

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

December 5, 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 5th day of December, 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 except Director Palmer, thus constituting a quorum.

Also present at the meeting were Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Robert Hulbert of KB Home Lone Star, Inc. ("KB Home"); Michael Doyle of Development Consultants, Inc.; Taylor Gunn of Perry Homes, LLC; David Patterson of Assessments of the Southwest, Inc.; Christina Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 7, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the November 7, 2014 meeting, as presented. Director Ruiz seconded the motion, which passed unanimously.

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.

The Board considered authorizing three Amended and Restated Security Patrol Services Agreements (the "Patrol Agreement") between the District, Brazoria County Municipal Utility District No. 26 ("BC 26"), and a qualified licensed peace officer to increase the pool of officers available for security patrol of Shadow Creek Ranch.

Following review and discussion, Director Rozell moved to authorize three Patrol Agreements with BC 26 and a qualified peace officer. The motion was seconded by Director Axtell and passed unanimously.

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

Ms. Brook reviewed a developer reimbursement report provided by McGrath & Co., PLLC for reimbursement of impact fees to be paid from proceeds of the District's Unlimited Tax Bonds, Series 2014. Ms. Brook stated the developer reimbursement report recommends reimbursement in the amount of \$130,928 payable to Westin Homes and Properties, L.P. ("Westin"). Following review and discussion, Director Pope moved to (1) approve the developer reimbursement report and direct that it be filed appropriately and retained in the District's records; and (2) authorize disbursement of funds in the amount of \$130,928 payable to Westin for reimbursement of impact fees. The motion was seconded by Director Axtell and passed unanimously.

Mr. Doyle, Mr. Gunn, and Mr. Hulbert reported on home construction in the District.

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 stated 6.30% of the District's 2014 taxes had been collected as of November 30, 2014. Following review and discussion, Director Ruiz made a motion to approve the tax assessor/collector's report and payment of the tax bills. Director Axtell seconded the motion, which carried unanimously.

ENGINEERING MATTERS

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

Mr. Ross reviewed and recommended approval of two pay estimates as detailed in the engineer's report.

Mr. Ross reviewed with the Board a Special Warranty Deed for (1) Reserve E, Southlake, Section 1 also known as Southlake, Lake 3; Southlake Lake 4; and Southlake, Lake 5 (collectively known as "Southlake, Lakes 3, 4, and 5") from 518SCR, Ltd.; (2) Reserves F and G, Section 1, Shadow Grove from KB Home; and (3) Reserve B, Section 1, Shadow Ridge from RM 2013, LLC. Mr. Ross recommended the Board accept the Deeds.

Mr. Ross stated there were no updates for bond application no. 7. Mr. Ross reported Jones-Heroy Associates, Inc. ("Jones-Heroy") has requested it be included on the District Registration Form as an additional District engineer, which will aid in coordination with the Texas Commission on Environmental Quality ("TCEQ") when reviewing District bond applications.

Ms. Brook stated there were no updates regarding the MS4 Permit.

Following review and discussion, Director Ruiz moved to approve the engineer's report and take the following action, based upon the engineer's recommendation: (1) approve Pay Estimate No. 4 to 5758 Construction, L.P. for \$38,921.09 for the construction of water, sewer, and drainage facilities to serve Southlake Section 5; (2) approve Pay Estimate No. 1 to 5758 Construction, L.P. for \$540,591.75 for construction of water, sewer, and drainage facilities to serve Southlake Section 6 and Section 7; (3) accept the Deed for Southlake, Lakes 3, 4, and 5 from 518SCR, Ltd.; (4) accept the Deed for Reserves F and G, Section 1, Shadow Grove from KB Home; (5) accept the Deed for Reserve B, Section 1, Shadow Ridge from RM 2013, LLC.; and (6) authorize execution of an updated District Registration Form to include Jones-Heroy as an additional District engineer and direct that it be filed appropriately and retained in the District's official records. Director Axtell seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported that BC 26 approved an Amendment to Interlocal Agreement Between Brazoria County Municipal Utility District No. 26 and the City of Pearland Regarding Use of the Shadow Creek Ranch Sports Complex to extend the current one year lease of the 4-acre tract to be developed into temporary ball fields (the "Tract") until December 31, 2018.

Ms. Brook reported that Mr. DeForest, on behalf of BC 26 and the District, requested Earthcare Management ("Earthcare") submit a proposal to mow the Tract once a month, as needed, for a cost not to exceed \$500 per mowing. Ms. Brook, on behalf of BC 26, requested the Board consider cost-sharing half of this amount. In response to a question from the Board, Mr. Norton indicated SCRMA had mowed the Tract once but does not have the proper equipment to maintain vegetation on a site that does not have cultivated turf. The Board requested SCRMA reconsider maintaining the Tract once the temporary ball fields are constructed.

Ms. Brook updated the Board on Mr. DeForest's submittal of project plans for construction of temporary ball fields and irrigation on the Tract to City Parks Director Michelle Graham. Discussion ensued regarding the cost of supplying water to irrigate the Tract once the ball fields are constructed. The Board concurred to hold construction of the temporary ball fields until the cost of the water supply for the irrigation of the Tract is addressed to the Board's satisfaction.

Following review and discussion, Director Ruiz moved to approve cost-sharing half of the cost of \$500 for Earthcare to mow the Tract once a month, if needed, until construction of the temporary ball fields begins. The motion was seconded by Director Axtell and passed unanimously. Director Ruiz requested that it be noted for the record that she is of the opinion that it is the responsibility of SCRMA to bear the cost of maintaining the temporary ball fields once constructed in consideration for the District's bearing the cost of the rehabilitation of the detention pond side slopes.

PREPARATION OF ANNUAL REPORT

Ms. Brook stated the District is required to file updated financial information and operating data in the form of an annual report with the EMMA System, as designated by the Municipal Securities Rulemaking Board. She requested authorization for ABHR to work with the District's consultants to prepare the report. Following discussion, Director Rozell made a motion to authorize preparation of the annual report. Director Axtell 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 ("AWBD") winter conference in Austin on January 16-17, 2014. After discussion, Director Pope moved to establish maximum limits of three director fees of office, two nights of lodging, and reasonable and necessary meals for any director attending the AWBD winter conference, submitted in accordance with the travel guidelines. Director Rozell 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. She noted the Internal Revenue Service debited the operating account in the amount of \$84,026.42 in error and credited the amount upon inquiry. After review and discussion, Director Rozell moved to approve the bookkeeper's report and payment of the bills. Director Ruiz seconded the motion, which passed unanimously.

The Board did not amend the budget for fiscal year ending September 30, 2015.

ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2009 BONDS

Ms. Brook stated the District received a proposal from OmniCap Group, LLP ("OmniCap") to conduct an arbitrage rebate study for the \$4,000,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Rozell moved to approve and authorize execution of the proposal from OmniCap and direct that the proposal be filed appropriately and retained in the District's official records. Director Ruiz seconded the motion, which carried by unanimous vote.

ORDER ADOPTING PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Brook stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. Ms. Brook added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements (the "Requirements") for its bonds. Ms. Brook explained the Board of Directors is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. Ms. Brook added that, in order to ensure the District's procedures for continuing disclosure compliance are well documented, ABHR recommends such procedures be adopted in writing by the Board of Directors. Ms. Brook reviewed the Order Adopting Procedures for Continuing Disclosure Compliance with the Board of Directors. Following review and discussion, Director Rozell moved to adopt the Order Adopting Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. 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 direct ABHR to submit the District's standard notice to the newsletters and to the District's website. 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

Mr. Norton updated the Board on installation of the security cameras. He noted surveillance signs will be posted following final review of language. He added that Howard Manson of Today's Integration has begun coordination with the City police on surveillance footage. In response to a question from the Board, Mr. Norton stated six cameras were installed per intersection.

The Board discussed the possibility of adding an action list to the Minutes, which includes pending action items assigned to various consultants and Directors during the meetings. After discussion, the Board concurred to add a list of action items to the Minutes for a period of three months, at which time the effectiveness of the list will be assessed by the Board.

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 discussed changing the start time of the monthly Board meetings to 11:30 a.m. to accommodate any Directors who would like to attend the Regional Parks Committee Meeting, which meets the first Friday of every month at noon. The Board considered the date of the next meeting and concurred to change the date to January 9, 2015, at 11:30 a.m., at ABHR, in consideration of the holiday and the Regional Parks Committee Meeting, which has also been rescheduled.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the standard notice to the District’s website and community newsletters.
2. ABHR will coordinate with the City to secure approval of the Amendment to the Interlocal Agreement to extend the lease of the Tract.
3. ABHR will discuss irrigation water cost for the leased tract with the City.
4. Mr. DeForest will coordinate with the City for approval of the site plan for construction of the temporary ball fields.
5. The Board will meet one week later, on the second Friday of January, and will try a new time of 11:30 a.m.
6. Mr. Norton will ask SCRMA to maintain the temporary ball fields during the term of the lease.

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