

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

June 6, 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 6th day of June, 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 Taylor Gunn of Perry Homes, LLC; Mark McGrath of McGrath & Co., P.L.L.C. ("McGrath"); Robert Hulbert of KB Home; Michael Doyle of Development Consultants, Inc.; Justin Klump of Storm Water Solutions, L.P. ("SWS"); Rhonda Rushton of Assessments of the Southwest, Inc.; Christina Cole of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Brooks Hamilton, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 29, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Palmer moved to approve the minutes as presented. Director Ruiz seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Cole 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. The Board requested Mr. McGrath calculate the City of Pearland Impact Fees to be disbursed from bond funds and that the bookkeeper's report be updated accordingly. The Board requested Mr. Ross bring to the next meeting a list of projects that could be paid out of the surplus funds. After review and discussion, Director Axtell moved to approve the bookkeeper's report and payment of the bills. Director Rozell seconded the motion, which passed unanimously.

APPROVE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2014 BONDS

Mr. McGrath presented and reviewed a Developer Reimbursement Report prepared by McGrath for the purpose of verifying the amount to be reimbursed to 518SCR, Ltd. and 741SCR, Ltd. in connection with costs relating to the District's \$7,395,000 Unlimited Tax Bonds, Series 2014, a copy of which is attached. After review and discussion, Director Axtell moved to (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse SCR518, Ltd. in the amount of \$5,030,194, pursuant to the Developer Reimbursement Report, contingent on receipt of an executed Receipt; (3) authorize disbursement of funds to reimburse 741SCR, Ltd. in the amount of \$1,174,776, pursuant to the Developer Reimbursement Report, contingent on receipt of an executed Receipt; and (4) direct that the Developer Reimbursement Report and Receipt be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which was approved by unanimous vote.

SECURITY SERVICES REPORT

The Board reviewed the written security report for Shadow Creek Ranch submitted by Officer Wes Boyer in advance of today's meeting. A copy of the security report is attached.

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

Mr. Gunn reported on construction and homebuilding, including sales, in the Perry Homes sections of the District.

Mr. Doyle reported on construction and homebuilding in the Newmark Homes section of the District.

Mr. Hulbert reported on construction and homebuilding in the KB Home section of the District.

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 stated 92.24% of the District's 2013 taxes had been collected as of May 31, 2014. 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 Palmer moved to approve the tax assessor/collector's report and payment of the tax bills. Director Rozell seconded the motion, which passed unanimously.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE COLLECTION OF DELINQUENT TAXES

Ms. Hamilton stated that as of July 1, 2014, outstanding 2013 tax accounts will be assessed an additional 20% penalty. After discussion, Director Palmer moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent 2013 taxes as of July 1, 2014. Director Rozell 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 water, sewer, and drainage facilities to serve Southlake Section 5. He recommended award of the contract to the low bidder, 5758 Construction, L.P. with a total bid amount of \$856,451.65, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, 5758 Construction, L.P. 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 518SCR, Ltd. related to financing of the project.

Mr. Ross reported on bids received for the clearing and grubbing of the 4-acre park site where temporary ball fields will be installed. He recommended award of the contract to the low bidder, Crostex Construction, with a total bid amount of \$26,650, 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 noted that costs will be shared with Brazoria Municipal Utility District No. 26 ("MUD 26"), which has also approved award of the contract.

Mr. Ross then recommended approval of the following: (1) Pay Estimate No. 4 and Final in the amount of \$35,342.12 for the construction of water, sewer, and drainage facilities to serve Southlake Section 3 and Section 4, payable to 5758 Construction, L.P., and final acceptance of the project; (2) Pay Estimate No. 6 and Final in the amount of \$58,642.38 for construction of Lakes 3, 4, and 5 to serve Southlake, payable to Lindsey Construction, Inc., and final acceptance of the project; (3) Pay Estimate No. 2 in the amount of \$611,366.13 for the construction of the water, sewer, and drainage facilities to serve Shadow Ridge Section One, payable to R Construction Company; (4) Pay Estimate Nos. 3 and 4 in the respective amounts of \$179,508.60 and \$92,115 for the construction of drainage and detention facilities to serve Shadow Oaks Detention Amenity Lakes Phase 1, payable to Sonora SWQM CO dba Sonora Construction; and (5) Pay Estimate No. 3

and Final in the amount of \$317,263.42 for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2, payable to Hurtado Construction Company, and final acceptance of the project, including Change Order No. 1 in the amount of \$39,396.00 which increases the total contract amount from \$1,312,000.00 to \$1,351,396.00 for final quantity adjustments.

Mr. Ross updated the Board on bond application no. 7. Ms. Humphries presented a proposal from Jones-Heroy & Associates, Inc. for the preparation and submittal of bond application no. 7 to the Texas Commission on Environmental Quality ("TCEQ") for a lump sum fee of \$45,000. Mr. Ross then presented and reviewed a proposal from LJA to provide assistance with regard to bond application no. 7 for a lump sum fee of \$30,000.

Ms. Cole and Ms. Rushton left the meeting.

Mr. Klump presented and reviewed the District's Notice of Intent ("NOI") prepared by SWS for the District's inclusion under the City's Stormwater Management Plan ("SWMP").

Following review and discussion, Director Rozell moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) award the contract for the construction of water, sewer, and drainage facilities to serve Southlake Section 5 to 5758 Construction, L.P. with a total bid amount of \$856,451.65, subject to approval of construction bonds and insurance and approve a related letter finance agreement with 518SCR, Ltd.; (2) award the contract for the clearing and grubbing of the 4-acre park site to Crostex Construction with a total bid amount of \$26,650, subject to approval of construction bonds and insurance; (3) Pay Estimate No. 4 and Final as presented, for the construction of water, sewer, and drainage facilities to serve Southlake Sections 3 and 4, and final acceptance of the project; (4) approve Pay Estimate No. 6 and Final, as presented, for construction of Lakes 3, 4, and 5 to serve Southlake, and final acceptance of the project; (5) approve Pay Estimate No. 2, as presented, for the construction of the water, sewer, and drainage facilities to serve Shadow Ridge Section One; (6) Pay Estimate Nos. 3 and 4, as presented, for the construction of drainage and detention facilities to serve Shadow Oaks Detention Amenity Lakes Phase 1; (7) Pay Estimate No. 3 and Final, as presented, for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2, and final acceptance of the project, including Change Order No. 1, as presented, for final quantity adjustments.; (8) approve the NOI and inclusion in the City's SWMP and direct that the NOI and SWMP be filed appropriately and retained in the District's records; (9) accept the proposal from Jones-Heroy & Associates, Inc. for the preparation and submittal of bond application no. 7 to the Texas Commission on Environmental Quality ("TCEQ"), for a lump sum fee of \$45,000 and direct that the contract be filed appropriately and retained in the District's official records; and (10) accept the proposal from LJA to assist with bond application no. 7 for

a lump sum fee of \$30,000 and direct that the contract be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which carried unanimously.

Mr. Gunn and Mr. McGrath left the meeting.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries updated the Board on the installation of temporary ball fields and informed the Board of the time and location of the next Board meeting of MUD 26 in case any Directors would like to attend. The Board requested Ms. Brownlee ask Director Weary of MUD 26 and Mr. Deforest to coordinate with Director Ruiz on the design of the ball fields if she is unable to attend. Ms. Humphries presented and reviewed a proposal from KGA for the design and construction of the temporary ball fields for a total cost not to exceed \$30,000 to be shared equally with MUD 26. Following review and discussion, Director Axtell moved to accept the proposal from KGA for the design, construction and mowing of the temporary ball fields for a total cost not to exceed \$30,000 to be shared equally with MUD 26. Director Pope seconded the motion, which passed 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*, and on the District's page of the website. After discussion, the Board concurred to (1) remove outdated notices posted on the website; (2) direct ABHR to submit an update to the website on the temporary ball fields; and (3) direct ABHR to submit the District's standard notice to the newsletters. The Board then reviewed an analytics report on activity on the website for the prior month, a copy of which is attached.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

No reports were presented.

COMMENTS FROM THE PUBLIC

No members of the public came forward to address the Board.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the District's next meeting will be held on July 11, 2014, at ABHR, due to the July 4th holiday.

CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Mr. Michael D. "Mike" Rozell and Ms. Karri Axtell to the Board of Directors of the District, each for a four-year term. After review and discussion, Director Rozell moved to approve the Certificate of Election and the distribution of same to Directors Rozell and Axtell, and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which passed by unanimous vote.

DIRECTORS' SWORN STATEMENTS, OFFICIAL BONDS AND OATHS OF OFFICE

Ms. Humphries reviewed the Sworn Statements and Oaths of Office for Directors Rozell and Axtell.

After review and discussion, Director Rozell moved that the Board approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Ruiz seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD

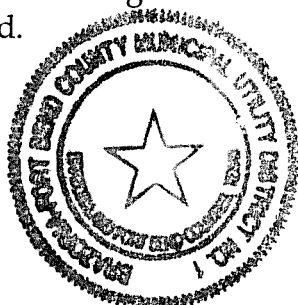
The Board considered reorganizing the Board of Directors. Following discussion, Director Rozell moved to maintain the current organization of the Board. Director Ruiz seconded the motion, which passed by unanimous vote.

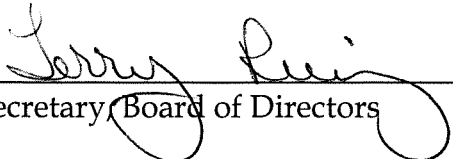
DISTRICT REGISTRATION FORM

The Board then considered authorizing filing of an updated District Registration Form with the TCEQ reflecting the terms of the newly elected directors. Following review and discussion, Director Rozell made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which passed by unanimous vote.

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

(SEAL)




Secretary Board of Directors

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