

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

August 5, 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 5th day of August, 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"); Kim Courte of Highpoint Insurance Group, L.L.C; Bob DeForest of KGA/DeForest Design L.L.C.; Julie Williams of Rathmann and Associates, L.L.P.; Tracey Scott of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc.; James Ross of LJA Engineering, Inc. ("LJA"); and Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 1, 2014, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Prade moved to approve the minutes of the July 1, 2014, meeting as presented. Director Fain seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

Ms. Brook reported on a possible annexation into the District.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Scott 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.

Ms. Brook noted the bookkeeper has amended the budget for the fiscal year ending September 30, 2014 by generating a separate category that only includes the Recreational Facilities Expenses and the City of Pearland operating revenue, as requested by the Board at the July 11 special meeting, to indicate the temporary ball fields are being paid from these revenue rather than tax revenue.

After review and discussion, Director Prade moved to approve the bookkeeper's report, payment of the bills, and the 2014 budget amendment. Director Fain seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2015

Ms. Scott reviewed the budget for fiscal year ending September 30, 2015 and requested the directors and consultants review the draft budget and send any comments to the District's bookkeeper prior to next month's meeting.

RECEIVE REPORT FROM FINANCIAL ADVISOR ON CASH REDEMPTION OF BONDS AND REDEMPTION EXPENSES, AUTHORIZE CASH REDEMPTION OF BONDS, AND APPROVE NOTICE OF CASH REDEMPTION OF BONDS AND MATERIAL EVENT NOTICE FOR THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2006

The Board considered authorizing a cash defeasance of certain of the maturities of the District's \$16,165,000 Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"). Ms. Williams distributed and reviewed an analysis of the District's debt service requirements and a proposed redemption of the 2031 maturity of the Series 2006 Bonds, which would reduce the District's debt service requirements by \$975,000. A copy of the analysis is attached. Ms. Williams stated that the redemption would occur on September 15, 2014, after proper notice is given.

Ms. Brook then reviewed a Notice to Paying Agent of Bond Redemption to provide notice of the District's redemption of the 2031 maturity of the Series 2006 Bonds. After review and discussion, Director Prade moved to authorize the Notice to Paying Agent of Bond Redemption and direct that it be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which carried unanimously.

DISCUSS 2014 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Williams discussed the 2014 tax rate and recommended the District levy a 2014 tax rate of \$0.69 per \$100 of assessed value, with \$0.66 allocated for debt service and \$0.03 allocated for operations and maintenance, the same tax rate as the previous

year. She stated the District has not completed the financing of all water, sewer, and drainage infrastructure in the District. She stated that, according to the Brazoria County Appraisal District, the 2014 taxable value in the District is \$781,971,963 and the average home value increased from \$246,916 for 2013 to \$256,059 for 2014. After review and discussion, Director Prade moved to authorize the tax assessor/collector to publish notice of the District's public hearing on September 2, 2014, to set the proposed 2014 tax rate of \$0.69 per \$100 assessed valuation, with \$0.66 allocated for debt service and \$0.03 allocated for operations and maintenance. Director Fain seconded the motion, which passed unanimously.

Director Slade entered the meeting.

#### ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2009 BONDS

Ms. Brook stated the District received a proposal from OmniCap Group, LLP ("OmniCap") to conduct an arbitrage rebate study for the \$3,960,000 Unlimited Tax Bonds, Series 2009. After review and discussion, Director Prade 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.

#### DISCUSS INSURANCE MATTERS

Ms. Courte responded to questions from the Board regarding workers' compensation and business travel accident coverage.

Officer Lucas entered the meeting.

#### SECURITY SERVICES REPORT, INCLUDING REPORT FROM SHADOW CREEK RANCH MAINTENANCE ASSOCIATION ("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.

Director Parks reported that Drew Pelter of Shadow Creek Ranch Development Company, L.P. confirmed SCRMA will award a contract for the installation of security cameras at SCRMA's meeting scheduled for 2:10 p.m. today. Mr. Norton confirmed the meeting time and SCRMA's intent to award said contract. In response to a question by Director Slade, Director Parks stated Mr. Pelter reported the budget for installation of the security cameras is \$150,000.

Ms. Courte 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 99.54% of the 2013 taxes had been collected as of July 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 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.

Officer Lucas left the meeting.

## RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Director Parks stated he attended the July 28, 2014 Pearland City Council meeting ("City Council") and reported on the discussion among council members regarding the District's and Brazoria-Fort Bend County Municipal Utility District No. 1's ("BFB1"), (collectively known as the "Districts") proposal to provide potential funding for the public water, sewer, and drainage facilities to serve the Shadow Creek Ranch Sports Complex (the "Sports Complex"). The Board discussed holding a community informational meeting and possible dates. Director Parks noted there will be a charge to use Reflection Bay Event Center and requested the Board approve a check to pay for this charge. Director Parks stated he will contribute speaking points and agenda items to reflect the purpose of the community meeting, which is to educate the residents of Shadow Creek Ranch on the benefits of the Sports Complex to the community and the residents' options to contribute, or not, to the project. Discussion ensued regarding resident perception of helping to fund the Sports Complex. Director Parks requested ABHR speak on behalf of the District at the community meeting.

Mr. DeForest entered the meeting. He stated he performed an initial visual inspection of the 4-acre park site (the "Park Site") grading to be developed into temporary ball fields and determined it may be necessary to add more top dirt to ensure the temporary fields will drain properly.

Mr. Patterson left the meeting.

## ENGINEERING MATTERS

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

Mr. Ross reviewed a proposal from LJA for the fees related to the installation of temporary ball fields for an estimated amount of \$15,000, the cost of which will be shared with BFB 1.

Mr. Ross reviewed his June 10, 2014 recommendation of award of contract for rehabilitation of the detention pond side slopes to Fort Bend Excavation, Inc. ("FB Excavation") and requested action from the Board. The Board determined that, in its judgment, FB Excavation 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.

Mr. Ross noted the topography map of the Park Site requested by Mr. DeForest is too old to be used in the project.

Following review and discussion, Director Prade moved to approve the engineer's report and, based upon the engineer's recommendation, take the following actions: (1) approve the proposal from LJA for fees related to the installation of temporary ball fields; and (2) award contract for the rehabilitation of the detention pond side slopes to FB Excavation in the total bid amount of \$4,187,019.90, subject to approval of payment, performance, and maintenance bonds and insurance and contingent upon Director Parks confirming SCRMA's award of a contract to install security cameras. Director Fain seconded the motion, which passed unanimously.

Director Fain and Mr. Ross left the meeting.

#### STORM WATER PERMIT TXRQ40000

Ms. Brook stated there were no updates on this item.

#### 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

No reports were presented.

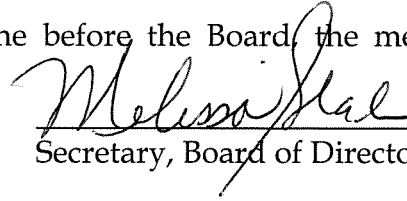
#### RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT, continued

The Board discussed coordination of a meeting with City Council members to prepare for the community meeting. Following review and discussion of meeting preparations, Director Prade moved to authorize a check in an amount not to exceed \$1,500 to pay for the fee charged by the facility to host the community meeting. Director Weary seconded the motion, which passed unanimously.

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 District’s directors and consultants will submit comments on the budget for fiscal year ending September 30, 2015 to the District’s bookkeeper.
2. ABHR will submit the standard notice for the newsletters and website, including submission of information regarding the community meeting to the website when it becomes available.
3. Director Parks will complete authorization of the award of the District’s contract for the rehabilitation of the detention pond side slopes upon confirmation of SCRMA’s award of contract for installation of the security cameras.
4. Director Parks will provide speaking points and agenda items for the community meeting.
5. Directors Parks and Weary will meet with members of City Council August 15, 2014 in preparation of the community meeting.

LIST OF ATTACHMENTS TO MINUTES

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