

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

February 7, 2012

The Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 26 (the "District") met in regular session, open to the public, on the 7th day of February, 2012, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Michael Parks	President
Herbert Fain	Vice President
Melissa Slade	Secretary
Caralynn Prade	Assistant Vice President
Fred E. Weary, Jr.	Assistant Secretary

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

There were no other resident members of the public present. The following District consultants were also present: Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Julie Williams of Rathmann & Associates, L.P.; James Ross of LJA Engineering & Surveying, Inc.; Christina Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; and Angela Lutz and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 10, 2012, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Prade moved to approve the minutes as submitted. Director Fain seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT, VIDEO AND SECURITY SERVICE SURVEILLANCE,
AND INSTALLATION OF CAMERAS AND SECURITY SYSTEM

Director Prade informed the Board that she met with BL Technology, Inc. ("BLTI") to discuss the installation of security cameras at major entry points in the Shadow Creek Ranch area. She stated that BLTI will provide her a proposal for the Board's consideration.

Officer Lucas reported on security in the District and discussed crime trends and preventative security measures for residents. She stated that she will request that Officer Pratt provide a more detailed security report in the future.

ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the Association of Water Board Directors winter conference. Ms. Garcia noted that she has not received any directors' expenses. After discussion, Director Prade moved to approve reimbursement of eligible expenses for the winter conference, subject to Ms. Garcia's review for compliance with the District's Travel Reimbursement Guidelines, and authorize all interested directors to attend the Association of Water Board Directors summer conference. Director Fain seconded the motion, which carried by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE

Ms. Lutz presented a proposal received from HARCO Insurance Services/TML ("HARCO/TML"), the District's current provider, for renewal of the District's insurance policies, which expire on March 19, 2012. After review and discussion, Director Prade moved to (1) renew the District's insurance policies with the current provider, HARCO/TML; (2) pay a three-year premium for the directors bonds instead of an annual premium; and (3) decrease the directors and officers liability coverage from \$5,000,000 to \$3,000,000. Director Fain seconded the motion, which carried unanimously.

PRELIMINARY OFFICIAL STATEMENT

Ms. Williams discussed options for (1) refunding portions of the District's outstanding bonds; and (2) defeasance and refunding of portions of the District's outstanding bonds. She discussed the District's potential savings associated with each scenario.

Ms. Williams discussed the District's Utility Agreement with the City and noted that the tax rebate paid annually to the District will continue until (1) the District's debt service tax rate decreases to \$0.65 per \$100 taxable value or less; and (2) development within the District is complete and all developers have been reimbursed.

Ms. Williams reviewed a draft of the Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2012.

Following review and discussion, Director Prade moved to (1) approve the Preliminary Official Statement, subject to final review by the Board and consultants; and (2) proceed with defeasance and refunding of portions of the District's outstanding

bonds, as agreed. Director Fain seconded the motion, which was approved by unanimous vote.

DESIGNATE UNDERWRITERS

Ms. Williams recommended that the District designate RBC Capital Markets, Inc. and First Southwest Company as underwriters for the District's Unlimited Tax Refunding Bonds, Series 2012. Following review and discussion, and based on Ms. Williams' recommendation, Director Prade moved to designate RBC Capital Markets, Inc. and First Southwest Company as underwriters for the District's Unlimited Tax Refunding Bonds, Series 2012. Director Weary seconded the motion, which was approved by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board discussed appointing a Paying Agent/Registrar and Escrow Agent for the District's Unlimited Tax Refunding Bonds, Series 2012. Following review and discussion, Director Prade moved to appoint Wells Fargo Bank, N.A. as the Paying Agent/Registrar and Escrow Agent for the District's Unlimited Tax Refunding Bonds, Series 2012. Director Fain seconded the motion, which was approved by unanimous vote.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S REFUNDING BONDS, SERIES 2012

Ms. Lutz reviewed a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2012. Following review and discussion, Director Prade moved to adopt the Resolution Authorizing the Issuance of the District's Refunding Bonds, Series 2012 and authorize the Board to sign all documents relating to the sale of the bonds. Director Fain seconded the motion, which was approved by unanimous vote.

AUTHORIZE ATTORNEY AND UNDERWRITER TO TAKE ALL NECESSARY ACTION

Following review and discussion, Director Prade moved to authorize the District's attorney and the underwriters to take all necessary action in connection with the issuance of the District's Unlimited Tax Refunding Bonds, Series 2012. Director Weary seconded the motion, which was approved by unanimous vote.

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. After review and discussion, Director Prade moved to approve the bookkeeper's report. Director Fain seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

Ms. Lutz said there was nothing new for consideration on this item.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that the 2011 taxes were 88.86% collected as of January 31, 2012.

Mr. Patterson next presented and reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is included in the tax assessor/collector's report.

After review and discussion, Director Prade moved to approve the tax assessor/collector's report and the delinquent tax report. Director Fain seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. He noted there were no action items for the Board's consideration. Mr. Ross updated the Board on the construction of the public water line to serve MF-2 (the "Project"). He stated that the Developer plans to award the contract for the Project and begin construction in the first quarter of 2012. After review and discussion, Director Prade made a motion to approve the engineer's report. Director Fain seconded the motion, which passed unanimously.

REVIEW DISTRICT INFORMATION KIT

Ms. Lutz distributed and reviewed a draft of the District's updated Information Kit, a copy of which was distributed to the Board for review prior to the meeting. She requested that the Board submit any changes to ABHR. The Board concurred to discuss the Information Kit at the next meeting.

2012 DIRECTORS ELECTION

The Board discussed the District's May 12, 2012, directors election. Ms. Lutz stated that the terms of office of Directors Weary and Slade will expire on May 12, 2012. She noted that the Notice of Candidate Application Filing Period has been posted (1) inside the District at the Village of Emerald Bay Clubhouse; and (2) at ABHR.

CONTRACT FOR CONDUCT OF ELECTION WITH BRAZORIA COUNTY

Ms. Lutz stated that the Board may consider contracting with Brazoria County (the "County") to conduct the District's May 12, 2012, directors election. She noted that the City has contracted with the County for its May 12, 2012, election, and all District residents would be able to vote in the City and District elections at one location. Ms. Lutz stated that the County would be responsible for providing election officials and the required electronic voting machines, and the District must submit a deposit to the County once it is confirmed that a contested directors election will proceed. She stated that ABHR is waiting for the County to calculate the amount of the required deposit, based on the County's estimate of the total cost to conduct the election for the District. After review and discussion, Director Prade moved to (1) authorize execution of a Joint Election Agreement and Contract for Election Services (the "Contract") between the County and the District to conduct the District's May 12, 2012, directors election, if a contested directors election proceeds, and direct that the Contract be filed appropriately and retained in the District's records; and (2) authorize payment of the deposit to the County, if a contested directors election proceeds, to be completed once the actual amount is provided by the County. Director Weary seconded the motion, which passed by unanimous vote.

ORDER CALLING DIRECTORS ELECTION

Ms. Lutz reviewed an Order Calling Directors Election for the May 12, 2012, directors election. Following review and discussion, Director Prade moved to adopt the Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records. Director Weary seconded the motion, which carried unanimously.

RESOLUTION DESIGNATING AN AGENT OF THE SECRETARY OF THE BOARD OF DIRECTORS DURING THE 2012 DIRECTORS ELECTION PERIOD

Ms. Lutz stated that Director Slade maintains regular office hours. The Board concurred that adoption of a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2012 Directors Election Period was unnecessary.

VOTING RIGHTS ACT SUBMISSION LETTER TO THE U.S. DEPARTMENT OF JUSTICE

Ms. Lutz stated that the District will need to submit a Voting Rights Act submission letter to the U.S. Department of Justice under the Voting Rights Act providing notice of changes in the polling places established by the County. After review and discussion, Director Prade moved to authorize the preparation and submittal of a Voting Rights Act submission letter to the U.S. Department of Justice, if a

contested directors election proceeds. Director Weary seconded the motion, which carried unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board discussed information to be included on the District's website. After discussion, Director Prade moved to direct ABHR to post the following on the District's website: (1) a link to the Notice of Candidate Application Filing Period; and (2) safety tips instructing residents to lock vehicle doors and not store garage door openers inside vehicles. Director Weary seconded the motion, which carried unanimously.

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and *The Current*. After discussion, the Board concurred to direct ABHR to prepare a notice with the standard monthly message directing residents to the website for information about District meetings.

COMMENTS FROM DIRECTORS AND THE PUBLIC

The Board discussed a proposed low income apartment project in or near the District. After discussion, the Board requested that ABHR obtain more information on the low income apartment project from the City and report back to the Board.

DATE, TIME, AND LOCATION FOR NEXT MEETING

The Board concurred to schedule next month's regular meeting for March 6, 2012, at 11:00 a.m. at ABHR.

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

(SEAL)



Melissa Slade
Secretary, Board of Directors

ACTION LIST

1. Officer Cortes will obtain information regarding the citizens-on-patrol program and will report to the Board.
2. Officer Lucas will request Officer Pratt to provide a more detailed security report.
3. BLTI will prepare a proposal for the installation of security cameras.
4. The attorney will prepare the requested notice for the newsletters.
5. Director Slade will contact the HOA and notify them of the date of the next meeting to discuss financial assistance for facility repairs.
6. The attorney will obtain more information from the City on the proposed low income apartment project and follow up with the Board

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report	3
tax assessor/collector's report	4
engineer's report	4