

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

April 1, 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 1st day of April, 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, thus constituting a quorum.

Also present at the meeting were Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Calandra France and 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. ("LJA"); and Lynne Humphries, Brooks Hamilton and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 4, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Slade moved to approve the minutes of the March 4, 2014, meeting, as presented. Director Fain seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

Ms. Humphries presented an Agreement for Financing of Facilities between the District and CRP/AR Shadow Creek Owner, L.P., a Delaware limited partnership, ("CRP/AR") for the development of an 18.8876-acre multi-family tract located on F.M. 2234 west of Reflection Bay Boulevard. She then presented a Waiver of Special Appraisal for the tract. Following review and discussion, Director Slade moved to: (1) approve the Agreement for Financing of Facilities and Waiver of Special Appraisal between the District and CRP/AR; (2) direct that the Waiver be filed with the Brazoria County Appraisal District; and (3) direct that the Agreement and Waiver be filed

appropriately and retained in the District's official records. Director Fain seconded the motion, which carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Director Weary reported that City Parks Director Michelle Smith confirmed the City is getting bids for construction of the first phase of the City's Regional Sports Park in Shadow Creek Ranch.

Ms. Humphries reported Directors Donna Davis and Travis McGuire of Brazoria County Municipal Utility District No. 34, also residents of Southern Trails, have expressed interest in contributing to the District's efforts regarding regional park development. Director Weary stated he will coordinate with them.

Mr. Ross updated the Board on the clearing and leveling of the 5 acre park site leased to the District. He stated he is working with the City to obtain the necessary permit and approval and will have bids to present at the next Board meeting.

The Board discussed the design, mowing, and construction of temporary ball fields. Ms. Brownlee stated KGA/Deforest Design, LLC ("KGA") will present a proposal at the next Board meeting. The Board requested Ms. Brownlee forward park site information to Mr. Deforest.

Ms. Humphries left the meeting.

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

Officer Lucas reviewed a written security report submitted in advance of today's meeting by Officer Wes Boyer of the City Police Department. A copy of the security report is attached. She then responded to questions from the Board regarding crime trends and reported on crime activity in Shadow Creek Ranch after the report date of March 27, 2014.

Mr. Norton introduced Calandra France and updated the Board on the installation of security cameras. He stated SCRMA is reviewing 3 bids for 15 cameras to be installed at the main access entrances to Shadow Creek Ranch, which includes posting surveillance signs accordingly. He added June 24, 2014 is SCRMA's next scheduled Board of Directors meeting. Discussion ensued regarding maintenance of the cameras and monitoring of the recorded video. Mr. Norton stated the recorded video will be stored on a server accessible to the City Police Department. He added that he will confirm whether the cost of maintenance is included in the bids currently under review by SCRMA.

Ms. France stated Emerald Bay Homeowners Association ("Emerald Bay HOA") will be meeting at 7:00 p.m., April 9, 2014 at Nolan Ryan Junior High School. The Board requested an officer attend the meeting to represent Shadow Creek Ranch.

Officer Lucas left the meeting.

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. Discussion ensued regarding maintenance costs of the temporary ball fields. Ms. Hamilton stated she will confirm whether the City or the District bears this cost. After review and discussion, Director Slade moved to: (1) approve the bookkeeper's report and payment of the bills; and (2) approve the amended budget to include \$50,000 for park expense. Director Fain seconded the motion, which passed unanimously.

ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2004 BONDS

Ms. Hamilton stated the District has received a proposal from OmniCap Group, LLP ("OmniCap") to conduct an arbitrage rebate study for the \$8,830,000 Unlimited Tax Bonds, Series 2004. After review and discussion, Director Slade moved to approve and authorize execution of the proposal from OmniCap and direct that the proposal be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which carried by unanimous vote.

Director Fain left the meeting.

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 98.18% of the 2013 taxes had been collected as of March 31, 2014. 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 Weary seconded the motion, which passed unanimously.

ENGINEERING MATTERS

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

Mr. Ross requested authorization to design the water, sewer, and drainage facilities to serve Shadow Creek Ranch MF-5.

Mr. Ross stated a Facilities Inspection Report (the "Report") was submitted to the City in September 2011 and discussed the Board's option to update the Report for a total cost of \$10,000. Discussion ensued regarding the City's response to the 2011 Report, the cost of the Report, the District's budget, and the City's budget timeline.

Following discussion, Director Slade moved to: (1) approve the engineer's report; (2) authorize LJA to design the water, sewer, and drainage facilities to serve Shadow Creek Ranch MF-5; and (3) authorize LJA to resubmit the 2011 Report accompanied by a letter requesting the City identify completed repairs. Director Weary seconded the motion, which carried 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 ("SCAC Newsletter") and *The Connection* newsletter. Ms. Brownlee distributed and reviewed copies of the SCAC newsletter. She stated two District notices are currently printed and suggested the Board omit the additional notice containing outdated and redundant information. Following review and discussion, the Board directed ABHR to submit the District's standard notice for inclusion in the May newsletters and to omit the additional notice currently printed in the SCAC Newsletter.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Parks stated he will attend the Emerald Bay HOA meeting on April 9, 2014 to report on park development and to encourage residents to get involved by attending City Council meetings. Ms. France confirmed that Emerald Bay HOA has added an agenda item for District reports. Director Parks announced his recent employment with BBVA Compass Bank as Vice President of Healthcare Business Development and stated he will recuse himself from any Board action involving BBVA Compass Bank.

Director Slade reported on her attendance at SCRMA's most recent meeting.

Discussion ensued regarding registration for attendance at the Association of Water Board Directors summer conference. Ms. Garcia said she will request a refund of Director Weary's registration fee, who stated he cannot attend.

Mr. Norton reported on the Crawfish Festival. In response to an inquiry by Director Weary, Mr. Norton stated he will provide contact information for Director

Weary to make an inquiry regarding how the charitable proceeds of the Crawfish Festival could benefit organizations serving Shadow Creek Ranch.

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, Director Slade moved to adjourn. Director Weary seconded the motion, which passed unanimously.


Secretary, Board of Directors

(SEAL)



ACTION LIST

1. Ms. Brownlee will forward park site information to Mr. Deforest.
2. ABHR will submit the requested notice for the newsletters and request the additional District notice be omitted.
3. Mr. Ross will resubmit the 2011 Report accompanied by a letter requesting the City identify completed repairs.
4. Ms. Hamilton will draft the letter Mr. Ross will submit to the City.
5. Ms. Hamilton will confirm whether the City or the District will bear the cost of maintaining the temporary ball fields.

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