

MINUTES  
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

December 2, 2016

The Board of Directors (the "Board") of Brazos County Municipal Utility District No. 1 (the "District") met in regular session, open to the public, on the 2nd day of December, 2016, at 17777 State Highway 6 S, Tower Conference Room, College Station, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

R. Hunter Goodwin	President
Charles Moreau	Vice President
L. B. Hodges Jr.	Secretary
Kyle Davis	Assistant Secretary
Brian G. Fisher	Assistant Vice President

and all of the above were present except Directors Goodwin and Hodges, thus constituting a quorum.

Also present at the meeting were Mike Gentry of West, Webb, Allbritton & Gentry, P.C.; Wallace Phillips of Greens Prairie Investors, Ltd.; Rose Montalbano of F. Matuska, Inc.; Avik Bonnerjee of B&A Municipal Tax Service, LLC; Bill Mather of Grid Raceplex Holdings, Ltd.; Tami Martin of Texas World Speedway; Derek Walton of Jones & Carter, Inc.; and Annette Stephens and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the April 29, 2016, regular meeting. Following review and discussion, Director Davis moved to approve the minutes as submitted. Director Fisher seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no public comments.

2016 DIRECTORS ELECTION

The Board considered approving a Certificate of Election, reflecting the election of R. Hunter Goodwin, L. B. Hodges Jr., and Kyle Davis to the Board each for a four-year term. Ms. Stephens reviewed the Sworn Statements and Oaths of Office for Directors Goodwin, Hodges, and Davis.

The Board next considered reorganizing and concurred no changes in director offices were necessary.

Ms. Stephens said the District is required to file an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors.

After review and discussion, Director Davis moved to approve the Certificate of Election and the distribution of same to Directors Goodwin, Hodges, and Davis, approve the Sworn Statements and Oaths of Office, authorize filing of the updated District Registration Form with the TCEQ, and direct that the documents be filed in the official records of the District and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Fisher seconded the motion, which passed by unanimous vote.

#### PROPOSALS FOR ESTABLISHMENT OF DISTRICT WEBSITE

Ms. Stephens discussed a City of College Station (the "City") ordinance requiring municipal utility districts in the corporate limits or extraterritorial jurisdiction to maintain an Internet website containing agendas and recordings of District meetings. She said the City has heretofore posted District meeting agendas and recordings on the City's website. The Board reviewed proposals from Joe Hallmark and Off Cinco to create and maintain a District website. Ms. Stephens discussed other items that are required by law to be posted on a governmental body's website and said ABHR will coordinate with the website provider selected by the District to ensure the website meets legal requirements. After review and discussion, Director Davis moved to authorize execution of a contract with Off Cinco for development and maintenance of a District website. Director Fisher seconded the motion, which passed unanimously.

#### RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal from McDonald & Wessendorff Insurance for renewal of the District's insurance policies, effective January 29, 2017. After review and discussion, Director Davis moved to approve the renewal proposal. Director Fisher seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. Montalbano distributed and reviewed the bookkeeper's report, including the list of checks presented for approval and the budget comparison, a copy of which is attached.

Ms. Montalbano next reviewed the District's proposed budget for the fiscal year ending November 30, 2017, a copy of which is attached to the bookkeeper's report.

Ms. Stephens discussed the threshold for an audit report exemption for water districts with less than \$250,000 in gross receipts, operations, loans, taxes or contributions, and cash and temporary investments during a fiscal period. She said the District may file with the TCEQ an annual financial report in lieu of an audit for the fiscal year ending November 30, 2016, since the District had less than \$250,000 in such revenues.

After review and discussion, Director Davis moved to approve the bookkeeper's report and payment of the bills, adopt the budget for the fiscal year ending November 30, 2017, and authorize the bookkeeper to prepare and submit an annual financial report for the District to the TCEQ for the fiscal year ending November 30, 2016. Director Fisher seconded the motion, which passed by unanimous vote.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Bonnerjee distributed and reviewed the tax assessor/collector's report for the month ending November 30, 2016, a copy of which is attached. He next distributed and reviewed the District's 2016 certified appraisal roll from the Brazos Central Appraisal District, noting the District's 2016 certified value of \$7,408,326. A copy of the 2016 certified roll is attached. After review and discussion, Director Fisher moved to approve the tax assessor/collector's report. Director Davis seconded the motion, which passed unanimously.

#### FIRST AMENDMENT TO UTILITY AGREEMENT WITH THE CITY OF COLLEGE STATION

Ms. Stephens reported on the City's adoption of a City-wide impact fee to fund capital costs associated with capacity in water and sewer plants. She said the Utility Agreement between the District and the City did not contemplate any such capital fees as the City had not adjusted impact fees at the time. Ms. Stephens presented a proposed First Amendment to Utility Agreement that (1) provides for the City's inclusion of a surcharge on water and/or wastewater bills it sends to customers in the District to recover capital costs to provide water and/or wastewater services, in lieu of impact fees, (2) includes utility capacity projections for the District, and (3) provides a right of entry to the District for the construction of utility lines through Lick Creek Park on property owned by the City. After review and discussion, Director Davis moved to approve the First Amendment to Utility Agreement. Director Fisher seconded the motion, which passed unanimously.

#### INTERLOCAL AGREEMENT FOR THE MAINTENANCE OF ROADS WITH BRAZOS COUNTY

Ms. Stephens discussed the District's authority to construct and finance roads and convey such roads to Brazos County (the "County") or the City for maintenance.

She said roads constructed by water districts in the extraterritorial jurisdiction of a city are typically accepted by the county for maintenance. Ms. Stephens stated, however, that the County does not have the means to maintain concrete “curb and gutter” streets due to the rural nature of the County. She presented a proposed Interlocal and Funding Agreement for the Maintenance of Roads (“Interlocal Agreement”) between the District, the County, and the developer. Ms. Stephens said the Interlocal Agreement provides that the County will accept the public roads for ownership, and the District and/or the developer will be responsible for paying all maintenance costs by keeping a maintenance bond or surety in place until either the District is annexed into the City or the District is able to sell bonds or otherwise maintain a separate account with a sufficient balance for road maintenance, whichever is earlier. She added that the City will be responsible for road maintenance upon annexation of the land within the District into the City. Discussion ensued regarding options for financing road maintenance costs and City standards for road construction. Mr. Mather responded to questions from the Board regarding related provisions of the Development Agreement. He said Jones & Carter, Inc. is preparing a projected road maintenance schedule. Ms. Stephens added that the Interlocal Agreement could be renegotiated in the future if the County becomes able and willing to maintain the roads. After review and discussion, Director Davis moved to approve the Interlocal Agreement, subject to attorney review. Director Fisher seconded the motion, which passed unanimously.

#### REPORT ON DEVELOPMENT IN THE DISTRICT AND WAIVERS OF SPECIAL APPRAISAL

Mr. Mather reviewed development plans for the District.

Mr. Mather next introduced Mr. Phillips to the Board and discussed a new joint venture for development of the property within the District.

Ms. Stephens presented Waivers of Special Appraisal executed by McAlister Opportunity Fund 2012, L.P. and 2015 SoPo, Ltd. for the respective property they own within the District. After review and discussion, Director Davis moved to accept the Waivers of Special Appraisal and direct that they be recorded and filed appropriately and retained in the District’s official records. Director Fisher seconded the motion, which passed unanimously.

#### REPORT ON ENGINEERING MATTERS

Mr. Walton presented the engineer’s report, a copy of which is attached. He updated the Board on the design contracts for (1) mass grading, (2) master drainage analyses, and (3) offsite trunk water and sanitary sewer improvements, phase I. Mr. Brumbaugh noted that there were no action items for consideration. Mr. Walton presented a proposed amendment to the engineer’s contract between the District and Jones & Carter, Inc. to reflect the reduced scope of facilities to be constructed for phase I

of development. After review and discussion, Director Fisher moved to approve the contract amendment with Jones & Carter, Inc. Director Davis seconded the motion, which passed unanimously.

MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

The Board concurred for ABHR to contact the Board members to schedule the next meeting.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board concurred it was not necessary to convene in executive session for this purpose.

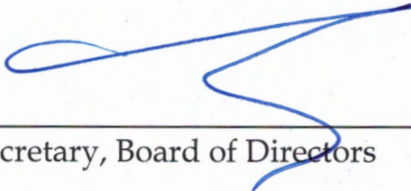
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

At 1:11 p.m., Director Moreau announced that the Board would convene in executive session to discuss pending or contemplated litigation. Ms. Montalbano, Mr. Bonnerjee, and Ms. Martin left the meeting.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

At 1:23 p.m., Director Moreau announced that the Board would reconvene in open session. Upon reconvening in open session, no action was taken.

There being no further business to come before the Board, Director Davis moved to adjourn the meeting. Director Fisher seconded the motion, which passed unanimously.

  
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Secretary, Board of Directors



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