

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

January 8, 2013

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 8th day of January, 2013, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, 9th Floor Conference Room, 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, a member of the public; Rod Simpson 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.; James Ross of LJA Engineering, Inc.; Julie Williams of Rathmann & Associates, L.P.; and Lynne B. Humphries and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 4, 2012, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Slade moved to approve the minutes of the December 4, 2012, meeting, as presented. Director Prade seconded the motion, which passed unanimously.

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

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

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. Mr. Simpson reported that the SCRMA Board approved the installation of video surveillance equipment in the Shadow Creek

Ranch area, based upon a favorable resident survey showing 57% of the responding residents in favor, and authorized the installation of the video surveillance equipment to move forward. He invited Director Parks to attend the next SCRMA meeting to discuss the installation in further detail.

APPROVE AUDIT

Ms. Humphries stated that the District's audit for the fiscal year end September 30, 2012, will be presented at the next meeting.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Humphries reported on the District's compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

RENEWAL OF INSURANCE POLICIES

Ms. Humphries stated that the District's insurance policies with HARCO Insurance Services ("HARCO") expire on March 19, 2013. After discussion, the Board directed ABHR to request a renewal proposal from HARCO for consideration.

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.

REGION H PROJECT PARTICIPATION REQUEST AND PROGRAM DEVELOPMENT AGREEMENT

The Board reviewed and discussed correspondence provided by the Texas Water Foundation/ Averitt & Associates requesting a contribution of \$3,000 per year for two consecutive years to fund a Region H water conservation project related to quantifying and measuring ongoing water conservation efforts throughout Region H, which will be overseen by former Texas Senator Kip Averitt, Chairman of the Texas Water Foundation. A copy of the Region H Project Participation request is attached. Ms. Humphries reviewed a memorandum from ABHR included in the request providing additional details about the project. She noted participation includes automatic membership in the Alliance for Water Efficiency, which developed software to maintain a tracking tool specific to each participating utility. Following review and discussion, Director Parks made a motion to direct ABHR to send a letter response to Region H declining to participate in the Region H project because the District is an in-City District

that does not own or operate water supply facilities. Director Weary seconded the motion, which carried unanimously.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER AND FINANCIAL AND BOOKKEEPING MATTERS

Pursuant to the District's Investment Policy, Ms. Garcia presented her annual disclosure statement as the District's Investment Officer and bookkeeper. Ms. Humphries explained the Investment Officer and bookkeeper are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District.

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 (1) approve the bookkeeper's report and payment of the bills; (2) accept Erin Garcia's disclosure statement as the District's Investment Officer and bookkeeper; and (3) direct that the disclosure statement be filed appropriately and retained in the District's official records. Director Slade 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 56.29% collected as of December 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 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 stated there were no items for the Board's approval.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Humphries reported on an update from the City on the Shadow Creek Ranch Sports Complex. She stated that construction of the Sports Complex is expected to begin in August, 2013, and will take an estimated 12 to 15 months to complete. Ms. Humphries stated that a workshop has been scheduled with the City Council before its meeting on February 25, 2013, for the Board of the District and the Board of Brazoria-Fort Bend County Municipal Utility District No. 1 to present the final report regarding the need for parks and recreation facilities in or near Shadow Creek Ranch (the "Park Report"). Director Parks volunteered to work on the final Park Report with Director Weary.

REVIEW DISTRICT INFORMATION KIT

Ms. Humphries stated that an updated District Information Kit will be presented for the Board's consideration at the next meeting.

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. Officer Lucas stated that the Pearland Police Department Honor Guard will participate in a ceremony occurring during National Police Week in Washington, D.C. from May 12 to May 18, 2013, to honor and memorialize police officers who lost their lives while performing their duties. She presented a flyer from the Pearland Police Honor Guard Commander requesting individual donations to assist with the costs associated with travel and accommodations incurred by the officers participating in the event, a copy of which is attached. After review and discussion, Director Weary moved to direct ABHR to prepare a notice with the standard monthly message directing residents to the website for information about District meetings, including information on the Pearland Police Department Honor Guard's request for donations relating to officers' participation in National Police Week. Director Fain seconded the motion, which carried unanimously.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

The Board commended Ms. Humphries for her professionalism and efforts on behalf of the District.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

REFUNDING BOND MATTERS

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. Copies of the analyses on the refunding effects for the proposed Unlimited Tax Refunding Bonds, Series 2013 are attached.

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 the District's debt service tax rate decreases to \$0.65 per \$100 taxable value or less and 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 2013.

The Board discussed designating an underwriter for the District's Unlimited Tax Refunding Bonds, Series 2013. Ms. Williams recommended that the District designate RBC Capital Markets, Inc. and First Southwest Company as underwriters.

The Board discussed appointing a Paying Agent/Registrar and Escrow Agent for the District's Unlimited Tax Refunding Bonds, Series 2013. Ms. Williams recommended that the District appoint The Bank of New York Mellon Trust Company, N.A.

Ms. Humphries reviewed a Resolution Authorizing the Issuance of the District's Unlimited Tax Refunding Bonds, Series 2013.

Following review and discussion, Director Weary moved to: (1) approve the Preliminary Official Statement for the District's Unlimited Tax Refunding Bonds, Series 2013, subject to final review by the Board and consultants; (2) proceed with defeasance and refunding of portions of the District's outstanding bonds, as agreed; (3) designate RBC Capital Markets, Inc. and First Southwest Company as underwriters for the District's Unlimited Tax Refunding Bonds, Series 2013; (4) appoint The Bank of New York Mellon Trust Company, N.A. as the Paying Agent/Registrar and Escrow Agent for the District's Unlimited Tax Refunding Bonds, Series 2013; (5) adopt the Resolution Authorizing the Issuance of the District's Refunding Bonds, Series 2013; (6) authorize the Board to sign all documents relating to the sale of the bonds; and (7) authorize the District's attorney and the underwriter to take all necessary action in connection with the issuance of the District's Unlimited Tax Refunding Bonds, Series 2013. Director Fain seconded the motion, which was approved by unanimous vote.

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

(SEAL)



Melissa Seud
Secretary, Board of Directors

ACTION LIST

1. The attorney will prepare the requested notice for the newsletters and website.

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Region H Project Participation request.....	2
bookkeeper's report.....	3
tax assessor/collector's report	3
engineer's report	3
Pearland Police Honor Guard flyer.....	4
analyses on the refunding effects	5