

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

January 7, 2014

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 January, 2014, 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 Weary, thus constituting a quorum.

Also present at the meeting were Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc.; James Ross of LJA Engineering, Inc.; and Hannah Brook, Kristen Hogan, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 3, 2013, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Slade moved to approve the minutes of the December 3, 2013, meeting, as presented. Director Fain seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT, INCLUDING REPORT FROM SCRMA ON
INSTALLATION OF CAMERAS

Ms. Brook reviewed correspondence from Officer Dave Pratt of the City of Pearland (the "City") Police Department regarding security in Shadow Creek Ranch and indicating there were no officers available to attend today's meeting. The Board reviewed the written security report submitted by Officer Pratt in advance of today's meeting, a copy of which is attached. After review and discussion, Director Slade moved to accept the security report. Director Prade seconded the motion, which passed unanimously.

APPROVE AUDIT

Ms. Brook stated that the District's audit for the fiscal year end September 30, 2013, will be presented at the next meeting.

DEVELOPMENT IN THE DISTRICT

The Board did not receive a report on development in the District.

FINANCIAL AND BOOKKEEPING MATTERS

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. In response to a question by Director Slade, Ms. Garcia said voided check no. 2337 reflected on page 4 of her report is for a meeting that Director Slade did not attend during the previous calendar year. Ms. Garcia then presented an additional check for today's fee of office for Director Parks, which was mistakenly omitted from today's report and checks. Ms. Brook then responded to questions from the Board regarding work included in ABHR's current invoice.

The Board then discussed director expenses for the upcoming Association of Water Board Directors ("AWBD") winter conference in Dallas on January 17-19, 2014. Director Parks said he may be required to attend for more than three days since he is a candidate for an at-large position on the AWBD Board of Directors. Ms. Garcia presented advance checks to cover AWBD conference expenses.

The Board concurred to table acceptance of the annual disclosure statement for the bookkeeper and authorization of execution of the District Registration Form until next month when MCI designates the District's new bookkeeper.

After review and discussion, Director Slade moved to approve the bookkeeper's report and payment of the bills, including the additional checks presented by Ms. Garcia. 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 51.30% of the 2013 taxes had been collected as of December 31, 2013. Mr. Patterson next reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached. After review and discussion, Director Slade moved to approve the tax assessor/collector's report, the delinquent tax report, and payment of the tax bills. Director Fain seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook said there was no update on this item.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Ross stated the design of the water, sewer, and drainage facilities to serve SF-64 is complete and noted no action was necessary.

Mr. Ross reported that design of the detention pond erosion protection improvements is complete and approved by the City. He noted the project will be funded from proceeds of the District's next bond issue.

Mr. Ross had no update on the District's bond application no. 7, which is being prepared by Jones-Heroy & Associates, Inc.

Following review and discussion, Director Slade moved to approve the engineer's report. Director Prade seconded the motion, which carried unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed a website statistics report for December, a copy of which is attached. The Board then reviewed a print-out of the current website content and concurred for the Board to review the website content and present any recommended updates at next month's meeting.

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and *The Connection* newsletter. After discussion, the Board directed ABHR to submit the District's standard notice for inclusion in the February newsletters.

ATTORNEY'S REPORT

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Brook 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. Brook stated that the District's insurance policies with HARCO Insurance Services ("HARCO") expire on March 19, 2014. After discussion, the Board directed ABHR to request a renewal proposal from HARCO and to solicit proposals from Highpoint Insurance Group, LLC and SIG/McDonald & Wessendorff for consideration at next month's meeting.

DISTRICT INFORMATION KIT

Ms. Brook stated that ABHR is updating the District's Information Kit and will email it to the Board for review and consideration at the next meeting.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Mr. Norton responded to questions regarding a recent irrigation system repair.

2014 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2014 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2014 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election.

Ms. Brook reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2014 Directors Election and discussed exemptions from using electronic voting systems during the 2014 Directors Election. She stated that the basis of the District's exemption is the most recently scheduled district directors' election was not held.

Ms. Brook noted that the District may contract with Brazoria County (the "County") to conduct the District's 2014 Directors Election.

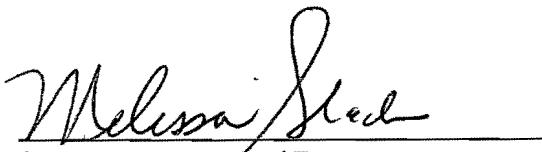
Following review and discussion, Director Slade moved to take the following actions: (1) adopt a Resolution Designating an Agent of the Secretary of the Board During the 2014 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the Notice of Deadline to File Applications for Place on the Ballot for the 2014 Directors Election; (3) authorize the Secretary's agent to publish Notice of Exemption in a newspaper of general circulation; and (4) contract

with the County to administer the District's 2014 Director's Election. Director Fain seconded the motion, which was approved by unanimous vote.

COMMENTS FROM THE PUBLIC

There were no members of the public who wished to address the Board.

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



Secretary, Board of Directors

(SEAL)



ACTION LIST

1. The Directors will review the website content and present any recommended updates at next month's meeting.
2. ABHR will submit the requested notice for the newsletters.
3. ABHR will request proposals for insurance from the current provider and from Highpoint Insurance Group, LLP and SIG/McDonald & Wessendorff for review at next month's meeting.
4. ABHR will submit the updated District Information Kit to the Board in advance of next month's meeting.

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Security report.....	1
bookkeeper's report.....	2
Tax assessor/collector's report	2
delinquent tax report.....	2
Engineer's report.....	3
Website statistics report	3