

MINUTES  
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

November 10, 2017

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 10th day of November, 2017, at the offices of Jones | Carter, 150 Venture Drive, Suite 100, College Station, Texas, outside 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 Director Fisher, thus constituting a quorum.

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

MINUTES

The Board considered approving the minutes of the June 29, 2017, regular meeting. Following review and discussion, Director Davis moved to approve the minutes as submitted. Director Moreau seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no public comments.

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. After review and discussion, Director Davis moved to approve the bookkeeper's report and payment of the bills. Director Moreau seconded the motion, which passed by unanimous vote.

ANNUAL FINANCIAL REPORT FOR FISCAL YEAR END NOVEMBER 30, 2017

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 Texas Commission on Environmental Quality ("TCEQ") an annual financial report in lieu of an audit for the fiscal year ending November 30, 2017, since the District had less than \$250,000 in such revenues. After review and discussion, Director Davis moved to authorize the bookkeeper to prepare and submit an annual financial report for the District to the TCEQ for the fiscal year ending November 30, 2017. Director Moreau seconded the motion, which passed by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and considered adoption of an Amended Investment Policy. Ms. Stephens reviewed a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy with the Board. Following review and discussion, Director Davis moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that it be filed appropriately and retained in the District's official records. Director Moreau seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Bonnerjee distributed and reviewed the tax assessor/collector's reports for the months of June-October, 2017, copies of which are attached. He presented documentation to open the District tax account at Wells Fargo Bank, including a document for execution by Director Goodwin confirming the names of the other Board members. Mr. Bonnerjee said he will obtain Director Fisher's signature and bring the document back for execution by Director Goodwin. After review and discussion, Director Moreau moved to approve the tax assessor/collector's reports and authorize execution of the documentation to open the tax account at Wells Fargo Bank. Director Davis seconded the motion, which passed unanimously.

RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

Ms. Stephens stated that the Property Tax Code establishes optional procedures relating to the collection of property taxes, which require official action by the governing body of the taxing unit prior to implementation. She then reviewed the optional tax collection procedures, including refraining from sending out tax bills that are less than \$15.00, allowing for the split payment of taxes, and allowing a discount for early payment of taxes. Mr. Bonnerjee noted provisions of the Tax Code that allow the

Board to consider payment plans in certain situations. After review and discussion, Director Moreau moved to adopt a Resolution Concerning Tax Collection Procedures reflecting that the Board rejects all of the optional procedures, and direct that it be filed appropriately and retained in the District's official records. Director Hodges seconded the motion, which passed unanimously.

#### ENGAGE DELINQUENT TAX ATTORNEY

Ms. Stephens presented a Contract for Collection of Delinquent Taxes with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. She stated that the Contract will remain in force unless terminated by the District. After review and discussion, Director Moreau moved to approve the Contract with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Director Davis seconded the motion, which passed unanimously.

#### RESOLUTION PROVIDING FOR ADDITIONAL PENALTY FOR TAX COLLECTION COSTS

Ms. Stephens reviewed a Resolution Providing for Additional Penalty for Tax Collection Costs with the Board, which reflects that all taxes delinquent as of July 1 will be assessed an additional 20% penalty by the delinquent tax attorney. After review and discussion, Director Moreau moved to adopt the Resolution Providing for Additional Penalty for Tax Collection Costs and direct that it be filed appropriately and retained in the District's official records. Director Davis seconded the motion, which passed unanimously.

#### PUBLIC HEARING REGARDING TAXATION OF GOODS-IN-TRANSIT UNDER TEXAS TAX CODE SECTION 11.253 AND RESOLUTION TO TAX GOODS-IN-TRANSIT

Ms. Stephens reviewed a memorandum regarding an optional exemption from ad valorem taxation for goods-in-transit, a copy of which is attached. She discussed examples of goods-in-transit and stated that if the Board decides to take no action by the end of the year, goods-in-transit will be exempt from taxation thereafter. The Board opened a public hearing regarding the adoption of a resolution providing for the taxation of goods-in-transit. There were no members of the public in attendance who wished to address the Board and the public hearing was closed. Ms. Stephens presented a Resolution to Tax Goods-in-Transit which would otherwise be exempt pursuant to Texas Tax Code, Section 11.253 for the Board's consideration to "opt-out" of the exemption. After review and discussion, Director Davis moved to adopt the Resolution to Tax Goods-in-Transit and direct that it be filed appropriately and retained in the District's official records. Director Moreau seconded the motion, which passed unanimously.

## 2017 TAX RATE

The Board considered setting a 2017 tax rate. Ms. Stephens discussed the two-step process to levy a tax rate. Mr. Bonnerjee discussed the notice that must be published or mailed to District taxpayers regarding the date and time of the public hearing at which the District will set the proposed tax rate. After discussion, Director Goodwin moved to authorize the District's tax assessor/collector to mail notice to all District taxpayers of the District's meeting on December 1, 2017, to set a proposed 2017 tax rate not to exceed \$1.00 per \$100 of assessed valuation for operations and maintenance. Director Davis seconded the motion, which passed by unanimous vote.

## REPORT ON DEVELOPMENT IN THE DISTRICT

Mr. Mather discussed development plans and timing. He discussed the use of land within the District for temporary storage of vehicles that flooded during Hurricane Harvey.

## REPORT ON ENGINEERING MATTERS

Mr. Walton distributed and reviewed the engineer's report, a copy of which is attached. He requested authorization to design the following: (1) offsite water transmission facilities to serve Southern Pointe; (2) water, sanitary, drainage, and grading to serve Southern Pointe, Section 101; and (3) water, sanitary, drainage, and grading to serve Southern Pointe, Section 200.

Mr. Walton next updated the Board on construction of the offsite sanitary sewer facilities to serve Southern Pointe. He presented and recommended approval of Pay Estimate No. 1 in the amount of \$220,259.70 and Pay Estimate No. 2 in the amount of \$199,736.71, payable to Elliott Construction, LLC. Mr. Walton also presented and recommended approval of Change Order No. 1, which increases the total contract amount by \$71,250.00.

Mr. Walton then updated the Board on construction of the demolition, clearing, grubbing, and mass grading to serve Southern Pointe, Section 100. He presented and recommended approval of Pay Estimate No. 1 in the amount of \$21,159.23 and Pay Estimate No. 2 in the amount of \$222,358.42, payable to Texcon General Contractors.

After review and discussion, Director Moreau moved to approve the engineer's report and to take the following actions, based on the engineer's recommendation: (1) authorize design of (i) offsite water transmission facilities to serve Southern Pointe, (ii) water, sanitary, drainage, and grading to serve Southern Pointe, Section 101, and (iii) water, sanitary, drainage, and grading to serve Southern Pointe, Section 200; (2) approve Pay Estimate No. 1 in the amount of \$220,259.70, Pay Estimate No. 2 in the amount of \$199,736.71, and Change Order No. 1 for a net increase of \$71,250.00, based upon the Board's finding that the Change Order is beneficial to the District, for

construction of the offsite sanitary sewer facilities to serve Southern Pointe; and (3) approve Pay Estimate No. 1 in the amount of \$21,159.23 and Pay Estimate No. 2 in the amount of \$222,358.42 for construction of the demolition, clearing, grubbing, and mass grading to serve Southern Pointe, Section 100. Director Davis seconded the motion, which carried unanimously.

#### FORMATION OF COMMITTEES

Ms. Stephens reviewed with the Board a proposed Resolution Establishing Board Policy Regarding Engineering and Construction Committee, pursuant to discussions at the last meeting. After review and discussion, Director Davis moved to adopt the Resolution as presented and direct that it be filed appropriately and retained in the District's official records. Director Moreau seconded the motion, which passed unanimously.

#### REVIEW AND UPDATE EMINENT DOMAIN REPORT TO THE TEXAS COMPTROLLER

Ms. Stephens reported that ABHR will file the District's annual Eminent Domain Report with the Texas Comptroller, as required. Upon a motion made by Director Davis and seconded by Director Goodwin, the Board voted unanimously to authorize filing of the District's annual Eminent Domain Report.

#### REPORT ON LEGISLATIVE MATTERS

Ms. Stephens distributed and reviewed a report on legislative matters from the 85<sup>th</sup> Regular Session of the Texas Legislature, 2017, a copy of which is attached.

#### ADOPT BUDGET FOR FISCAL YEAR END NOVEMBER 30, 2018

Ms. Montalbano reviewed the District's proposed budget for the fiscal year ending November 30, 2018. She said she will present an amended budget at next month's meeting to reflect projected operations and maintenance tax revenue and other minor revisions. After review and discussion, Director Moreau moved to adopt the budget for the fiscal year ending November 30, 2018, as presented. Director Davis seconded the motion, which passed unanimously.

#### MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

The Board concurred the next meeting will be held on December 1, 2017, at noon at the offices of Jones | Carter.

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 1:05 p.m., Director Goodwin announced that the Board would convene in executive session to discuss pending or contemplated litigation. All of the attendees left the meeting except the Board members, Mr. Mather, Mr. Phillips, Mr. Rudinger, Ms. Stephens, and Ms. Hogan.

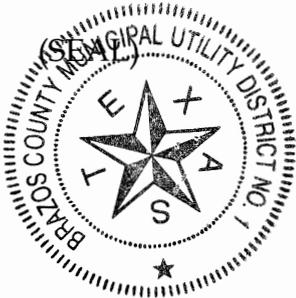
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

At 1:30 p.m., Director Goodwin 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, the meeting was adjourned.



Secretary, Board of Directors



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