

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

February 2, 2011

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 2nd day of February, 2011, 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:

Tamara Miller Lee	President
John Kapacinskas	Vice President
Jalene Palmer	Secretary
Michael D. Rozell	Assistant Vice President
Chris Swedlund	Assistant Secretary

and all of the above were present except Directors Kapacinskas and Swedlund, thus constituting a quorum.

Also present at the meeting were Mark McGrath of McGrath & Co., PLLC; James Ross of LJA Engineering & Surveying, Inc.; David Patterson of Assessments of the Southwest, Inc.; Pam Lightbody of AVANTA Services; and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 7, 2011, regular meeting, which were provided in advance of the meeting. After review, Director Swedlund moved to approve the minutes as submitted. Director Rozell seconded the motion, which passed unanimously.

EXPIRATION OF INSURANCE POLICIES

Ms. Hogan said the renewal proposal from HARCO Insurance Services/TML will be presented at next month's meeting for the Board's consideration.

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2010

Mr. McGrath distributed and reviewed the District's annual audit for the fiscal year ended September 30, 2010. After review and discussion, Director Palmer moved to approve the audit, subject to final review, and direct that the finalized audit be filed appropriately and retained in the District's official records. Director Rozell seconded the motion, which passed unanimously.

REPORT ON DEVELOPMENT

Mr. McGrath distributed and reviewed a reimbursement report reflecting reimbursement owed to Westin Homes in the amount of \$12,098 from Series 2008 surplus bond proceeds for water and wastewater impact fees paid to the City of Pearland. A copy of the impact fee reimbursement report is attached. After review and discussion, Director Rozell moved to approve the impact fee reimbursement report and authorize disbursement of funds to Westin Homes pursuant to the reimbursement report. Director Palmer seconded the motion, which passed by unanimous vote.

PUBLICATION OF DISTRICT MEETINGS IN MONTHLY NEWSLETTER

The Board considered publishing notice of its monthly meetings in the two newsletters circulated in Shadow Creek Ranch similar to the notices published monthly by Brazoria County Municipal Utility District No. 26 ("MUD 26"), as discussed at last month's meeting. Ms. Hogan stated that the cost to publish a notice in the monthly Shadow Creek Ranch Area Newsletter is \$33.00 per month. Director Rozell said he contacted the homeowners association newsletter known as *The Current* to verify that the District may publish a monthly notice at no cost. After discussion, Director Rozell made a motion to authorize ABHR to publish a monthly notice of the District's monthly meetings in both the Shadow Creek Ranch Area Newsletter and *The Current*. Director Palmer seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Lightbody distributed and reviewed the bookkeeper's report, including the investments, budget comparison, and lists of checks presented for approval, a copy of which is attached. The Board reviewed the District's investments and discussed alternatives for investing the debt service funds currently invested in a certificate of deposit ("CD") at Compass Bank and with Texpool. After review and discussion, the Board directed Ms. Lightbody to identify CDs with higher interest rates for investment of the appropriate amount of District debt service funds, based on the debt service payment schedule on the District's bonds. Director Palmer noted that the last payment to Pamela Logsdon for bookkeeping services was for services provided in August and September of 2010. Ms. Lightbody said AVANTA Services is behind on its billings for bookkeeping services. After discussion, the Board asked that AVANTA Services submit invoices for the remaining bookkeeping services performed to date and ensure future billings are no more than 60 days behind. Following review and discussion, Director Palmer moved to approve the bookkeeper's report and payment of the bills. Director Rozell seconded the motion, which passed unanimously.

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 noted that the 2010 taxes were 91.83% collected as of January 31, 2011. After review and discussion, Director Rozell then moved to approve the tax assessor/collector's report. Director Palmer seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, noting there were no action items for the Board's consideration. A copy of the engineer's report is attached. After review and discussion, Director Palmer moved to approve the engineer's report. Director Rozell seconded the motion, which passed by unanimous vote.

SUPPLEMENTAL SECURITY SERVICES

In response to a question from Director Rozell, Ms. Lightbody stated that the check in the bookkeeper's report to MUD 26 for the District's share of the January supplemental security services is blank due to the timing of MUD 26's February meeting. Ms. Hogan said copies of the security reports that are submitted by the officers for January will be forwarded to the Board in advance of the meeting and will be retained in the District's official records.

COMMENTS FROM THE PUBLIC

Ms. Hogan reported that MUD 26 is holding a "town hall" meeting on February 9, 2011, at 7:00 p.m., at the Hilton Garden Inn within MUD 26 to give a presentation on the powers and functions of MUD 26. After discussion, the Board concurred for one or two District Directors to attend the MUD 26 meeting. Directors Palmer and Rozell said they would plan to attend.

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



A handwritten signature in black ink, appearing to read "John Palmer", written over a horizontal line.

Secretary, Board of Directors

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