

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

February 7, 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 7th day of February, 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 Nipa Joshi, a resident of the District; Colette Garcia and Louis Swindall of McGrath & Co., PLLC; Michael Doyle of Development Consultants, Inc.; David Patterson of Assessments of the Southwest, Inc.; Christina Garcia of Myrtle Cruz, Inc.; James Ross of LJA Engineering, Inc.; and Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 10, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes as submitted. Director Ruiz seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

Ms. Brook reported on security in Shadow Creek Ranch and reviewed the written security report submitted by Officer Wes Boyer in advance of today's meeting. A copy of the security report is attached. Ms. Brook reported Officer Dave Pratt has been promoted to sergeant.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2013

Ms. Garcia reviewed the audit for the fiscal year ended September 30, 2013, noting new accounting and auditing standards. After review and discussion, Director Rozell moved to approve the audit as presented, authorize filing of the audit with the Texas

Commission on Environmental Quality ("TCEQ"), and direct that the audit be filed appropriately and retained in the District's official records. Director Palmer seconded the motion, which carried unanimously.

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

Mr. Doyle reported on home building activity in the District.

The Board reviewed a developer reimbursement report prepared by McGrath & Co., PLLC for the purpose of verifying the amounts to be reimbursed to Perry Homes for water and wastewater impact fees paid to the City of Pearland (the "City"), which are being paid from proceeds of the District's \$4,000,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Ruiz moved to: (1) approve the developer reimbursement report; (2) authorize disbursement of funds to reimburse Perry Homes in the amount of \$233,192, pursuant to the developer reimbursement report and contingent on receipt of executed Receipt; and (3) direct that the developer reimbursement report and Receipt be filed appropriately and retained in the District's official records. Director Pope 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 delinquent tax roll, a copy of which is attached. He stated 93.28% of the District's 2013 taxes had been collected as of January 31, 2014. He 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 Pope moved to approve the tax assessor/collector's report and payment of the tax bills. Director Palmer seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report and the most recent District boundary map, a copies of which are attached

Mr. Ross reported on bids received for construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-56. He recommended award of the contract to the low bidder, Allgood Construction Company, Inc. ("Allgood"), with a total bid amount of \$582,000.10, subject to approval of construction bonds and insurance. The Board determined that, in its judgment, Allgood 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. Brook reviewed a letter financing agreement with 741SCR, Ltd. related to financing of the project.

Mr. Ross requested authorization to design the water, sewer, and drainage facilities to serve: (1) Southlake Phase 3 Collectors; (2) Southlake Section 5; (3) Southlake Section 6; and (4) Southlake Section 7.

Mr. Ross then recommended approval of the following: (1) Pay Estimate No. 4 in the amount of \$46,495.48 for the construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2 GCWA Canal Bridge, payable to Menade, Inc.; and (2) Pay Estimate No. 3 in the amount of \$180,182.88 and Change Order No. 1, which increases the total contract amount by \$200,203.20 for quantity adjustments, for the rehabilitation of the detention pond side slopes, payable to Fort Bend Excavation, Inc.

Mr. Ross discussed a list of pending and completed construction projects that will be included in bond application no. 7. Director Pope requested Mr. Ross add completion and estimated completion dates to the list. In response to questions from the Board, Ms. Brook stated she will request Julie Williams of Rathmann and Associates, L.P., the District's financial advisor, to attend next month's Board meeting to discuss bond application no. 7.

Following review and discussion, Director Ruiz moved to approve the engineer's report and take the following actions, based upon the engineer's recommendation: (1) award the contract for construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-56 to Allgood in the amount of \$582,000.10, subject to approval of construction bonds and insurance, and authorize execution of the letter financing agreement; (2) approve Pay Estimate No. 4 as presented for construction of the water, sewer, and drainage facilities to serve Southlake, Shelton Ridge Lane Phase 2 GCWA Canal Bridge; and (3) approve Pay Estimate No. 3 and Change Order No. 1 as presented for rehabilitation of the detention pond side slopes. Director Axtell seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported on an article being drafted by Brazoria Municipal Utility District No. 26 ("MUD 26") Director Fred Weary to address delays in the development of the City's Regional Sports Park in Shadow Creek Ranch (the "Sports Park"). She stated the article will call for more resident advocacy of the Sports Park and that it will appear in the newsletters and on the website.

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* newsletter, and on the District's page of the website. After discussion, the Board concurred for ABHR to include a notice submitted by Director Ruiz regarding Pearland Westside Library and the

article submitted by Director Weary of MUD 26 regarding the Sports Park in addition to the District's standard notice. The Board then reviewed an analytics report on activity on the website for the prior month. A copy of the January analytics report is attached.

ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the AWBD winter conference. Ms. Garcia noted the directors' expenses were submitted in accordance with the District's travel guidelines. She stated the AWBD summer conference will be June 12-14, 2014 in Fort Worth, Texas. After discussion, Director Axtell moved to approve reimbursement of eligible expenses for the winter conference and authorize all interested directors to attend the AWBD summer conference. Director Pope seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS INCLUDING ACCEPT ANNUAL DISCLOSURE STATEMENT FOR INVESTMENT OFFICER AND BOOKKEEPER AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

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 reviewed the time deposit investments in the debt service account and stated it may be necessary to redeem a Certificate of Deposit ("CD") before its maturity to ensure funds are available for debt service payments due March 1, 2014. In response to a question from Director Pope, Ms. Garcia stated there would be no penalty for early withdrawal of the CD. Ms. Garcia then responded to questions from the Board regarding the operating account and what items will be reimbursed in the next bond issue.

Pursuant to the District's Investment Policy, Ms. Garcia presented the annual disclosure statements from Mary Jarmon and herself as the District's Investment Officer and bookkeeper respectively. 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.

Ms. Brook also explained the District Registration Form should be updated to reflect the appointment of Ms. Garcia as the District's current bookkeeper and filed with the Texas Commission on Environmental Quality (the "TCEQ").

After review and discussion, Director Axtell moved to: (1) approve the bookkeeper's report and payment of the bills; (2) accept the disclosure statements of the District's Investment Officer and bookkeeper; (3) authorize execution of the updated

District Registration Form; and (4) direct that the disclosure statements and the District Registration Form be filed as appropriate and retained in the District's official records. Director Ruiz seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Director Axtell reported Alvin Independent School District will be holding a School Boundary Advisory Committee meeting this month regarding zoning for a new elementary school.

COMMENTS FROM THE PUBLIC

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

2014 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2014 Directors Election (the "election"). She reviewed an Order Calling Directors Election establishing the procedures for conducting the election.

Ms. Brook reviewed a Notice of Directors Election informing voters of the polling place, the dates and times for regular and early voting, and the procedure for ballot by mail.

Following review and discussion, Director Rozell moved to (1) approve 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 the Notice of Directors Election. Director Axtell seconded the motion, which was approved by unanimous vote.


DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

The Board concurred the District's next meeting will be held on March 7, 2014, at 12:00 p.m., at ABHR.

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

(SEAL)




Secretary, Board of Directors

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