

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

June 10, 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 10th day of June, 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; Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Maria Shaw of FirstService Residential; Craig Rathmann and Julie Williams of Rathmann & Associates, L.P.; Bob DeForest of KGA/DeForest Design, L.L.C.; Christina Garcia of Myrtle Cruz, Inc. ("MCI"); Kathy Drew 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 May 6, 2014, regular meeting and the May 20, 2014, special meeting, which were provided in advance of the meeting. After review and discussion, Director Fain moved to approve the minutes of the May 6, 2014, meeting and the May 20, 2014, meeting, as presented. Director Prade seconded the motion, which passed unanimously.

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. 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.

REVIEW BIDS FOR THE SALE OF THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2014 (THE "SERIES 2014 BONDS")

Mr. Rathmann stated that the Board received 4 bids for the District's Series 2014 Bonds, a summary of which is attached. Mr. Rathmann stated a good faith check was submitted by the winning bidder as required.

Mr. Rathmann distributed and reviewed a report from Standard & Poor's Ratings Services ("S&P"), a copy of which is attached. He stated that S&P assigned a BBB+ rating to the District for the Series 2014 Bonds.

AWARD OF SALE OF THE DISTRICT'S SERIES 2014 BONDS

The Board next considered awarding the sale of the District's Series 2014 Bonds. Mr. Rathmann stated he verified the accuracy of the bids and recommended that the Board accept the bid with the lowest net effective interest rate submitted by RBC Capital Markets. After review and discussion, Director Prade moved to award the sale of the District's Series 2014 Bonds to RBC Capital Markets, whose bid contained the lowest net effective interest rate. Director Slade seconded the motion, which passed by unanimous vote. A copy of the accepted bid from RBC Capital Markets is attached.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SERIES 2014 BONDS, APPROVE PAYING AGENT/REGISTRAR AGREEMENT, APPROVE OFFICIAL STATEMENT, AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE BOND SALE, AUTHORIZE THE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER, AND EXECUTION OF AMENDMENT TO THE INFORMATION FORM

Ms. Humphries reviewed a Resolution Authorizing the Issuance of the District's \$6,475,000 Unlimited Tax Bonds, Series 2014. She then reviewed the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Mr. Rathmann stated the Preliminary Official Statement will be updated to include information regarding the bond sale. Ms. Humphries stated it will be necessary for the President and Secretary of the Board to sign certain documents relating to the sale of the District's Series 2014 Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas. She added the financial advisor also will take necessary action in connection with the delivery of the bonds to the purchaser. Ms. Humphries stated the Texas Water Code requires the District to file an Amendment to the Information Form with Brazoria County and the Texas Commission on Environmental Quality ("TCEQ") in order to reflect the bonds issued by the District. She then reviewed the Amendment to the Information Form with the Board. After review and discussion, Director Prade moved to (1) adopt the Resolution Authorizing the Issuance of the District's \$6,475,000 Unlimited Tax Bonds, Series 2014 and direct that

the Resolution be filed appropriately and retained in the District's official records; (2) approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. and direct that the Agreement be filed appropriately and retained in the District's official records; (3) approve the Official Statement for the Series 2014 Bonds; (4) authorize the President and Secretary to sign the documents relating to the bond sale and authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; and (5) authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Slade seconded the motion, which passed by unanimous vote.

Director Parks left the meeting.

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

Officer Lucas 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. She then responded to questions from the Board regarding crime trends and stated the City Police Department will be hiring more officers next month.

Ms. Shaw said several bids for the installation of security cameras will be presented at the June 24, 2014, SCRMA meeting. Directors Prade and Slade stated they will attend the meeting.

Director Fain reported Officer Lucas received a commendation from the Knights of Columbus for Officer of the Year.

In response to a question from the Board, Officer Lucas reported on the Neighborhood Watch committee that meets twice a month with Ms. Shaw.

Officer Lucas left the meeting.

#### DEVELOPMENT IN THE DISTRICT

No reports were presented.

#### TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Drew reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. She noted that 99.08% of the 2013 taxes had been collected as of May 31, 2014. Ms. Drew next reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("PBFC&M"), a copy of which is attached. 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 Slade seconded the motion, which passed unanimously.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE COLLECTION OF DELINQUENT TAXES

Ms. Hamilton stated that as of July 1, 2014, outstanding 2013 tax accounts will be assessed an additional 20% penalty. After discussion, Director Prade moved to authorize the delinquent tax attorney to proceed with the collection of delinquent 2013 taxes as of July 1, 2014. Director Slade 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 reported on the bid received for rehabilitation of the detention pond side slopes. He recommended award of the contract to the low bidder, Fort Bend Excavation, Inc., with a total bid amount of \$4,187,019.90, subject to approval of payment and performance bonds and insurance. Following review and discussion, Director Prade moved to accept the engineer's report and to delay award of the contract for rehabilitation of the detention pond side slopes until SCRMA takes action to approve the installation of the security cameras. The motion was seconded by Director Slade and carried unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. Ross updated the Board on 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 stated the City has accepted the plans and the clearing and grubbing will commence in the next few weeks.

Mr. DeForest presented and reviewed options for the layout of the ball fields, a copy of which is attached. Discussion ensued regarding scheduling of the ball fields and the Board concurred that SCRMA should oversee scheduling and reservations. Ms. Shaw said options for scheduling the ball fields will be discussed at the June 24, 2014, SCRMA meeting. Ms. Shaw stated she will provide Mr. DeForest with the names of vendors of goal posts that comply with recent safety regulations. In response to a request from Mr. DeForest, Mr. Ross said he will send the topographical map of the 4-acre park site he has on file to Mr. DeForest.

Mr. Ross, Mr. Rathmann, Ms. Williams, and Ms. Drew left the meeting, and Director Parks returned to the meeting.

Discussion ensued regarding the scheduling of a joint meeting with Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB MUD 1") and Mr. DeForest. The Board concurred to meet on the District's regular meeting on July 1, 2014 but omit agenda items related to recreational facilities and schedule a special meeting on July 11, 2014 at 12:00 p.m. with BFB MUD 1 to discuss recreational facilities.

STORM WATER PERMIT TXRQ40000 NOTICE OF INTENT

Ms. Hamilton presented and reviewed a Notice of Intent ("NOI") prepared by Storm Water Solutions ("SWS") for the District's inclusion under the City of Pearland's Storm Water Management Plan ("SWMP"). Following review and discussion, Director Prade moved to approve the District's NOI and the District's inclusion in the SWMP, authorize SWS to submit said NOI and SWMP to the TCEQ by the June 11, 2014 deadline, and direct that the NOI and SWMP be filed appropriately and retained in the District's records. Director Slade 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 along with additional notices stating the District's S&P rating and an update on the temporary ball fields. 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

No reports were presented.

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)



*Melissa Slade*  
Secretary, Board of Directors

ACTION LIST

1. Mr. Ross will send a copy of the topographical map of the 4-acre park site to Mr. DeForest.
2. ABHR will submit the standard notice for the newsletters and website, including an additional notice stating the District's S&P rating and an update on the temporary ball fields.
3. Ms. Shaw will the names of vendors of goal posts in compliance with recent safety regulations to Mr. DeForest.
4. Ms. Shaw will discuss scheduling options for the temporary ball fields at the June 24, 2014, SCRMA meeting.
5. Directors Prade and Slade will attend the June 24, 2014, SCRMA meeting and provide a report to the Board on the installation of the security cameras.

LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
Bookkeeper's report.....	1
Summary of Bids for the District's Series 2014 Bonds.....	2
Report from Standard & Poor's Investors Service .....	2
Security report.....	3
Tax assessor/ collector's report .....	3
Delinquent tax report .....	3
Engineer's report.....	4
4-acre Practice Ball Field Development Plan .....	4
Website Analytics Report .....	5