

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

May 6, 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 6th day of May, 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 Wes Boyer of the City of Pearland (the "City") Police Department; Charlie Norton and Calandra France of Shadow Creek Ranch Maintenance Association ("SCRMA"); Eva De La Rosa and Raquel Rodriguez of FirstService Residential; 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 April 1, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Fain moved to approve the minutes of the April 1, 2014, meeting, as presented. Director Weary seconded the motion, which passed unanimously.

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

Officer Boyer of the City Police Department reviewed a written security report submitted in advance of today's meeting. A copy of the security report is attached. He then responded to questions from the Board regarding crime trends.

Mr. Norton introduced Eva De La Rosa and Raquel Rodriguez of FirstService Residential, which provides management for SCRMA. There was no update on the installation of cameras.

Officer Boyer left the meeting.

DEVELOPMENT IN THE DISTRICT

Ms. Hamilton reviewed a developer reimbursement report prepared by McGrath & Co., PLLC for the purpose of verifying the amount to be reimbursed to SCR C20B Development, L.P. ("SCR") for water and wastewater impact fees paid to the City by Pearland Real Estate Holding, LLC. Ms. Hamilton stated Pearland Real Estate Holding, LLC assigned its right of reimbursement to SCR and reimbursement of these fees will be paid from the District's general fund. After review and discussion, Director Fain moved to: (1) approve the developer reimbursement report; (2) authorize disbursement of funds to reimburse SCR in the amount of \$8,455, pursuant to the developer reimbursement report and contingent on receipt of an executed Receipt; and (3) direct that the developer reimbursement report and Receipt be filed appropriately and retained in the District's official records. Director Weary seconded the motion, which was approved by unanimous vote.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

The Board considered establishing limits for Director expenses at the upcoming AWBD summer conference in Fort Worth and reviewed the guidelines established for the previous summer conference. Director Parks said his hotel expense will be paid by AWBD because he is on the Board of AWBD. The Board discussed the possibility of receiving an advance for expenses. After review and discussion, Director Prade moved to: (1) establish maximum limits of four Director fees of office, three nights of lodging, and reasonable and necessary meal expenses for any director attending the AWBD summer conference for expenses submitted in accordance with the guidelines; and (2) authorize advances for hotel room and car rental expenses. Director Weary seconded the motion, which passed unanimously.

Discussion ensued regarding meeting dates and the Board concurred to meet May 20, 2014 for a special meeting to conduct business related to bond application no. 7 and to reschedule the regular meeting on June 3, 2014 to June 10, 2014.

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 inquires by Directors Slade and Parks, Ms. Garcia verified payment of Director's fees associated with attendance at various meetings. After review and discussion, Director Fain moved

to approve the bookkeeper's report and payment of the bills. Director Prade 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 98.69% of the 2013 taxes had been collected as of April 30, 2014. Mr. Patterson next reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("PBFC&M"), a copy of which is attached. Discussion ensued regarding the uncollectable tax roll and PBFC&M's fees. In response to a request by the Board, Mr. Patterson said he would send correspondence to PBFC&M on behalf of the District requesting more aggressive action be taken concerning collection of delinquent taxes on personal property. After review and discussion, Director Prade 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

Mr. Ross reported on bids received for the clearing and grubbing of the 4-acre park site leased to the District for the development of temporary ball fields (the "ball fields"). He recommended award of the contract to the low bidder, Crostex Construction, Inc., with a total bid amount of \$26,650. The Board determined that, in its judgment, Crostex Construction, Inc. is a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Prade moved to award the contract for the clearing and grubbing of the 4-acre park site to Crostex Construction, Inc. for a total cost of \$26,650, subject to approval of payment, performance, and maintenance bonds and insurance. Director Weary seconded the motion, which was approved by unanimous vote. The Board asked Mr. Ross to coordinate with the City of Pearland as required in the Interlocal Agreement and to notify Brazoria-Fort Bend Municipal Utility District No. 1 ("BFB MUD 1") since it is sharing the cost 50-50.

Mr. Deforest presented and reviewed a proposal from KGA for the design, construction and mowing of the ball fields for a total cost not to exceed \$30,000. Following review and discussion, Director Prade moved to approve the proposal from KGA for the design, construction, and mowing of the ball fields for a total cost not to exceed \$30,000, subject to approval of the contract by ABHR and the concurrence of BFB MUD 1. Director Slade seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

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

Mr. Ross requested authorization to advertise for bids for the rehabilitation of the detention pond side slopes.

Mr. Ross requested approval of Pay Estimate Nos. 1 and 2 for the construction of water, sewer, and drainage to serve Shadow Creek Ranch SF-64 in the amounts of \$267,062.29 and \$198,487.69, payable to Allgood Construction Company, Inc.

Mr. Ross reported that LJA has re-submitted the 2011 facilities inspection report to the City and has requested that the City identify repairs that have been completed.

Ms. Humphries stated the TCEQ has issued a staff memorandum and draft order approving the District's application for the seventh issue of bonds in the amount of \$6,475,000, with which the District concurs. She then discussed an anticipated schedule of events, including preparation of the Preliminary Official Statement and Official Notice of Sale, determination of the sale date, and authorization for the District engineer to request TCEQ inspection of the facilities, if necessary.

Ms. Humphries discussed the issuance of TPDES General Permit No. TXR040000 (the "MS4 Permit") by the TCEQ required for discharges from municipal separate storm sewer systems and its applicability to the District. She informed the Board of the required steps for implementation of the MS4 Permit, and indicated that, pursuant to the MS4 Permit requirements, the District must submit a Notice of Intent ("NOI") under the City's Storm Water Management Program ("SWMP") to the TCEQ no later than June 11, 2014, in order to comply with the MS4 Permit.

Ms. Humphries discussed a proposal from Storm Water Solutions ("SWS") to conduct the work necessary to prepare the NOI, submit the required documentation to the TCEQ, and implement the SWMP for the five year duration of the MS4 Permit.

Following review and discussion, Director Prade moved to: (1) approve the engineer's report; (2) approve Pay Estimate Nos. 1 and 2, as presented, for the construction of water, sewer, and drainage to serve Shadow Creek Ranch SF-64; (3) authorize preparation of the Preliminary Official Statement and Official Notice of Sale; (4) authorize the District's engineer to request TCEQ inspection of the facilities; (5) approve SWS's proposal regarding the MS4 Permit; (6) authorize SWS to proceed with preparation of the NOI and submittal of said documents to the TCEQ; and (7) direct that the contract be filed appropriately and retained in the District's official records. Director Fain 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 Community Newsletter, *The Connection*, and on the District's page of the website. After discussion, the Board concurred for ABHR to submit the District's standard notice. The Board then reviewed an analytics report on activity on the website for the prior month, a copy of which is attached.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

In response to a question from the Board, Mr. Norton said SCRMA will meet June 24, 2014 at 2:10 p.m. regarding the installation of security cameras. The Board requested that Ms. Brownlee send a copy of the TCEQ Order approving the seventh issuance of the bonds to Mr. Norton to present at SCRMA's June 24, 2014 meeting. The Board considered delaying the award of contract for the rehabilitation of the detention pond side slopes until SCRMA has taken action to approve the installation of the security cameras.

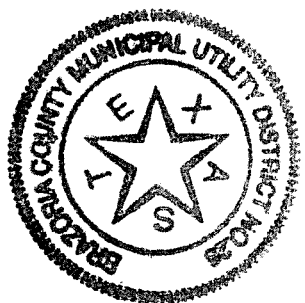
Director Slade stated her desire to promote small businesses in Shadow Creek Ranch. Mr. Ross explained the public bidding process for qualified contractors. Following discussion, the Board directed Ms. Brownlee to submit a notice to the newsletters and website inviting qualified local contractors to bid on District projects.

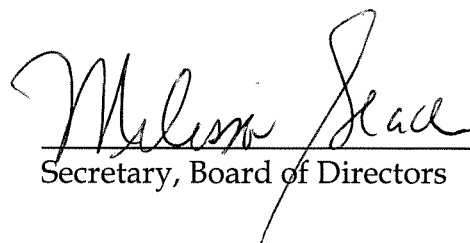
COMMENTS FROM THE PUBLIC

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.

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. Ms. Brownlee will send a copy of the TCEQ Order approving the District's seventh issuance of bonds to Mr. Norton.
2. ABHR will submit the standard notice for the newsletters and website, including a new notice inviting local qualified contractors to bid on District projects.
3. Mr. Ross will send the final acceptance bid package for the rehabilitation of the detention pond side slopes to Mr. Norton.

LIST OF ATTACHMENTS TO MINUTES

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