

MINUTES
FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF FORT BEND COUNTY

May 14, 2014

The Board of Directors (the "Board") of Fulshear Municipal Utility District No. 1 of Fort Bend County (the "District") met in regular session, open to the public, on the 14th day of May, 2014, 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:

Brian Cogburn	President
Donald T. Keller, Jr.	Vice President/ Assistant Secretary
Tracy Bozeman	Secretary
Jeremy Byrum	Assistant Secretary/ Asst. Vice President
Vacant	Director

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

Also present at the meeting were Dave Ciarella of Enhanced Energy Services of America, LLC; Julie Peak of First Southwest Company; Dave Cannon of Trend Development, Inc.; Ralph Wissel of Costello, Inc. ("Costello"); Lori Buckner of Myrtle Cruz, Inc.; Brenda McLaughlin of Bob Leared Interests; Bill Sweitzer of Sweitzer + Associates Landscape Architects, Inc.; and Ryan Harper, Lynne B. Humphries, and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first considered approving the minutes of the April 1, 2014, regular meeting. Following review and discussion, Director Cogburn moved to approve the minutes. Director Bozeman seconded the motion, which carried unanimously.

DISTRICT WEBSITE

Discussion ensued regarding the District's website. The Board took no action on this matter.

ENGINEER'S REPORT

Mr. Wissel presented and reviewed the engineer's report, a copy of which is attached. He updated the Board on the status of projects in the District and recommended the following actions:

FULSHEAR TRACE WATER, SEWER, AND DRAINAGE FACILITIES

Approve Pay Estimate No. 2 in the amount of \$283,320.27, of which \$189,257.94 is payable from existing District road bond proceeds, payable to Hurtado Construction Company ("Hurtado").

FULSHEAR TRACE PAVING

Approve Pay Estimate No. 1 in the amount of \$785,245.05, which is payable from existing District road bond proceeds, payable to Harris Construction Company.

FULBROOK ON FULSHEAR CREEK, SECTION 3 WATER, SEWER, DRAINAGE, AND PAVING FACILITIES

Approve Pay Estimate Nos. 4 and 5 in the amounts of \$457,352.32 and \$124,871.90, respectively, payable to Allgood Construction Co.

SPANISH MOSS CROSSING BRIDGE

Approve Pay Estimate Nos. 3 and 4 in the amounts of \$11,391.12 and \$98,508.28, respectively, payable to Mar-Con Services, LLC.

LEFT TURN LANE ON WESTBOUND FM 1093 AT JAMES LANE

Approve Pay Estimate No. 1 in the amount of \$107,756.61, payable to Forde Construction.

FULBROOK ON FULSHEAR CREEK, SECTION 4 WATER, SEWER, AND DRAINAGE FACILITIES

Approve Pay Estimate No. 2 in the amount of \$423,234.31, payable to Hurtado.

FULSHEAR TRACE EXTENSION/SYMS ROAD CONNECTION

Mr. Wissel discussed the plans for the Fulshear Trace Extension/Syms Road connection, noting the project will be funded by existing road bond proceeds. He reported on the status of permitting and plan approvals for the project and requested authorization to award the contract to the low bidder, subject to receipt of necessary approvals, no bid irregularities, Costello's recommendation to award to said low bidder, and review of construction bonds and insurance by ABHR.

ENVIRONMENTAL STUDIES

Mr. Wissel reviewed a proposal from Berg Oliver Associates, Inc. in the amount of \$2,750 to conduct a phase I environmental site assessment related to right-of-way to be conveyed for the Fulshear Trace Extension/Syms Road connection project.

After review and discussion, Director Cogburn moved to approve the engineer's report and take the following actions, based on the engineer's recommendation: (1) approve Pay Estimate No. 2 in the amount of \$283,320.27 for construction of the water, sewer, and drainage facilities to serve Fulshear Trace Extension; (2) approve Pay Estimate No. 1 in the amount of \$785,245.05 for construction of the paving facilities to serve Fulshear Trace Extension; (3) approve Pay Estimate Nos. 4 and 5 in the amounts of \$457,352.32 and \$124,871.90, respectively, for construction of the water, sewer, drainage, and paving facilities to serve Fulbrook on Fulshear Creek, Section 3; (4) approve Pay Estimate Nos. 3 and 4 in the amounts of \$11,391.12 and \$98,508.28, respectively, for construction of the Spanish Moss Crossing Bridge; (5) approve Pay Estimate No. 1 in the amount of \$107,756.61 for construction of the Left Turn Lane on Westbound FM 1093 at James Lane; (6) approve Pay Estimate No. 2 in the amount of \$423,234.31 for construction of the water, sewer, and drainage facilities to serve Fulbrook on Fulshear Creek, Section 4; (7) authorize award of a contract for construction of the Fulshear Trace Extension/Syms Road connection, upon receipt of the bids, to the low bidder, subject to receipt of necessary approvals, no bid irregularities, Costello's recommendation to award to said low bidder, and review of the construction bonds and insurance by ABHR; and (8) approve the proposal from Berg Oliver Associates, Inc. in the amount of \$2,750 for a phase I environmental site assessment. Director Keller seconded the motion, which carried unanimously.

PREPARATION OF BOND APPLICATION AND RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS

Mr. Wissel discussed plans for the District's first bond application to finance water, sewer, and drainage facilities. He distributed and reviewed the draft application and discussed the projects to be financed with proceeds from the proposed bonds.

Ms. Peak discussed the process for issuing unlimited tax bonds by the District and reviewed the financial feasibility requirements associated with the issuance of bonds. She distributed and reviewed assessed value projections and cash flow analyses for the proposed bonds, noting necessary revisions to be made to such projections and analyses.

Mr. Harper presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds ("Resolution") for submittal of the bond application to the Texas Commission on Environmental Quality ("TCEQ"). Following review and discussion and upon a motion made by Director Keller and seconded by Director Bozeman, the Board voted unanimously to approve the bond application in an amount not to exceed \$3,509,000, subject to Costello's final review, and adopt the Resolution.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. McLaughlin distributed and reviewed the tax assessor/collector's report, including the checks presented for payment, a copy of which is attached. She noted that 99.2% of the District's 2013 taxes were collected as of April 30, 2014. After review and discussion, Director Cogburn moved to approve the tax assessor/collector's report, including payment of the bills presented. Director Bozeman seconded the motion, which carried unanimously.

ANNEXATION MATTERS

Mr. Harper presented a Waiver of Special Appraisal for the Benefit of Fulshear Municipal Utility District No. 1 of Fort Bend County ("Waiver") for the 110.4552-acre and 0.1852-acre tracts previously annexed into the District. After review and discussion, Director Keller moved to accept the Waiver and direct that it be filed appropriately and retained in the District's official records. Director Bozeman seconded the motion, which passed unanimously.

PARK PROJECTS

Mr. Sweitzer presented the landscape architect's report, a copy of which is attached, and updated the Board on the status of projects in the District.

Mr. Sweitzer next reviewed a memorandum outlining the recommended method for vegetative slope protection to address slope erosion along Fulshear Creek. A copy of the memorandum is attached to the landscape architect's report. Mr. Sweitzer discussed the scope and estimated cost for the recommended installation of bamboo along Fulshear Creek to prevent additional erosion. Discussion ensued regarding proposed solutions to repair existing erosion and participation by Fort Bend County (the "County") and the City of Fulshear (the "City") in addressing the issue since Fulshear Creek serves areas within the County and City that are outside of the District. Director Bozeman reported on discussions with the County Commissioner regarding the matter. After discussion, the Board directed Costello to schedule a meeting with County and City representatives, Director Bozeman, Mr. Wissel, Mr. Sweitzer, Mr. Harper, and Mr. Cannon to discuss possible long-term solutions. Mr. Wissel said he will prepare a map showing the areas that drain into Fulshear Creek. The Board considered proceeding with bamboo installation as a pilot program to prevent further erosion. Mr. Sweitzer discussed options for irrigating the bamboo plantings and the Board concurred the planting contractor should obtain a temporary water meter to pump water for irrigation from the nearest fire hydrant.

After review and discussion, Director Bozeman moved to (1) approve the landscape architect's report and (2) authorize installation of bamboo plantings along Fulshear Creek for an estimated cost of \$7,224, plus irrigation costs, to be funded from

the District's operating account. Director Keller seconded the motion, which passed unanimously.

LANDSCAPING MAINTENANCE AND AMENDMENT TO SERVICES AGREEMENT WITH GLEANNLOCH LANDSCAPING & MAINTENANCE COMPANY

Director Bozeman commended Gleannloch Landscaping & Maintenance Company for their work in the District. The Board took no action on this matter.

ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board concurred no action was necessary on this item since none of the Board members plan to attend the upcoming Association of Water Board Directors summer conference.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner presented and reviewed the bookkeeper's report, including the monthly investment report and a budget comparison, and the bills presented for payment from the District's accounts, a copy of which is attached. Mr. Harper recommended that check no. 1036 be held, pending preparation of a developer reimbursement report by the District's auditor.

Ms. Buckner noted that today's report reflects the reimbursement approved at last month's meeting for costs related to the acquisition of Fulshear Trace right-of-way. She said the auditor notified her after last month's meeting that Compass Bank released its lien on the receivables and, therefore, the funds are reimbursable to Fulshear Land Partners, Ltd. ("FLP"). Mr. Harper noted that the auditor revised the developer reimbursement report for the District's records to reflect FLP as the proper party for reimbursement.

After review and discussion, Director Cogburn moved to approve the bookkeeper's report and payment of the bills presented, including reimbursement to FLP for costs related to the acquisition of Fulshear Trace right-of-way pursuant to the revised developer reimbursement report, with the exception of check no. 1036 which the Board directed the bookkeeper to hold pending approval of a developer reimbursement report. Director Keller seconded the motion, which carried unanimously.

ATTORNEY'S REPORT

Mr. Harper stated there was nothing additional to report that was not addressed under other agenda items.

CONSENT TO ASSIGNMENTS OF REIMBURSEMENT PROCEEDS

Mr. Harper discussed FLP's previous assignment of reimbursables under its original financing agreement with the District to Compass Bank, noting such lien was released. He discussed the Amended and Restated Development Financing Agreement between the District and FLP and Fulshear Land Investment Partners, Ltd. ("FLIP"), which replaced the original financing agreement between the District and FLP. Mr. Harper said FLP assigned its rights to reimbursement of costs associated with Fulshear Creek Crossing, Sections 1 and 2, to FLIP, which then assigned such rights to Prosperity Bank. After discussion, Director Keller made a motion for the District to consent to the discussed assignments of reimbursement proceeds from FLP to FLIP and from FLIP to Prosperity Bank. Director Cogburn seconded the motion, which passed unanimously.

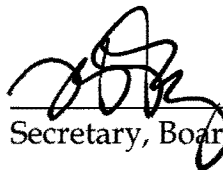
REPORT ON DEVELOPMENT

Mr. Cannon reported on development in and near the District.

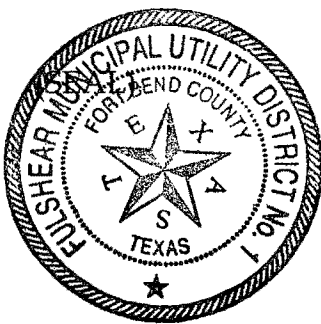
MEETING DATE

The Board considered changing the date for regular monthly meetings of the District. After discussion, the Board concurred to change the District's regular meeting date to the fourth Wednesday of each month at noon, effective in June. The Board noted the next meeting will be held on June 25, 2014.

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



Secretary, Board of Directors



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