

MINUTES  
BRAZOS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

April 6, 2018

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 6th day of April, 2018 at the offices of Jones & Carter, Inc., 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 Directors Moreau and Davis, thus constituting a quorum.

Also present at the meeting were Avik Bonnerjee and Becky Brewer of B&A Municipal Tax Service, LLC; Rose Montalbano of F. Matuska, Inc.; Wallace Phillips of Greens Prairie Investors, Ltd.; Bill Mather of Grid Raceplex Holdings, Ltd.; Derek Walton and Alex Pfefferkorn of Jones & Carter, Inc. ("J&C"); Ralph Saldana, public; and Annette Stephens and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 1, 2017, regular meeting. Following review and discussion, Director Hodges moved to approve the minutes as submitted. Director Fisher seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no public comments.

2018 DIRECTORS ELECTION

Ms. Stephens reviewed an Order Regarding Directors' Terms ("Order"), which finds that because no residents live within the District's boundaries, the District will be unable to hold its biennial directors election as required by law. She stated that the Order also reflects that the two directors whose terms are expiring, Directors Moreau and Fisher, will continue to holdover and perform the duties of their offices until the

directors election on May 7, 2022, or until their successors have been duly elected or appointed and have qualified. After review and discussion, Director Hodges moved to adopt the Order to be filed appropriately and retained in the District's official records. Director Fisher seconded the motion, which passed unanimously.

#### ANNUAL DISCLOSURE STATEMENTS

Ms. Stephens stated that in accordance with the District's Investment Policy, Ms. Montalbano as the District's bookkeeper and Fran Matuska as the District's Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission. The Board reviewed the executed disclosure statements submitted by Ms. Montalbano and Ms. Matuska. After review and discussion, Director Goodwin moved to accept the disclosure statements, pursuant to the District's Investment Policy and the Public Funds Investment Act, and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Hodges seconded the motion, which passed unanimously.

#### RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

The Board conducted its annual review of the District's Investment Policy and determined that no changes were needed. Ms. Stephens presented and reviewed a Resolution Regarding Annual Review of Investment Policy, reflecting that no changes will be made to the current Investment Policy.

Ms. Stephens presented and reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. She noted that the District's bookkeeper provided the updated list of banks, which is attached as Exhibit A to the Resolution.

After review and discussion, Director Goodwin moved to adopt the Resolution Regarding Annual Review of Investment Policy and the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolutions be filed appropriately and retained in the District's official records. 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 then presented the District's annual financial report for the fiscal year ended November 30, 2017. She noted that the District is able to file the annual financial report with the Texas Commission on Environmental Quality ("TCEQ") in lieu of an audit for the fiscal year ended November 30, 2017, since the District had less than \$250,000 in gross receipts, operations, loans, taxes or contributions, and cash and temporary investments during such fiscal year.

After review and discussion, Director Goodwin moved to approve the bookkeeper's report and payment of the bills and approve and authorize filing of the annual financial report for the fiscal year ended November 30, 2017. Director Fisher seconded the motion, which passed by unanimous vote.

## TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Brewer distributed and reviewed the monthly tax assessor/collector's reports for December 2017-March 2018, copies of which are attached. She noted that 95.90% of the 2017 taxes had been collected as of March 31, 2018. After review and discussion, Director Goodwin moved to approve the tax assessor/collector's reports and payment of the tax bills listed in the reports. Director Fisher seconded the motion, which passed unanimously.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Stephens presented a Resolution Concerning Exemptions from Taxation for the 2018 tax year. She reviewed the optional exemptions, including a general residential homestead exemption, an exemption of travel trailers, and a homestead exemption for disabled persons or persons over 65 years of age. After review and discussion, Director Goodwin moved to adopt the Resolution Concerning Exemptions from Taxation reflecting that the Board rejects any exemption of residential homesteads and travel trailers from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Fisher seconded the motion, which passed unanimously.

## REPORT ON DEVELOPMENT IN THE DISTRICT, APPROVAL OF FINANCING AGREEMENTS, ASSIGNMENTS OR AMENDMENTS THERETO, AND ACKNOWLEDGMENT OF PARTIAL ASSIGNMENTS OF DEVELOPMENT AGREEMENT

Mr. Mather discussed development matters.

Ms. Stephens discussed the District's existing Development Financing Agreements with Grid Raceplex Holdings, Ltd. ("GRH") and Southern Pointe, LLC ("SoPo") (respectively, the "GRH Agreement" and the "SoPo Agreement"). She then discussed the formation of BV Southern Pointe Development, Inc. ("BV") an entity created to assume the role of the main development entity. Discussion ensued regarding the TCEQ's feasibility rules for financing public facilities.

Ms. Stephens presented a proposed First Amendment to Development Financing Agreement (the "First Amendment") that amends the GRH Agreement to reflect that GRH will be reimbursed by the District on a first priority basis, with noted exceptions.

Ms. Stephens next presented a proposed Assignment of Financing Agreement (the "Assignment") from SoPo to BV to assign all of SoPo's rights under the SoPo Agreement to BV.

Ms. Stephens then presented a proposed new Development Financing Agreement between the District and BV (the "BV Agreement"). She noted that the BV Agreement reflects that, with noted exceptions, the District agrees to reimburse GRH on a first priority basis before reimbursing BV.

After review and discussion, Director Hodges moved to approve the First Amendment, the Assignment, and the BV Agreement. Director Fisher seconded the motion, which passed unanimously.

#### REPORT ON ENGINEERING MATTERS

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

Mr. Walton discussed and requested authorization to advertise for bids for construction of 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 reported on bids received for construction of the phase I lift station and force main to serve Southern Pointe. He recommended that the contract be awarded to the lowest bidder, Teal Services, LLC, in the initial contract amount of \$702,071.30, subject to receipt of final approvals from the City of College Station (the "City") and review of construction bonds and insurance. The Board concurred, in its judgment, that Teal Services, LLC was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Walton next reported on bids received for construction of the water, sewer, drainage, and paving facilities to serve Southern Pointe, Section 100. He recommended

that the contract be awarded to the lowest bidder, Larry Young Paving Inc., in the initial contract amount of \$3,832,559.59, subject to receipt of final approvals from the City and review of construction bonds and insurance. The Board concurred, in its judgment, that Larry Young Paving Inc. was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Walton next updated the Board on construction of the offsite sanitary sewer facilities to serve Southern Pointe, as reflected in his report. He presented and recommended approval of Pay Estimate No. 3 in the amount of \$216,151.99, Pay Estimate No. 4 in the amount of \$115,626.86, and Pay Estimate No. 5 in the amount of \$23,130.00, payable to Elliott Construction, LLC. Mr. Walton also presented and recommended approval of Change Order No. 2, which increases the total contract amount by \$25,280.72. The Board determined that Change Order No. 2 was beneficial to the District.

Mr. Walton then updated the Board on construction of the demolition, clearing, grubbing, and mass grading to serve Southern Pointe, Section 100, as reflected in his report. He presented and recommended approval of Pay Estimate No. 3 in the amount of \$410,474.28, payable to Texcon General Contractors. Mr. Walton also presented and recommended approval of Change Order No. 1, which increases the total contract amount by \$74,713.03. The Board determined that Change Order No. 1 was beneficial to the District.

After review and discussion, Director Goodwin moved to approve the engineer's report and, based on the engineer's recommendation, to approve the plans and specifications and authorize advertisement for bids for construction 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. Director Fisher seconded the motion, which carried unanimously.

Director Fisher then moved to take the following actions, based on the engineer's recommendation: (1) award the contract for construction of the phase I lift station and force main to serve Southern Pointe to Teal Services, LLC in the initial contract amount of \$702,071.30, subject to receipt of final approvals from the City, approval of the payment and performance bonds, and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; and (2) award the contract for construction of the water, sewer, drainage, and paving facilities to serve Southern Pointe, Section 100 to Larry Young Paving Inc., in the initial contract amount of \$3,832,559.59, subject to receipt of final approvals from the City, approval of the payment and performance bonds, and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Hodges seconded the motion, which carried unanimously.

Director Fisher then moved to take the following actions, based on the engineer's recommendation: (1) approve Pay Estimate No. 3 in the amount of \$216,151.99, Pay Estimate No. 4 in the amount of \$115,626.86, Pay Estimate No. 5 in the amount of \$23,130.00, and Change Order No. 2 for a net increase of \$25,280.72 for construction of the offsite sanitary sewer facilities to serve Southern Pointe; and (2) approve Pay Estimate No. 3 in the amount of \$410,474.28 and Change Order No. 1 for a net increase of \$74,713.03 for construction of the demolition, clearing, grubbing, and mass grading to serve Southern Pointe, Section 100. Director Hodges seconded the motion, which carried unanimously.

#### APPOINT ENGINEERING AND CONSTRUCTION COMMITTEE

There was no discussion on this item.

#### ACKNOWLEDGMENT OF PARTIAL ASSIGNMENTS OF DEVELOPMENT AGREEMENT

Ms. Stephens discussed the Development Agreement between the City of College Station and McAlister Opportunity Fund 2012, L.P. ("McAlister"). She said the Development Agreement must be partially assigned in connection with the sale of any land within the District. Ms. Stephens presented a Partial Assignment and Assumption of Development Agreement from SoPo to BV for 49.184 acres and a Partial Assignment and Assumption of Development Agreement from McAlister to SoPo for 94.27 acres (together, the "Partial Assignments"), noting the District is an executor on such Partial Assignments for purposes of acknowledgment. After review and discussion, Director Goodwin moved to acknowledge and authorize execution of the Partial Assignments. Director Hodges seconded the motion, which passed unanimously.

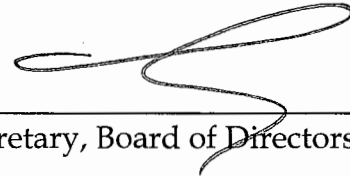
#### MEETING SCHEDULE AND ITEMS FOR INCLUSION ON THE NEXT AGENDA

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

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

The Board did not convene in executive session.

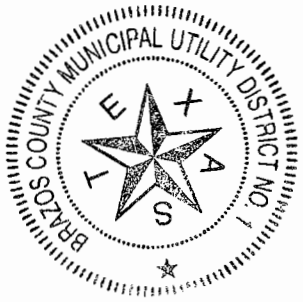
There being no further business to come before the Board, the meeting was adjourned.



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Secretary, Board of Directors

(SEAL)



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