operating fund from future bond proceeds. Director Pope seconded the motion, which passed unanimously.

#### ENGINEERING MATTERS

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

Mr. Ross reported on bids received for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch Village 7, Phase I. He noted that three bids were received and recommended that the Board award the contract to the



low bidder, Monarch Civil Constructors, L.L.C. ("Monarch"), in the total bid amount of \$570,157.60, contingent upon validation of payment, performance, and maintenance bonds, and insurance. The Board determined that, in its judgment, Monarch is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Ms. Humphries reviewed a Letter Financing Agreement related to financing of the facilities.

Mr. Ross reported on bids received for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-71. He noted that five bids were received and recommended that the Board award the contract to the low bidder, Hurtado Construction Company ("Hurtado"), in the total bid amount of \$987,695.83, contingent upon validation of payment, performance, and maintenance bonds, and insurance. The Board determined that, in its judgment, Hurtado is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Ms. Humphries reviewed a Letter Financing Agreement related to financing of the facilities.

Mr. Ross reported on bids received the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-72. He noted that four bids were received and recommended that the Board award the contract to the low bidder, Monarch, in the total bid amount of \$543,072.17, contingent upon validation of payment, performance, and maintenance bonds, and insurance. The Board determined that, in its judgment, Monarch is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the District's facilities. Ms. Humphries reviewed a Letter Financing Agreement related to financing of the facilities.

Mr. Ross updated the Board on the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-61 and SF-62. He presented and recommended approval of Pay Estimate No. 5 in the amount of \$76,419.21, payable to C.E. Barker, Ltd. ("C.E. Barker").

Mr. Ross informed the Board that the Districts received approval from the TCEQ to fund the necessary erosion repairs of the detention ponds in order to restore the side slopes to their original state and reduce erosion in the future. He noted that, if the Districts plan to finance the erosion repairs by selling bonds, the TCEQ requested that the Districts submit each respective bond application concurrently. Mr. Ross requested authorization to prepare plans and specifications for the necessary erosion repairs of the detention ponds and submit the plans to the City for approval.

Following review and discussion, and based upon the engineer's recommendation, Director Pope moved to (1) approve the engineer's report; (2) award the contract for the construction of the water, sanitary sewer, and drainage facilities to



serve Shadow Creek Ranch Village 7, Phase I to Monarch in the total bid amount of \$570,157.60, contingent upon validation of payment, performance, and maintenance bonds, and insurance, and approve the Letter Financing Agreement; (3) award the contract for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-71 to Hurtado in the total bid amount of \$987,695.83, contingent upon validation of payment, performance, and maintenance bonds, and insurance, and approve the Letter Financing Agreement; (4) award the contract for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-72 to Monarch in the total bid amount of \$543,072.17, contingent upon validation of payment, performance, and maintenance bonds, and insurance, and approve the Letter Financing Agreement; (5) approve payment of Pay Estimate No. 5 in the amount of \$76,419.21, payable to C.E. Barker for the construction of the water, sanitary sewer, and drainage facilities to serve Shadow Creek Ranch SF-61 and SF-62; and (6) authorize Mr. Ross to prepare plans and specifications for the necessary erosion repairs of the detention ponds and submit the plans to the City for approval. Director Ruiz seconded the motion, which carried unanimously.

#### COST SHARING AGREEMENT FOR CONSTRUCTION OF LAKES 1 AND 2 TO SERVE SHADOW CREEK RANCH VILLAGE 7

Ms. Humphries presented a Joint Construction and Reimbursement Agreement between the District, Reinvestment Zone No. Two, and 518SCR, Ltd. for the joint construction of Lakes 1 and 2 to Serve Shadow Creek Ranch Village 7. Following review and discussion, Director Ruiz moved to approve the Joint Construction and Reimbursement Agreement and direct that the Agreement be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which carried unanimously.

#### ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter; the SCRMA/HOA newsletter, *The Connection*; and the District's website. After discussion, Director Rozell moved to direct ABHR to run the standard monthly notice in the newsletters, including information on the District's adopted 2012 tax rate, and directing residents to the website for information about District meetings. Director Ruiz seconded the motion, which carried unanimously.

Director Ruiz reported on the status of the new City library in Shadow Creek Ranch. She stated that, once information is available on its opening, she will provide ABHR a notice to include on the District's website.



REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from Directors or District consultants.

RESOLUTION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY REQUESTING APPROVAL TO EXPEND BOND FUNDS FOR CONSTRUCTION LEGAL COSTS

Ms. Humphries stated that the TCEQ has required the District to not expend \$20,037 in construction legal costs for the construction projects financed through the Series 2012 Bonds pending TCEQ approval, contingent upon receipt and review of detailed invoices evidencing that the costs relate to District water, wastewater, and drainage facilities. She then presented a Resolution to the Texas Commission on Environmental Quality Requesting Approval to Expend Bond Funds for Construction Legal Costs. Following review and discussion, Director Rozell moved to (1) approve the Resolution to the Texas Commission on Environmental Quality Requesting Approval to Expend Bond Funds for Construction Legal Costs; (2) authorize ABHR to file the Resolution with the TCEQ; and (3) direct that the Resolution be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which carried unanimously.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$4,535,000 UNLIMITED TAX BONDS, SERIES 2012; APPOINT PAYING AGENT/REGISTRAR AND APPROVE PAYING AGENT/REGISTRAR AGREEMENT; APPROVE OFFICIAL STATEMENT; AUTHORIZE THE BOARD TO SIGN ALL DOCUMENTS RELATING TO THE BOND SALE AND AUTHORIZE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER; EXECUTION OF AMENDMENT TO INFORMATION FORM; AND UPDATE FROM DISTRICT ENGINEER ON TCEQ INSPECTION OF FACILITIES

Ms. Humphries reviewed a Resolution Authorizing the Issuance of the District's \$4,535,000 Unlimited Tax Bonds, Series 2012.

The Board considered changing the Paying Agent/Registrar in connection with the District's Series 2012 Bonds from Wells Fargo Bank, N.A. to The Bank of New York Mellon Trust Company, N.A.

The Board considered changing the Paying Agent/Registrar for prior District bond issues to The Bank of New York Mellon Trust Company, N.A. Following discussion, the Board concurred not to change the Paying Agent/Registrar for prior District bond issues unless recommended by the District's bookkeeper.



The Board considered approving the Official Statement for the Series 2012 Bonds. Mr. Rathmann stated that the Preliminary Official Statement will be updated to include sale information regarding the Series 2012 Bonds.

The Board considered authorizing the Board to sign all the documents relating to the bond sale and to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser.

The Board considered approving an Amendment to Information Form in connection with the issuance of the Series 2012 Bonds.

Mr. Ross stated that the TCEQ inspection of the District's facilities is complete. The related memorandum from the TCEQ is attached.

Following review and discussion, Director Ruiz moved to (1) adopt the Resolution Authorizing the Issuance of the District's \$4,535,000 Unlimited Tax Bonds, Series 2012 and direct that the Resolution be filed appropriately and retained in the District's official records; (2) appoint The Bank of New York Mellon Trust Company, N.A. as the paying agent/registrars for the Series 2012 Bonds; (3) approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. and direct that the Resolution be filed appropriately and retained in the District's official records; (4) authorize the Board to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser; and (5) authorize execution of the Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which carried unanimously.

#### COMMENTS FROM THE PUBLIC

There were no comments from the public.


#### DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board agreed the next meeting will be on November 2, 2012, at 12:00 p.m., at ABHR.

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

(SEAL)



  
Secretary, Board of Directors



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