

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

November 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 November, 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 Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); David Patterson of Assessments of the Southwest, Inc.; Christina Garcia of Myrtle Cruz, Inc.; Taylor Baumgartner of LJA Engineering, Inc. ("LJA"); Julie Williams of Rathmann & Associates, L.P.; and Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the October 3, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Axtell moved to approve the minutes of the October 3, 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 adding another security patrol shift for the next three months due to increased holiday activity for an additional monthly cost not to exceed \$750, which is the District's share of 50% of a full amount not to exceed \$1,500, based on a cost-sharing agreement with Brazoria County Municipal Utility District No. 26 ("BC 26"). Ms. Brook reviewed an Amended and Restated Security Patrol Services Agreement (the "Patrol Agreement") between the District, BC 26, and the qualified

licensed peace officer(s) who will be assigned the extra patrol shift by the coordinating peace officer, David Pratt. Following review and discussion, Director Palmer moved to approve the Patrol Agreement for the addition of one or two qualified licensed peace officers, subject to assignment by Officer Pratt and for the next three months only, for an additional monthly cost not to exceed \$750. The motion was seconded by Director Rozell 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 amounts of \$158,528 payable to 741 SCR, Ltd. and \$136,333 payable to 518 SCR, Ltd. Following review and discussion, Director Rozell moved to (1) approve the developer reimbursement report and direct that it be filed appropriately and retained in the District's records; (2) authorize disbursement of funds in the amount of \$158,528 payable to 741 SCR, Ltd. for reimbursement of impact fees; and (3) authorize disbursement of funds in the amount of \$136,333 payable to 518 SCR, Ltd. for reimbursement of impact fees. The motion was seconded by Director Palmer and passed unanimously.

Mr. Baumgartner reported on activities related to the grand opening of Southlake.

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 1.91% of the District's 2014 taxes had been collected as of October 31, 2014. Following review and discussion, Director Pope made a motion to approve the tax assessor/collector's report and payment of the tax bills. Director Ruiz seconded the motion, which carried unanimously.

ENGINEERING MATTERS

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

Mr. Baumgartner reviewed and recommended approval of one pay estimate as detailed in the engineer's report.

Mr. Baumgartner reported on bids received for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-58. Mr. Baumgartner

recommended the award of the project go to the low bidder, Hurtado Construction Company ("Hurtado"), with a total bid amount of \$674,451.55. The Board determined that, in its judgment, Hurtado 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 741 SCR, Ltd. related to financing of the project.

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

Mr. Baumgartner updated the Board regarding bond application no. 7. Ms. Brownlee reported on coordination with District developers to convey certain detention ponds to the District pursuant to reimbursement for land costs. She reported Jones-Heroy Associates, Inc. has stated its intention to submit bond application no. 7 to the Texas Commission on Environmental Quality by mid-December.

Following review and discussion, Director Pope moved to approve the engineer's report and take the following action, based upon the engineer's recommendation: (1) approve Pay Estimate No. 3 in the amount of \$42,504.90 to 5758 Construction, L.P. for the construction of the water, sewer, and drainage facilities to serve Southlake Section 5; and (2) award the contract for construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-58 to Hurtado Construction in the amount of \$674,451.55 and approve the related letter financing agreement. Director Palmer seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reminded the Board that Ms. Brownlee sent an email summarizing the outcome of the Park Committee meeting with City representatives on October 27, 2014. A copy of the summary is attached. Ms. Brook reviewed an Interlocal Agreement Between Brazoria County Municipal Utility District No. 26, Brazoria-Fort Bend County Municipal Utility District No. 1, and the City of Pearland Related to Construction of Public Water, Sewer and Drainage Facilities (the "Interlocal Agreement") which outlines the terms for the Districts' funding of the public water, sewer, and drainage facilities to serve the sports complex at the Shadow Creek Ranch Park (the "Sports Park"). Ms. Brook stated the City has placed consideration of the Interlocal Agreement on the agenda for the November 10, 2014 meeting of City Council, which will be presented by BC 26 Director Fred Weary.

Ms. Brook then reviewed a second Interlocal Agreement Between Brazoria County Municipal Utility District No. 26, Brazoria-Fort Bend County Municipal Utility District No. 1, and the City of Pearland Related to Construction of Additional Public Park Improvements (the "Park Improvements Agreement"), which outlines the Districts' priorities for the additional improvements that will be available as a result of the Districts' funding of the public water, sewer, and drainage facilities to serve the

Sports Park, as communicated to the Districts by the residents of Shadow Creek Ranch. Ms. Brook noted the City's attorney has stated the City will add consideration of the Park Improvements Agreement to the agenda for the December 8, 2014 meeting or the December 15, 2014 meeting of City Council.

Discussion ensued regarding maintenance of the 4-acre tract (the "tract") to be developed into temporary ball fields. Ms. Brook reported that City representatives noted the tract is almost as overgrown as it was before the tract was cleared and grubbed. Mr. Norton reported Maria Shaw, manager of SCRMA, has stated she will inquire about adding the tract to SCRMA's current mowing schedule. Ms. Brook noted the proposal from KGA/DeForest Design, LLC for development of the tract includes irrigation, fencing, and dirt work to establish a grade for proper drainage. After discussion, the Board concurred to continue development of the tract as planned. Ms. Brook reported that Mr. DeForest stated he submitted schematic plans for the development of the tract to the City Parks Director Michelle Graham approximately six weeks ago and has submitted final construction documents for the same this past week. Ms. Brook stated Mr. DeForest has requested the Board authorize him to advertise for public bids for the construction of the temporary ball fields at the tract once the plans are approved by the City.

Following review and discussion, Director Pope moved to (1) approve the Interlocal Agreement, subject to final review by ABHR; (2) approve the Park Improvements Agreement, subject to final review by ABHR; and (3) authorize Mr. DeForest to advertise for public bids for the construction of the temporary ball fields at the tract, subject to City approval of plans and specifications. The motion was seconded by Director Ruiz and 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. After review and discussion, Director Axtell 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.

Based on a question from the Board, Ms. Garcia noted the general legal fees for this month were higher than usual because the park legal fees were not properly allocated to the separate park budget due to a coding error. Ms. Garcia noted she expects the appropriate coding to be operational by next month.

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 add the name and title of Nicole Kenjura, President of Shadow Creek Ranch Neighborhood Watch, 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 discussed the installation of security cameras in Shadow Creek Ranch. He reported the equipment has been installed and the cameras are being programmed, which can take up to 14 days. Mr. Norton said he expects the cameras to be fully operational by Thanksgiving.

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 concurred the District's next meeting will be held December 5, 2014, at ABHR.

DISCUSS MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE

Ms. Brook distributed and reviewed with the Board a memorandum prepared by ABHR concerning the Securities and Exchange Commission Enforcement Division's Municipalities Continuing Disclosure Cooperation Initiative, a copy of which is attached. Ms. Brook also reviewed the District's annual continuing disclosure process with the Board, and noted that ABHR has overseen that process pursuant to its engagement with the District. After review and discussion, the Board concurred to accept the report and determined that no action was necessary.

SEPARATION AGREEMENT BETWEEN R. CRAIG RATHMANN AND RBC CAPITAL MARKETS, LLC (AS SUCCESSOR TO RBC DAIN RAUSCHER INC.), AND TEXAS ATTORNEY GENERAL SETTLEMENT RELATED THERETO

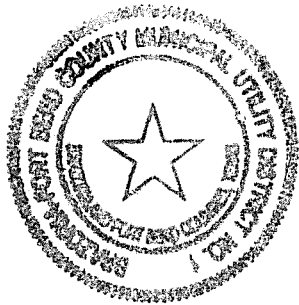
Ms. Brook distributed and reviewed with the Board: (1) a Texas Attorney General ("A.G.") press release regarding a Settlement Agreement between the A.G., Craig Rathmann and Rathmann & Associates, L.P., (the "Rathmann Settlement Agreement"); (2) the Rathmann Settlement Agreement; (3) an A.G. press release

regarding a Settlement Agreement between the A.G. and RBC Capital Markets, LLC, ("RBC Settlement Agreement"); (4) the RBC Settlement Agreement; (5) an October 13, 2014, letter from Rathmann & Associates; and (6) an October 7, 2014, letter from RBC Capital Markets, LLC. Items (1) through (6) are attached hereto. Ms. Williams also discussed items (1) through (6). Discussion ensued.

The Board then reviewed a letter from BOSC, Inc. ("BOSC"), which outlines what BOSC has to offer as a financial advisor to municipalities in the event the District seeks financial advisory services.

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

(SEAL)



Serry Reiz
Secretary, Board of Directors

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