

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

December 4, 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 4th day of December, 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 for Director Slade, thus constituting a quorum.

Also present at the meeting were Linda Culbreth, a resident of the District; Rod Simpson and Maria Shaw of the Shadow Creek Ranch Maintenance Association ("SCRMA"); and the following District consultants: Officers David Pratt and Wesley Boyer of the City of Pearland (the "City") Police Department; Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; James Ross of LJA Engineering, Inc.; Craig Rathmann of Rathmann & Associates, L.P.; and Lynne B. Humphries, Michelle Bryan, and Rhonda Sterrett of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 13, 2012, regular meeting, which were provided in advance of the meeting. Director Prade requested that the minutes be revised to reflect that Pierre Prade is not a resident of the District. After review and discussion, Director Fain moved to approve the minutes of the November 13, 2012, meeting, as revised. Director Weary seconded the motion, which passed unanimously.

PREPARATION OF ANNUAL REPORT

Ms. Bryan stated that the District is required to file updated financial information and operating data in the form of an annual report with the EMMA System, as designated by the Municipal Securities Rulemaking Board. She requested authorization for ABHR to work with the District's consultants to prepare the report. Following

discussion, Director Weary made a motion to authorize preparation of the annual report. Director Fain seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT AND REPORT FROM SCRMA ON RESIDENT SURVEY ON INSTALLATION OF CAMERAS

Officer Boyer reported on security in the District and discussed crime trends and preventative security measures for residents. He recommended that residents keep their vehicle doors locked and noted that Buc-ee's is hiring patrol officers.

Discussion ensued regarding SCRMA's survey of Shadow Creek Ranch residents and commercial businesses to obtain opinions on the installation of video surveillance equipment in the Shadow Creek Ranch area. Ms. Shaw stated that SCRMA distributed the survey via door hangers on Monday, December 3, 2012, which are due Monday, December 10, 2012, and the results of the survey will be shared with the Board at the District's January meeting. She noted that information regarding the survey has been posted on SCRMA's website, and emails will be sent to the community as well.

DEVELOPMENT IN THE DISTRICT

Ms. Humphries 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.

Discussion ensued regarding the \$244,892.50 reimbursed to Kingsley Partners, L.P. ("Kingsley") at the previous meeting for water and wastewater impact fees paid to the City from surplus funds from the Series 2011 Bonds, which was twenty-five percent of the \$979,571 identified in the Developer Reimbursement Report prepared by McGrath & Co., PLLC, for the public water line to serve MF-2. Ms. Humphries stated that Kingsley requested a letter from the Board stating why the total amount was not reimbursed and when Kingsley should expect to be fully reimbursed. Following discussion, the Board directed Mr. Ross to inform Kingsley that reimbursement will be approved in twenty-five percent increments, in accordance with the percentage of the project that is complete, and as taxable value is added to the tax rolls. The Board reiterated its invitation and encouragement for Kingsley to attend the District meeting if he has questions.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and considered establishing travel guidelines for the upcoming Association of Water Board Directors winter conference in Austin. After review and discussion, Director Weary moved to establish maximum limits of three director fees of office, two nights of

lodging, and reasonable and necessary meals for any director attending the Association of Water Board Directors winter conference. Director Fain seconded the motion, which passed 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. She noted that Kingsley has not cashed the \$244,892.50 reimbursement that was approved at the previous meeting. After review and discussion, Director Weary moved to approve the bookkeeper's report and payment of the bills. Director Fain 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 7.64% collected as of November 30, 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 Fain seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board discussed the shortage of public recreational facilities in the Shadow Creek Ranch area and the possibility of requesting the City to designate a temporary parking area and ball fields on the undeveloped regional park land until the City is ready to develop the regional park. Ms. Humphries distributed and reviewed a flyer prepared at the request of SCRMA urging concerned residents to speak during the public comments agenda item at City Council meetings or contact the City to request the temporary parking area and ball fields on the undeveloped regional park land, a copy of which is attached. She stated that the flyer will be given to SCRMA for distribution at SCRMA meetings. Discussion ensued regarding the possible development and financing of the temporary parking area and ball fields with park bonds.

Director Weary distributed and reviewed a draft report regarding the need for parks and recreation facilities in or near Shadow Creek Ranch (the "Park Report"). The Board discussed presenting the final Park Report to the City Council for consideration

in early 2013. Following review and discussion, the Board directed Ms. Humphries to contact the City Council to have an item added to an upcoming agenda for the Board to present the final Park Report, on a date mutually agreed upon, and to share the Park Report with Brazoria-Fort Bend County Municipal Utility District No. 1 at its next meeting.

ENGINEERING MATTERS

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

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from Directors or District consultants.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DATE, TIME, AND LOCATION FOR NEXT MEETING

Due to the New Year holiday on the District's regular meeting date, the Board concurred next month's regular meeting will be January 8, 2013, at 11:00 a.m. at ABHR.

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 the date of the District's January meeting and to post the flyer about parks and recreation facilities on the District's website.

REFUNDING BOND MATTERS

Ms. Humphries presented and reviewed the attached memorandum from ABHR regarding bond refunding transactions. Mr. Rathmann presented and reviewed the attached letter from Rathmann & Associates, L.P. to the Board. Discussion ensued regarding these matters.

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

Melissa Sted
Secretary, Board of Directors

(SEAL)



ACTION LIST

1. The engineer will contact Kingsley regarding future reimbursement of impact fees paid to the City.
2. SCRMA will share the results of the SCRMA survey with the Board at its January meeting.
3. The attorney will contact the City Council to have an item added to an upcoming agenda for the Board to present the final Park Report.
4. The attorney will share the Park Report with Brazoria-Fort Bend County Municipal Utility District No. 1 at its next meeting.
5. The attorney will prepare the requested notice for the newsletters and website.

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