

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

January 11, 2016

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 11th day of January, 2016, 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 Pope, thus constituting a quorum.

Also present at the meeting were Julio Lybrand and Kevin Dalrymple, members of the public; Heather Zayas, resident of the District; Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Bob DeForest of KGA/DeForest Design, L.L.C.; David Patterson of Assessments of the Southwest, Inc.; Taylor Gunn of Perry Homes; Michael Doyle of Development Consultants, Inc.; Amy Symmank of Myrtle Cruz, Inc. ("MCI"); 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 December 4, 2015, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the December 4, 2015, regular meeting as submitted. Director Ruiz seconded the motion, which passed unanimously.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2015

Ms. Brook reported that the audit for fiscal year end September 30, 2015 will be presented at next month's meeting.

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

Messrs. Doyle and Gunn reported on home construction in the District.

ANNEXATION MATTERS, INCLUDING APPROVE ANNEXATION AGREEMENT AND AUTHORIZE ENGINEER TO PREPARE FEASIBILITY STUDY

Mr. Lybrand reported that this week he will provide the requested information from last month's meeting and a check for the required deposit for the proposed annexation of approximately 13 acres of property. Mr. Lybrand discussed proposed development of the property. Discussion ensued. Ms. Brook discussed the required development financing agreement and noted it contains a provision that all construction is subject to approval of the architectural committee of SCRMA. Ms. Brook stated that the developer of the annexed property will be responsible for creation of a property owner association or an agreement with an existing association for maintaining the detention pond per the City of Pearland ("City").

The Board considered approving a Letter Annexation Agreement in connection with the proposed annexation and authorizing LJA to prepare a feasibility study for the proposed annexation. Following review and discussion, Director Ruiz moved to approve the Letter Annexation Agreement and authorize LJA to prepare a feasibility study upon receipt of a \$20,000 deposit for the proposed annexation. Director Axtell seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the tax assessor/collector's report, including the unpaid accounts tax roll, a copy of which is attached. He stated 59.83% of the District's 2015 taxes were collected as of December 31, 2015. Following review and discussion, Director Ruiz moved to approve the tax assessor/collector's report and payment of the bills. Director Axtell seconded the motion, which carried by unanimous vote.

REVIEW BIDS FOR THE SALE OF THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2016 (THE "SERIES 2016 BONDS")

Ms. Williams stated that the Board received five bids for the District's Series 2016 Bonds, a summary of which is attached. Ms. Williams noted the low interest rates reflect the short maturity of the Series 2016 Bonds. Ms. Humphries discussed the benefits of Rathmann's financial planning for the District.

Ms. Williams distributed and reviewed a report from Standard & Poor's Ratings Services ("S&P"), a copy of which is attached. She stated that S&P assigned a BBB/Stable rating to the District for the Series 2016 Bonds. Ms. Williams said the Series 2016 Bonds will be insured by Build America Mutual.

AWARD OF SALE OF THE DISTRICT'S SERIES 2016 BONDS

The Board next considered awarding the sale of the District's Series 2016 Bonds. Ms. Williams recommended that the Board accept the bid with the lowest net effective interest rate submitted by SAMCO Capital Markets ("SAMCO"). Ms. Williams noted the buyer has complied with the requirements of House Bill 1295, which will be discussed later in the meeting. After review and discussion, Director Ruiz moved to award the sale of the District's Series 2016 Bonds to SAMCO, whose bid contained the lowest net effective interest rate. Director Axtell seconded the motion, which passed by unanimous vote. A copy of the accepted bid from SAMCO is attached.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SERIES 2016 BONDS, APPROVE PAYING AGENT/REGISTRAR AGREEMENT, APPROVE OFFICIAL STATEMENT, EXECUTE CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE, AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE BOND SALE, AUTHORIZE THE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER, AND EXECUTION OF AMENDMENT TO THE INFORMATION FORM

Ms. Brook reviewed a Resolution Authorizing the Issuance of the District's \$16,630,000 Unlimited Tax Bonds, Series 2016. She then reviewed the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Ms. Williams stated the Preliminary Official Statement will be updated to include information regarding the bond sale. Ms. Brook reviewed a Certificate Regarding Provision of Financial Advice, which she explained states ABHR has not provided financial advice to the District in regards to the Series 2016 Bonds. Ms. Brook stated it will be necessary for the President and Secretary of the Board to sign certain documents relating to the sale of the District's Series 2016 Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas. She added that the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. Ms. Brook stated the Attorney General requires a fee to review the documents related to the issuance of the Series 2016 Bonds. She then requested the Board approve a check to the Attorney General for this purpose. Ms. Brook stated the Texas Water Code requires the District to file an Amendment to the Information Form with Fort Bend and Brazoria Counties and the TCEQ in order to reflect the bonds issued by the District. She then reviewed the Amendment to the Information Form with the Board. After review and discussion, Director Rozell moved to (1) adopt the Resolution Authorizing the Issuance of the District's \$16,630,000 Unlimited Tax Bonds, Series 2016, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A, and direct that the Agreement be filed appropriately and retained in the District's official records; (3) approve the Certificate Regarding Provision of Financial Advice; (4) approve the Official Statement for the

Series 2016 Bonds; (5) authorize the President and Secretary to sign the documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; approve the check to the Attorney General for review of the bond documents; and (7) authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Axtell seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

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

Mr. Ross distributed the most recent aerial map of the District, a copy of which is attached to the engineer's report.

Mr. Ross reported that Phase 1 of the City's expansion of the sewage treatment plant serving Shadow Creek Ranch ("SCR") was complete and operational last month.

Mr. Ross reported on the City's construction of the SCR Sports Park. He reviewed an exhibit of the site plan of the SCR Sports Park that indicates the amenities paid for by City funds made available upon funding by the District and Brazoria County Municipal Utility District No. 26 ("BC 26") of the public water, sewer, and drainage for the SCR Sports Park. A copy of the exhibit is attached to the engineer's report. Mr. Ross noted that \$983,219.45 was spent on these amenities, which leaves a balance of \$386,780.55. He said the City has not indicated how the remaining funds will be spent and noted there are remaining amenities to construct that the City agreed to include according to the Interlocal Agreement Related to Construction of Additional Public Park Improvements. Mr. Ross reported that the City indicated it expects Phase 1 of the SCR Sports Park to be complete by March of this year. The Board requested that ABHR ask the City which amenities will be constructed with the remaining funds.

Mr. Ross requested authorization to design the public storm sewer to serve MF-6.

Mr. Ross requested approval of one pay estimate and one change order, as reflected in his report.

There were no updates on storm water permitting matters.

Following review and discussion, Director Palmer moved to approve the engineer's report and, based on the recommendation of the engineer, (1) authorize design of the public storm sewer to serve MF-6; (2) approve Pay Estimate No. 1 to Rodriguez Construction Group, LLC in the amount of \$726,781.36 for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 2 and 3; and

(3) approve Change Order No. 1 to Hurtado Construction Company for the relocation of two fire hydrants, which increases the contract for the construction of the water, sewer, and drainage facilities to serve Southlake Section 8 by \$23,000. Director Axtell seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. DeForest distributed and reviewed the landscape architect's report, a copy of which is attached.

Mr. DeForest reported on construction of the temporary ball fields (the "Fields") as reflected in his report. He noted Director Pope was in attendance for the punch list inspection performed on January 5, 2016. Mr. DeForest presented and recommended approval of Pay Estimate No. 5 and Final to Four Seasons for the construction of the Fields in the amount of \$16,993.55, of which the District's share is \$8,496.77. He noted the Board of BC 26 approved Pay Estimate No. 5 and Final subject to approval of same by the District. Mr. DeForest said he will issue a Letter of Final Acceptance to Four Seasons upon satisfaction of the Board, including Director Pope, and the Board of BC 26. He recommended the bookkeeper hold both checks until the Letter of Final Acceptance has been issued.

Mr. DeForest requested authorization for execution of a Certificate of Substantial Completion dated October 2, 2015, previously approved by the District and BC 26.

Following review and discussion, Director Axtell moved to approve Pay Estimate No. 5 and Final to Four Seasons in the amount of \$16,993.55, of which the District's share is \$8,496.78, for the construction of the Fields, subject to Mr. DeForest's issuance of a Letter of Final Acceptance to Four Seasons; and authorize execution of a Certificate of Substantial Completion dated October 2, 2015, previously approved by the District and BC 26. The motion was seconded by Director Ruiz, and passed unanimously.

Ms. Humphries and Mr. Taylor left the meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Symmank 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.

Pursuant to the District's Investment Policy, Ms. Symmank presented the annual disclosure statements of the District's bookkeeper and Investment Officer. Ms. Brook explained the Investment Officer and bookkeeper are required to execute disclosure

statements that disclose any relationships with banks and brokers who seek to sell investments to the District.

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 Galveston on January 22-23, 2016.

After review and discussion, Director Axtell moved to (1) approve the bookkeeper's report and payment of the bills; (2) accept the disclosure statement for the District's bookkeeper and Investment Officer; (3) direct that the disclosure statements be filed appropriately and retained in the District's official records; and (4) 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.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed a draft of the notice for submission to the Shadow Creek Community Newsletter and The Connection and considered updates for the District's website. The Board reviewed an analytics report on activity on the website for the prior month, a copy of which is attached. Following review and discussion, the Board directed ABHR to update the notice and website with the S&P bond rating for the Series 2016 Bonds and post the notice to the newsletters.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

No reports were presented.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

ATTORNEY'S REPORT

Ms. Brook stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Following review and discussion, Director Rozell moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Axtell seconded the motion, which passed by unanimous vote.

Ms. Brook reported on the District's post-issuance compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

The Board reviewed a draft of the District's 2016 Information Kit. Following review and discussion, Director Rozell moved to approve the District's 2016 Information Kit, subject to inclusion of information regarding the Series 2016 Bonds. The motion was seconded by Director Axtell and carried unanimously.

Ms. Brook stated the District's insurance policies will expire on March 17, 2016. After discussion, the Board directed ABHR to request a renewal proposal from the District's current provider for consideration at next month's meeting.

Ms. Brook presented and reviewed a memorandum from ABHR regarding implementation of House Bill 1295 that was passed by the Texas Legislature during the 84th Legislative Session, which enacted Section 2252.908, Government Code, imposing new requirements for any new, amended, extended or renewed contracts entered into by governmental entities on or after January 1, 2016. A copy of the memorandum is attached. Ms. Brook stated that business entities must file a FORM 1295 with the Texas Ethics Commission and disclose certain interested parties, intermediaries, and controlling interests when seeking any contract that is in excess of \$1 million or requires an action or vote by the governing body before a governmental entity may enter into a contract. She discussed FORM 1295 promulgated by the Texas Ethics Commission for a business entity to complete, execute and notarize, and provide to the governmental entity at or in advance of the meeting at which the related contract may be considered.

Mr. Ross left the meeting.

2016 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2016 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2016 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. Brook reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2016 Directors Election. Ms. Brook noted that the District may contract with Brazoria County (the "County") to conduct the District's 2016 Directors Election.

Following review and discussion, Director Rozell moved to (1) adopt a Resolution Designating an Agent of the Secretary of the Board During the 2016

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 2016 Directors Election; and (3) contract with the County to administer the District's 2016 Directors Election. Director Palmer seconded the motion, which was approved by unanimous vote.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is February 5, 2016, at 12:00 p.m.

SECURITY SERVICES REPORT

The Board reviewed the written security report for SCR, a copy of which is attached. Ms. Brook reported that at the meeting of BC 26 last week, Officer Lucas reported that crime had decreased in SCR and that the decrease was due, in her opinion, to the security patrol and the use of security cameras.

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

(SEAL)



Serry King
Secretary, Board of Directors

ACTION LIST

1. ABHR will update the monthly notice as discussed and submit it to the community newsletters.
2. ABHR will submit updates to the District’s website as discussed.
3. ABHR will ask the City which amenities will be constructed for the SCR Sports Park with the remaining funds that were made available upon the funding by the District and BC 26 of the public water, sewer, and drainage to serve the SCR Sports Park.

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