

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

November 13, 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 13th day of November, 2012, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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, thus constituting a quorum.

Also present at the meeting were Pierre Prade; Brenda Beltran, Rod Simpson, Maria Shaw, and Eleanor Thompson of the Shadow Creek Ranch Maintenance Association ("SCRMA") and the following District consultants: Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; Taylor Baumgartner of LJA Engineering, Inc.; and Angela Lutz, Michelle Bryan, and Cathy Campbell of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the October 2, 2012, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Fain moved to approve the minutes of the October 2, 2012, meeting, as submitted. Director Weary seconded the motion, which passed unanimously.

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

Officer Lucas reported on security in the District and discussed crime trends and preventative security measures for residents.

The Board discussed the installation of video surveillance equipment in Shadow Creek Ranch, including SCRMA's interest in funding the installation of video surveillance equipment, contingent upon a favorable resident survey and the District and Brazoria-Fort Bend County Municipal Utility District No. 1 ("MUD 1") funding the

necessary erosion repairs of the detention ponds. Ms. Shaw stated that SCRMA will distribute the survey via door hangers on Friday, November 16, 2012, which are due Friday, November 30, 2012, and the results of the survey will be evaluated by SCRMA before any further action is taken. She stated that she will attend the District's December meeting to share the results with the Board. Upon a request by the Board, Ms. Shaw stated that the survey also will be distributed to commercial businesses owners. Following discussion, the Board determined to defer action on the necessary erosion repairs of the detention ponds until the results of the SCRMA survey are evaluated.

Discussion ensued regarding fire department and police department access to the gated communities in the District during emergencies. Upon a request by Director Parks, Ms. Shaw stated that she will provide the security code to the fire and police departments.

Discussion ensued regarding squatters taking residence in abandoned or foreclosed homes in the Shadow Creek Ranch area. Following discussion, Ms. Shaw stated that she will provide Officer Lucas and the Board the addresses of the abandoned or foreclosed homes.

DEVELOPMENT IN THE DISTRICT

Ms. Lutz stated that an Agreement for Financing of Facilities relating to the development of a multifamily site in the District will be presented for the Board's consideration at a later meeting.

Mr. Baumgartner asked the Board to reconsider the Developer Reimbursement Report presented by McGrath & Co., PLLC at the January meeting for the purpose of verifying the amount to be reimbursed to Kingsley Partners, L.P. ("Kingsley") for water and wastewater impact fees paid to the City from surplus funds from the Series 2011 Bonds. He reminded the Board that it concurred to take no action on the Developer Reimbursement Report until Kingsley received a permit from the City and construction of above ground taxable improvements and the public water line to serve MF-2 had commenced. Mr. Baumgartner confirmed that above ground taxable improvements have commenced and stated that the project is set to be complete in the second quarter of 2013. The Board discussed reimbursing Kingsley in accordance with the percentage of the project that is complete to date, then considering further reimbursement at a later date as the project nears completion. After review and discussion, Director Slade moved to (1) approve the Developer Reimbursement Report; (2) authorize disbursement of funds to reimburse Kingsley in the amount of \$244,892.50, twenty-five percent of the \$979,571 identified in the Developer Reimbursement Report, contingent on receipt of an executed Receipt; and (3) direct that the Developer Reimbursement

Report and Receipt be filed appropriately and retained in the District's official records. Director Weary seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND AMEND BUDGET

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report, budget comparison, debt service payment schedule, and list of checks presented for approval, a copy of which is attached. After review and discussion, Director Weary moved to approve the bookkeeper's report and payment of the bills. Director Prade seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that the 2012 taxes were 0.05% collected as of October 31, 2012.

Mr. Patterson 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 Weary moved to approve the tax assessor/collector's report and the delinquent tax report. Director Slade seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board discussed the possibility of requesting the City to designate a temporary parking area and ball fields on the undeveloped regional park land in Shadow Creek Ranch until the City is ready to develop the regional park. Discussion ensued regarding the lack of recreational facilities in the area and the possible development and financing of the temporary parking area and ball fields with park bonds. Ms. Shaw stated that SCRMA fully supports the District's efforts toward the development of recreational facilities in Shadow Creek Ranch and requested that ABHR provide SCRMA information to distribute to residents at SCRMA meetings regarding how to contact the City to request the temporary parking area and ball fields on the undeveloped regional park land.

ENGINEERING MATTERS

Mr. Baumgartner distributed and reviewed the engineer's report, a copy of which is attached. He stated there were no items for the Board's approval.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter; the newsletter, *The Connection*; and the District's website. After discussion, the Board directed ABHR to prepare a notice with the standard monthly message directing residents to the website for information about District meetings, including information on the District's adopted 2012 tax rate and safety tips reminding residents (1) to install alarm systems in homes and display the alarm company's sign in the front yard; (2) to not store valuables inside vehicles; and (3) that all solicitors must be licensed by the City.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Slade thanked the Board and District consultants for their support in her campaign for Brazoria County Justice of the Peace, Precinct 4, Position 1.

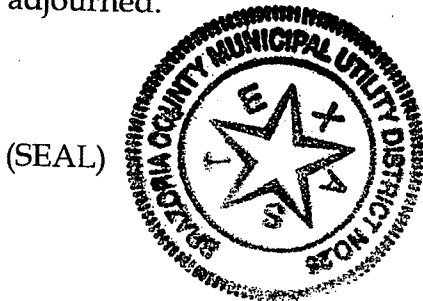
COMMENTS FROM THE PUBLIC

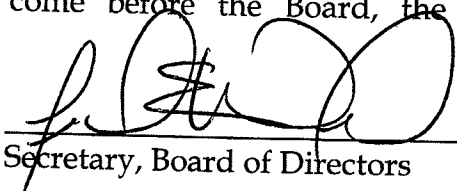
Ms. Shaw introduced Mr. Simpson to the Board and stated that he will attend monthly District meetings on the behalf of SCRMA. She also noted that SCRMA is in the process of updating its website and will include a link to the District and MUD 1's joint website.

DATE, TIME, AND LOCATION FOR NEXT MEETING

The Board concurred next month's regular meeting will be December 4, 2012, at 11:00 a.m. at ABHR.

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




Asst. Secretary, Board of Directors

ACTION LIST

1. Ms. Shaw will attend the District's December meeting and share the results of the SCRMA survey with the Board.
2. Ms. Shaw will provide the security code for the gated communities to the fire department and police department.
3. Ms. Shaw will provide Officer Lucas and the Board the addresses of abandoned or foreclosed homes in the Shadow Creek Ranch area.
4. The attorney will prepare the requested notice for the newsletters and website.
5. Ms. Shaw will include a link on SCRMA's website to the District and MUD 1's joint website.
6. The attorney will provide SCRMA information to distribute to residents at SCRMA meetings regarding how to contact the City to request the temporary parking area and ball fields on the undeveloped regional park land.

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