

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

February 5, 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 5th day of February, 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, thus constituting a quorum.

Also present at the meeting were Herb Fain and Fred Weary, directors of Brazoria County Municipal Utility District No. 26 ("BC 26"); Kevin Dalrymple, a member of the public; Tayo Ilori of McGrath & Co. PLLC; ("McGrath"); 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.; Thomas Sikora of KB Home; Christina Garcia 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 January 11, 2016, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Rozell moved to approve the minutes of the January 11, 2016, regular meeting as submitted. Director Axtell seconded the motion, which passed unanimously.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2015

Mr. Ilori reviewed the District's audit for fiscal year ending September 30, 2015. Following review and discussion, Director Rozell moved to approve the audit for fiscal year ending September 30, 2015, subject to final review, and direct that the audit be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which was approved by unanimous vote.

Director Fain left the meeting.

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

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

Mr. Illori presented and reviewed a Developer Reimbursement Report prepared by McGrath for the purpose of verifying the amount to be reimbursed to developers from the District's \$16,360,000 Unlimited Tax Bonds, Series 2016 ("Series 2016 Bonds"). After review and discussion, Director Rozell moved to (1) approve the Developer Reimbursement Report and authorize disbursement of funds for the following, pursuant to the Developer Reimbursement Report and contingent on receipt of an executed Receipt and the closing of the Series 2016 Bonds: (i) SCR518, Ltd. in the amount of \$3,552,939; (ii) 741SCR, Ltd. in the amount of \$2,756,124; (iii) Perry Homes, LLC in the amount of \$1,843,139; (iv) KB Home Lone Star, Inc. in the amount of \$2,848,896; (v) RM 2013, LLC in the amount of \$1,719,148; (vi) M/I Homes of Houston, LLC in the amount of \$52,210; and (vii) Newmark Homes Houston, LLC in the amount of \$355,517; and (2) direct that the Developer Reimbursement Report and Receipts be filed appropriately and retained in the District's official records. Director Palmer 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 unpaid accounts tax roll, a copy of which is attached. He stated 89.58% of the District's 2015 taxes were collected as of January 31, 2016. Following review and discussion, Director Palmer moved to approve the tax assessor/collector's report and payment of the bills. Director Ruiz seconded the motion, which carried by unanimous vote.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached, and provided an update of ongoing projects in the District.

Mr. Ross reported on completion of Phase 1 of the City's expansion of the sewage treatment plant serving Shadow Creek Ranch ("SCR") and the schedule for completion of Phase 2. Mr. Ross noted that construction to expand the permanent plant will begin now that Phase 1 is complete. He said upon completion of Phase 1, Phase 2, and expansion of the permanent plant, the City will have the capacity to treat 6 million gallons of sewage per day.

Mr. Ross reported on the City's construction of the SCR Sports Park. Ms. Brook reported on communication with the City regarding installation of the improvements to

serve the SCR Sports Park. Director Weary reported on discussions at this week's meeting of BC 26 regarding preferences for how the remaining funds from the District's and BC 26's \$1,370,000 funding of the public water, sewer, and drainage facilities to serve the SCR Sports Park will be spent. Ms. Brook reported the City indicated the maintenance building is needed to maintain the SCR Sports Park and once it is constructed, any remaining funds could be used toward refining the areas that were cleared and grubbed to serve Phase 2 of the SCR Sports Park. Ms. Brook reviewed the District's and BC 26's approved list of improvements and noted this is consistent with the list.

Mr. Ross requested approval of two pay estimates, 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) approve Pay Estimate No. 2 to Rodriguez Construction Group, LLC in the amount of \$208,927.97 for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 2 and 3; and (2) approve Pay Estimate No. 2 and Final to AGR Construction, LLC in the amount of \$16,579.40 for the construction of the water, sewer, and drainage facilities to serve SF-52 Phase 2. Director Ruiz 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"). Directors Rozell and Pope reported concerns for low areas where the sod is shallow and water pools and remains after a rainfall. Mr. DeForest said his team, Director Pope, and a representative of Earthcare Management ("Earthcare") inspected the Fields for problem areas. He noted Four Seasons Development ("FSD") lifted the sod and added soil where needed. He said a landscaping company is more effective than a contractor to address the District's and BC 26's (collectively the "Districts") concerns for grading, drainage, and turf establishment. Mr. DeForest noted BC 26 has a one year warranty from FSD in the event of failure regarding the work performed. In response to the Board's request for a monthly report from Earthcare, Mr. DeForest said he would request Earthcare provide an email noting what had been addressed at the site visit including any concerns for the condition of the Fields. Mr. DeForest recommended the Board authorize (1) execution of a Letter of Final Acceptance to FSD; (2) commencement of Earthcare's schedule of 42 site visits for an eleven month period of service on February 1, 2016, until December 31, 2016; and (3) release of the check for the final pay estimate to FSD for construction of the Fields approved at the meeting last month.

Following review and discussion, Director Axtell moved to approve the landscape architect's report and authorize (1) execution of a Letter of Final Acceptance to FSD for construction of the Fields; (2) commencement of the service agreement with Earthcare for 42 site visits to maintain the Fields on February 1, 2016, until December 31, 2016; (3) release of the check to FSD for the final payment for construction of the Fields. The motion was seconded by Director Ruiz, and passed unanimously.

Mr. Gunn and Director Weary left the meeting.

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. The Board discussed the AWBD winter conference. After review and discussion, Director Palmer moved to (1) approve the bookkeeper's report and payment of the bills; (2) approve reimbursement of eligible expenses for the winter conference submitted in accordance with the District's travel guidelines; (3) and authorize all interested directors to attend the AWBD summer conference. Director Pope 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 submit the newsletter notice and updates to the website as presented.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

No reports were presented. Mr. Patterson and Ms. Garcia left the meeting. Ms. Humphries entered the meeting.

ADOPT RESOLUTION ESTABLISHING POSTING PLACE FOR NOTICE OF BOARD OF DIRECTORS MEETINGS

The Board considered adopting a Resolution Establishing Posting Place for Notice of Board of Directors Meetings. Director Pope requested the Board approve rescinding establishment of the current posting place ("Posting Place") in favor of a Posting Place where more District residents frequent. Director Pope requested that the Board approve establishment of Posting Places at the three pools located in the District. It was noted that agendas and notices are posted on the District's website in advance of the meetings. Director Pope said he will post all notices for the District that are

required to be posted to the proposed three Posting Places before the required deadlines. After discussion, the Board concurred to table the matter until next month.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

ATTORNEY'S REPORT

The Board reviewed a proposal from HARCO Insurance Services to renew the District's insurance policies. Following review and discussion, the Board concurred to table the item pending receipt of clarification and additional information and cost of general liability coverage for the Fields, if required.

2016 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2016 Directors Election. She reviewed an Order Calling Directors Election establishing the procedures for conducting the election.

Ms. Brook discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Brazoria County.

Following review and discussion, Director Rozell moved to (1) adopt the Order Calling Directors Election and direct that it be filed appropriately and retained in the District's records; and (2) authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Ruiz seconded the motion, which was approved by unanimous vote.

ANNEXATION MATTERS

Mr. Ross presented and reviewed a feasibility study on the proposed annexation of approximately 13 acres of property into the District. Following review and discussion, Director Rozell moved to approve the feasibility study. The motion was seconded by Director Pope and passed unanimously.

SECURITY SERVICES REPORT

The Board reviewed the written security report for SCR, a copy of which is attached. Following review and discussion, Director Axtell moved to accept the security report. Director Ruiz seconded the motion, which passed by unanimous vote.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is March 4, 2016, at 12:00 p.m.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. ABHR will update the monthly newsletter notice as discussed and submit it to the community newsletters.
2. ABHR will submit updates to the District's website as discussed.
3. Ms. Brownlee will follow up with the District's insurance provider to obtain the availability and cost of general liability coverage for the Fields.
4. Mr. DeForest will request that Earthcare send an email following their scheduled maintenance visits to outline what was done and any concerns regarding the condition of the Fields.
5. Upon establishment of the three proposed Posting Places, Director Pope will post all notices from the District that are required to be posted before the required deadlines.

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Tax assessor/collector's report	2
Engineer's report.....	2
Landscape architect's report.....	3
Bookkeeper's report.....	4
Website Analytics Report	4
Security report.....	5