

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

January 6, 2017

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 January, 2017, 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
Heather Zayas	Secretary
Karri Axtell	Assistant Vice President
Terry Ruiz	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Paul Wisdom of Shadow Creek Ranch Maintenance Association ("SCRMA"); Tayo Ilori of McGrath & Co., PLLC ("McGrath"); Officer Natisha Lucas of City of Pearland Police Department (the "City"); Thomas Sikora of KB Home; David Patterson of Assessments of the Southwest, Inc. ("ASW"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); James Ross of LJA Engineering, Inc. ("LJA"); and Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 2, 2016, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Ruiz moved to approve the minutes of the December 2, 2016, regular meeting, as submitted. Director Pope seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

SECURITY SERVICES REPORT

Officer Lucas entered the meeting and reviewed the attached written security report for Shadow Creek Ranch ("SCR"), provided in advance of the meeting. Officer Lucas noted package theft suspects were apprehended as a result of viewing security camera footage. Officer Lucas left the meeting.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2016

Mr. Ilori distributed and reviewed a draft of the audit for fiscal year end September 30, 2016. Following review and discussion, Director Pope moved to approve the audit for fiscal year end September 30, 2016, subject to final review, and direct that it be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. Sikora generally reported on development in the District.

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 71.03% of the District's 2016 taxes were collected as of December 31, 2016. Following review and discussion, Director Pope moved to approve the tax assessor/collector's report and payment of the bills. Director Axtell 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.

Mr. Ross reviewed and recommended approval of three pay estimates, as reflected in his report.

Mr. Ross provided an update on the preparation of bond application no. 8.

Mr. Ross reported the City provided an update regarding the wastewater treatment plant expansion and construction of the SCR Sports Park.

Messrs. Ross and Wisdom discussed a sinkhole at the top of the Lake Paige berm and responded to questions from the Board. Mr. Ross stated an LJA inspector is scheduled to inspect the sinkhole today.

Following review and discussion, Director Pope moved to approve the engineer's report and, based on the recommendation of the engineer, approve (1) Pay Estimate No. 5 and Final to 5758 Construction, L.P. in the amount of \$6,256.51 for the construction of the water, sewer, and drainage facilities to serve Southlake Section 11; (2) Pay Estimate No. 2 to 5758 Construction, L.P. in the amount of \$195,035.61 for the construction of Shadow Grove Lake 1 Expansion and Lake 3; and (3) Pay Estimate No. 2

to Rodriguez Construction Group LLC in the amount of \$81,859.72 for the construction of the water, sewer, and drainage facilities to serve Shadow Grove Section 4 & 5. The motion was seconded by Director Ruiz and passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board reviewed a report from Earthcare Management for the mowing and maintenance of the temporary ball fields, a copy of which is attached.

FINANCIAL AND BOOKKEEPING MATTERS

Director Zayas entered the meeting.

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.

Ms. Brook explained the Investment Officer and bookkeeper are required to execute disclosure statements that disclose any relationships held by the District's Investment Officer and bookkeeper with banks and brokers who seek to sell investments to the District. Pursuant to the District's Investment Policy, Ms. Garcia reported she will provide the annual disclosure statements from herself and Mary Jarmon as the Investment Officer reflecting no such relationships exist.

After review and discussion, Director Ruiz 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 upon receipt; and (3) direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which passed unanimously.

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 27-28, 2017. After discussion, Director Rozell 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 Zayas 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.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Mr. Wisdom distributed and reviewed a report from SCRMA, a copy of which is attached.

Ms. Brook reviewed updates on Blue Ridge Landfill (the "Landfill"). She reported the Board of Brazoria County Municipal Utility District No. 26 requested a letter be sent to the Mayor of the City regarding the Landfill. The Board requested a similar letter be sent on the Board's behalf and copied to City Council.

ATTORNEY'S REPORT

Ms. Brook stated that pursuant to Chapter 176 of the Texas Local Government Code, the District must maintain a List of Local Government Officers. Following review and discussion, Director Rozell moved to approve and authorize execution of the 2017 List of Local Government Officers and direct that the List be retained in the District's official records. Director Zayas 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 action is required at this time.

Ms. Brook stated the District's insurance policies will expire on March 17, 2017. After discussion, the Board directed ABHR to request a renewal proposal from the District's current provider for consideration at next month's meeting.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the next regular Board meeting is February 3, 2017, at 12:00 p.m.

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

(SEAL)



A handwritten signature in black ink, appearing to be "H. H. H.", written over a horizontal line.

Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the approved notice to the community newsletters.
2. ABHR will submit updates to the District's website as directed.
3. ABHR will request a proposal for renewal of the District's insurance policies from its current provider.
4. ABHR will send a letter on behalf of the Board notifying the City Mayor of the Board's concerns regarding the Landfill, which will be copied to City Council.

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