

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

October 7, 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 7th day of October, 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
Heather Zayas	Secretary
Karri Axtell	Assistant Vice President
Terry Ruiz	Assistant Secretary

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

Also present at the meeting were Ed Mears, a member of the public; Maria Shaw of Shadow Creek Ranch Maintenance Association ("SCRMA"); Taylor Gunn of Perry Homes; 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 September 2, 2016, regular meeting, which were provided in advance of the meeting. Director Pope requested a revision to reflect he had no comment regarding maintenance to the temporary ball fields. After review and discussion, Director Ruiz moved to approve the minutes of the September 2, 2016, regular meeting, as revised. Director Zayas seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

No members of the public came forth to comment.

REPORT ON DEVELOPMENT

Messrs. Gunn and 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 99.72% of the District's 2015 taxes were collected as of September 30, 2016. Following review and discussion, Director Ruiz moved to approve the tax assessor/collector's report and payment of the bills. Director Pope 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 stated the District received ten bids for the construction of the water, sewer, and drainage facilities to serve Southlake Sections 9 and 10. Mr. Ross recommended award of the contract to the low bidder, Hurtado Construction Company ("Hurtado"), for a total bid amount of \$850,000.00. 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. The Board considered approving a letter financing agreement with SCR518, Ltd. related to the financing of the project.

Mr. Ross provided an update on the construction of the water, sewer, and drainage facilities to serve Southlake Section 11. He recommended the Board approve Pay Estimate No. 3 to 5758 Construction, L.P. in the amount of \$21,812.00.

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

Mr. Ross reported on monthly communication with Assistant City Manager Trent Epperson regarding the City's wastewater treatment plant that serves Shadow Creek Ranch ("SCR").

Mr. Ross reported on communication with Cara Davis of the City Department of Parks and Recreation regarding the Shadow Creek Ranch Sports Park ("Sports Park"). Mr. Ross reported that at the time of his contact with Ms. Davis, she reported that no opening date for the Sports Park has been scheduled; the completion date for the Sports Park was scheduled for September 30, 2016; and portions of the Sports Park have transitioned from the construction period to the maintenance period. Mr. Ross noted Ms. Davis cited problems with the contractor as a reason for the delay in the opening of the Sports Park. Ms. Shaw stated SCRMA recently contacted Ms. Davis to express concern for the lack of maintenance at the Sports Park. Ms. Shaw reported the City cited the weather as a reason for the lack of maintenance.

Following review and discussion, Director Rozell moved to approve the engineer's report and, based on the recommendation of the engineer, approve (1) award of the contract for the construction of the water, sewer, and drainage facilities to serve Southlake Sections 9 and 10 to Hurtado in the amount of \$850,000.00 and a related letter financing agreement with SCR518, Ltd, subject to receipt of a Form 1295; and (2) Pay Estimate No. 3 to 5758 Construction, L.P. in the amount of \$21,812.00 for the construction of the water, sewer, and drainage facilities to serve Southlake Section 11. The motion was seconded by Director Zayas and passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board discussed matters relating to the recreational facilities in and near the District. The Board reviewed Earthcare Management's September report for maintenance of the temporary ball fields. Director Pope noted the fence caps have not been glued in place.

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. Following review and discussion, Director Pope moved to approve the bookkeeper's report and payment of the bills. Director Ruiz 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.

Ms. Brownlee presented options and fees provided by the District's webmaster for displaying the Summer Photo Submission entries.

REPORTS FROM DIRECTORS, DISTRICT CONSULTANTS, AND SCRMA

Ms. Shaw reported that at its most recent Board meeting, SCRMA consulted a catalogue of playground equipment and concluded that it would cost approximately \$546,000 to replace the playground equipment with shade at the Diamond Bay and Reflection Bay recreational areas. Ms. Shaw said she will present SCRMA's annual budget at next month's meeting for the Board's review of line items eligible for District funding.

Ms. Brownlee informed the Board of a City web page dedicated to the odor complaints in SCR. She stated a City representative sent the web page link via the District's web contact page in response to a Facebook posting stating the District and Brazoria County Municipal Utility District No. 26 (individually "BC 26," collectively the "Districts") have little knowledge of the odor complaints in SCR.

Mr. Mears introduced himself as a member of the SCR Odor Task Force ("Task Force") and a resident of BC 26. He noted he has a professional background which utilizes his education in environmental science.

Mr. Mears stated Blue Ridge Landfill was not constructed properly and is the cause of the odors, which are a nuisance and as such, reduce SCR property values.

Mr. Mears stated he purchased his home approximately one year ago. He said he protested his property value, citing the odor as a reason to decrease the value, which resulted in the Brazoria County Appraisal District reducing his value by 10%. He then recommended the District and other nearby taxing entities take an active role in the efforts of the Task Force to protect their revenue interests.

From information provided by Brazoria County Appraisal District, Mr. Patterson confirmed twenty-seven protests were filed by property owners in the vicinity of Mr. Mears' home. Based on that information, only two of the owners raised the odor issue during their protest.

The Board reviewed material provided by Ms. Shaw and distributed by Ms. Brownlee reflecting recent activity in SCR related to the odor nuisance matter. Mr. Mears referred to the attached Texas Commission on Environmental Quality ("TCEQ") Monitoring Project Report, a copy of which was provided to the Board in advance of the meeting via email. A copy was provided to the Board at the meeting.

Mr. Mears generally reviewed the TCEQ Monitoring Project Report with the Board, including air quality sampling and the TCEQ's conclusions; and the TCEQ violations cited against Blue Ridge Landfill and Blue Ridge Landfill's remedies. He stated the TCEQ's monitoring of the odor nuisance matter is not thorough, in his opinion. Discussion ensued. Mr. Mears and Ms. Shaw responded to questions from the Board.

Ms. Brook reported at BC 26's most recent meeting, the Board of BC 26 requested proposals from environmental lawyers be obtained and presented at the November Board meeting. Ms. Brook noted she will inform the attorney representing Brazoria County Municipal Utility District No. 34, also located in SCR, of the odor nuisance matter and of the Board of BC 26's intention to review the proposals and consider hiring an environmental lawyer.

Mr. Mears reported City Council Members, the Commissioner of Fort Bend County Precinct 1, and the appropriate State Representative were contacted regarding the odor nuisance matter and, in his opinion, have not sufficiently addressed the matter.

Mr. Mears notified the Board of upcoming community meetings and proposed resident protests regarding the odor nuisance matter and provided his contact information. Mr. Mears then left the meeting. Following review and discussion, the Board requested an agenda item to discuss the matter and to review the proposals from environmental lawyers requested by the Board of BC 26.

ATTORNEY'S REPORT

Nothing additional was reported.

ANNEXATION MATTERS

There was no discussion on this matter.

DATE, TIME, AND LOCATION FOR NEXT DISTRICT MEETING

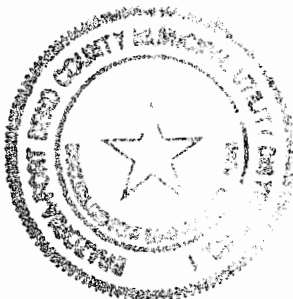
The Board concurred the next regular Board meeting is November 4, 2016, at 12:00 p.m.

SECURITY SERVICES REPORT

The Board reviewed the attached written security report for SCR provided in advance of the meeting. Ms. Brook generally reviewed information presented by Officer C. Gray at the October 4, 2016, meeting of BC 26. Ms. Shaw reported that SCRMA is considering a request from SCR commercial property owners for the purchase and installation of additional security cameras.

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

(SEAL)




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 needed.
3. Ms. Shaw will present the current SCRMA annual budget at next month's meeting.
4. ABHR will present the proposals from environmental lawyers presented at the next meeting of BC 26 to the Board at its next meeting.

LIST OF ATTACHMENTS TO MINUTES

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