

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

January 10, 2014

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 10th day of January, 2014, 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, thus constituting a quorum.

Also present at the meeting were Raymond Ruiz, a resident of the District; Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Michael Doyle of Development Consultants, Inc.; Officer Natisha Lucas of the City of Pearland Police Department; Rhonda Rushton of Assessments of the Southwest, Inc.; Christina Garcia of Myrtle Cruz, Inc. ("MCI"); Taylor Baumgartner of LJA Engineering, Inc. ("LJA"); and Lynne Humphries and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 6, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Palmer moved to approve the minutes as submitted. Director Ruiz seconded the motion, which passed unanimously.

RENEWAL OF INSURANCE POLICIES

Ms. Humphries presented a proposal received from HARCO Insurance Services ("HARCO"), the District's current provider, for renewal of the District's insurance policies, which expire on March 17, 2014. After review and discussion, Director Rozell moved to approve the proposal from HARCO for renewal of the District's insurance policies. Director Palmer seconded the motion, which carried unanimously.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2013

The Board concurred to table this item until next month.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Humphries reported on the District's compliance with the post-issuance compliance policy. She stated that no corrective action is required at this time.

REPORT ON DEVELOPMENT, DEVELOPER REIMBURSEMENT REPORT, AND DISBURSEMENT OF FUNDS

Mr. Doyle reported on home building activity by Perry Homes and Newmark Homes.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rushton distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. She next reviewed the delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached to the tax assessor/collector's report. After review and discussion, Director Rozell moved to approve the tax assessor/collector's report and payment of the tax bills. Director Axtell seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

Officer Lucas reported on security in Shadow Creek Ranch and reviewed the written security report submitted by Officer Dave Pratt in advance of today's meeting. A copy of the security report is attached. Officer Lucas then responded to questions from the Board regarding crime trends.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia introduced herself as the District's new bookkeeper. She then 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 Axtell moved to approve the bookkeeper's report and payment of the bills. Director Palmer seconded the motion, which passed unanimously.

ACCEPT ANNUAL DISCLOSURE STATEMENT FOR BOOKKEEPER AND
AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board concurred to table this item until next month's meeting when the bookkeeper presents the statement.

ENGINEERING MATTERS

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

Mr. Baumgartner reported on bids received for construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-63B. He recommended award of the contract to the low bidder, Crostex Construction, with a total bid amount of \$526,932.25, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Crostex Construction is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Ms. Humphries reviewed a letter financing agreement with 741SCR, Ltd. related to financing of the project.

Mr. Baumgartner reported that Jones & Carter, Inc. ("Jones & Carter"), the developer's engineer, received bids for construction of water, sewer, and drainage facilities to serve Shadow Oaks Section 1. He stated that Jones & Carter recommended award of the contract to the second lowest bidder, Clearwater Utilities, Inc., ("Clearwater"), with a total bid amount of \$1,564,000.00, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Clearwater is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Ms. Humphries reviewed a letter financing agreement with KB Home Lone Star, Inc. related to financing of the project.

Mr. Baumgartner reported on bids received for construction of water, sewer, and drainage facilities to serve Shadow Ridge Section 1. He recommended award of the contract to the low bidder, R Construction Company, with a total bid amount of \$1,235,996.80, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, R Construction Company is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Ms. Humphries reviewed a letter financing agreement with RM 2013, LLC related to financing of the project.

Mr. Baumgartner then recommended approval of the following: (1) Pay Estimate No. 3 in the amount of \$101,874.30 for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60, payable to Triple B Services, L.L.P.; (2) Pay Estimates Nos. 1, 2, and 3 in the respective amounts of

\$137,088.00, \$59,973.75, and \$93,255.30 for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2 GCWA Canal Bridge, payable to Menade, Inc.; and (3) Pay Estimate No. 3 in the amount of \$168,930.00, payable to Fort Bend Excavation, and Change Order No. 1, which increases the total contract amount by \$128,000, for Shadow Oaks Clearing and Grubbing - Phase 1. Mr. Baumgartner noted Change Order No. 1 is for hauling off cleared materials since the City does not allow debris to be burned inside the City's corporate limits. In response to a question by Director Pope, Mr. Baumgartner confirmed all original bids submitted for this project were priced based on burning the cleared materials.

Mr. Baumgartner updated the Board on the rehabilitation of the detention pond side slopes, stating the final underwater inspection by LJA is scheduled for next week.

Mr. Baumgartner updated the Board on bond application no. 6, stating the bond application has been submitted to the Texas Commission on Environmental Quality ("TCEQ").

Ms. Humphries requested LJA compile a list of pending and completed construction projects that have yet to be reimbursed in order to assess an amount to request for bond application no. 7.

Following review and discussion, Director Palmer moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) award the contract for construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-63B to Crostex Construction in the amount of \$526,932.25, subject to approval of construction bonds and insurance, and authorize execution of the letter financing agreement; (2) award the contract for construction of water, sewer, and drainage facilities to serve Shadow Oaks Section 1 to Clearwater in the amount of \$1,564,000.00, based on the recommendation of Jones & Carter and subject to approval of construction bonds and insurance, and authorize execution of the letter financing agreement; (3) award the contract for construction of water, sewer, and drainage facilities to serve Shadow Ridge Section 1 to R Construction Company in the amount of \$1,235,996.80, subject to approval of construction bonds and insurance, and authorize execution of the letter financing agreement; (4) approve Pay Estimate No. 3 in the amount of \$101,874.30 for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-54 and SF-60; (5) approve Pay Estimates Nos. 1, 2, and 3 in the respective amounts of \$137,088.00, \$59,973.75, and \$93,255.30 for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2 GCWA Canal Bridge; and (6) approve Pay Estimate No. 3 in the amount of \$168,930.00 for Shadow Oaks Clearing and Grubbing - Phase 1 and Change Order No. 1 for a net increase of \$128,000. Director Pope seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries reported on the City's approval of an agreement with Brazoria Municipal Utility District No. 26 ("MUD 26") for MUD 26 to install and maintain temporary multi-use ball fields on City property designated for development of a future phase of the City's Regional Sports Park in Shadow Creek Ranch, which is located in both MUD 26 and the District. She then reported on continued discussions with the City regarding funding of the water, sewer, and drainage costs to serve this park development. In response to a question by Director Pope, Ms. Humphries stated Jon Branson is the interim City Manager. In response to Ms. Humphries stating Director Fred Weary of MUD 26 intends to attend the next City Council meeting in support of Phase 2 of the City's Sports Complex, Director Ruiz stated she would also attend. Ms. Humphries then responded to questions from the Board regarding progress by MUD 26 and the District in advancing the development of recreational facilities.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Mr. Norton introduced himself as the new representative of SCRMA and announced his intention to provide a monthly report. Ms. Humphries said ABHR will add an item to future agendas to receive a report from SCRMA.

COMMENTS FROM THE PUBLIC

Mr. Ruiz introduced himself as a resident of the District and a candidate for Commissioner of Brazoria County Drainage District No. 4. He then responded to questions from the Board.

2014 DIRECTORS ELECTION

Ms. Humphries discussed procedures related to the 2014 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2014 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election.

Ms. Humphries reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2014 Directors Election. She then discussed exemptions from using electronic voting systems during the 2014 Directors Election and stated the District qualified from an exemption from use of electronic voting machines.

Ms. Humphries noted that the District may contract with Brazoria and Fort Bend Counties to conduct the District's 2014 Directors Election.

Following review and discussion, Director Rozell moved to take the following actions: (1) adopt a Resolution Designating an Agent of the Secretary of the Board

During the 2014 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the Notice of Deadline to File Applications for Place on the Ballot for the 2014 Directors Election; (3) authorize the Secretary's agent to publish the Notice of Exemption in a newspaper of general circulation; and (4) contract with Brazoria and Fort Bend Counties to administer the District's 2014 Director Election. Director Axtell seconded the motion, which was approved by unanimous vote.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Community Newsletter, *The Connection* newsletter, and on the District's page of the website. After discussion, the Board concurred for ABHR to include a notice submitted by Director Ruiz regarding Pearland Westside Library and the Notice of Deadline to File Applications to be Placed on the Ballot for the 2014 Directors Election in addition to the District's standard notice in the newsletters.

The Board then reviewed an analytics report on activity on the website for the prior month. A copy of the December analytics report is attached.


DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the District's next meeting will be held on February 7, 2014, 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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