

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

February 5, 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 5th day of February, 2013, 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:

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| 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 Prade, 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; and the following District consultants: Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Mark McGrath of McGrath & Co., PLLC; 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 January 8, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Weary moved to approve the minutes of the January 8, 2013, meeting, as presented. Director Fain seconded the motion, which passed unanimously.

AUTHORIZE RENEWAL OF INSURANCE POLICIES

Ms. Humphries 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 17, 2012. After review and discussion, Director Weary moved to renew the District's insurance policies with the current provider, HARCO/TML. Director Fain seconded the motion, which carried unanimously.

DEVELOPMENT IN THE DISTRICT

There was no report on development in the District.

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 87.42% collected as of January 31, 2013.

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

Ms. Humphries stated that, due to the City proceeding with the first phase of construction for the Shadow Creek Ranch Sports Complex (the "Sports Complex"), the workshop scheduled with the City Council on February 25, 2013, to present the final report regarding the need for parks and recreation facilities in or near Shadow Creek Ranch (the "Park Report") has been postponed until further notice. She noted that the Park Report can be presented at a future City Council meeting under public comments to show that the District and Brazoria-Fort Bend County Municipal Utility District No. 1 want to help the City make the Sports Complex a reality. After discussion, the Board suggested Director Weary schedule an appointment with the City Parks Director, Michelle Smith, and the City Manager, Bill Eisen, to receive an update on the status of the Sports Complex.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. He requested authorization to design the detention pond erosion protection improvements.

Ms. Humphries presented a Resolution Expressing Intent to Reimburse Operating Fund in connection with the construction of detention pond erosion protection improvements.

Following review and discussion, Director Fain moved to (1) accept the engineer's report; (2) authorize design of the detention pond erosion protection

improvements; and (3) approve the Resolution Expressing Intent to Reimburse Operating Fund and direct that the Resolution be filed appropriately and retained in the District's official records. Director Weary seconded the motion, which carried unanimously.

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

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. The Board discussed the Association of Water Board Directors winter conference. After review and discussion, Director Weary moved to (1) approve the bookkeeper's report and payment of the bills; (2) 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 (3) authorize all interested directors to attend the Association of Water Board Directors summer conference. Director Fain 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 the Pearland Police Department Honor Guard's request for donations relating to officers' participation in National Police Week.

DISTRICT INFORMATION KIT

Ms. Humphries distributed and reviewed the District's updated Information Kit. She noted that the updated Information Kit will be posted on the District's website. After review and discussion, Director Weary moved to approve the updated Information Kit and direct that the Information Kit be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed unanimously.

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 review and 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 Pearland Police Department Honor Guard's request at last month's meeting for donations relating to officers' participation in National Police Week.

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.

UPDATE ON REFUNDING BOND MATTERS

Ms. Williams distributed an updated analysis on the refunding effects for the District's Unlimited Tax Refunding Bonds, Series 2013, copy of which is attached. She stated that the updated analysis reflects a shorter maturity schedule.

APPROVE AUDIT

Mr. McGrath reviewed the District's audit for the fiscal year end September 30, 2012. Following review and discussion, Director Weary moved to approve the audit for the fiscal year end September 30, 2012, subject to final comments by the Board and consultants, and direct that the audit be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which was approved by unanimous vote. The Board directed ABHR to include a notice in the monthly newsletters and the District's website regarding how residents can obtain a copy of the annual audit.

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


Secretary, Board of Directors

(SEAL)



ACTION LIST

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

LIST OF ATTACHMENTS TO MINUTES

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