

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

October 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 October, 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 Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); Taylor Baumgartner of LJA Engineering, Inc. ("LJA"); and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the September 2, 2014, regular meeting and the minutes of the special meetings of September 9, 2014 and September 17, 2014, which were provided in advance of the meeting. After review and discussion, Director Prade moved to approve the minutes of the September 2, 2014, regular meeting and the minutes of the special meetings of September 9, 2014 and September 17, 2014 as presented. Director Slade seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT, INCLUDING REPORT FROM SHADOW CREEK RANCH MAINTENANCE ASSOCIATION ("SCRMA") ON INSTALLATION OF CAMERAS

The Board reviewed a written security report submitted in advance of today's meeting. A copy of the security report is attached. Mr. Norton reported on the installation of security cameras by SCRMA as reported to him by Howard Manson of Today's Integration. Mr. Norton stated the installation is expected to be complete by the end of next month. In response to questions from the Board, Mr. Norton said there will be six cameras installed at nine different locations in the vicinity of the main

entrances to Shadow Creek Ranch. Mr. Norton confirmed signs notifying people of the surveillance will be posted and SCRMA will coordinate with the Pearland Police Department to review video footage from the security cameras.

DEVELOPMENT IN THE DISTRICT

No reports were presented.

REVIEW FINAL ARBITRAGE REBATE REPORT FOR SERIES 2004 BONDS

Ms. Brook reviewed the final arbitrage rebate report regarding the District's Series 2004 bonds prepared by OmniCap Group, LLC. Ms. Brook stated the report indicates no arbitrage rebate payment is required by the District. Following review and discussion, Director Fain moved to accept said report. Director Prade seconded the motion, which passed by unanimous vote.

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. Based on a request from the Board, Ms. Garcia said she will apply all legal invoices with the task code "parks" to the separate budget line item for recreational facilities expenses beginning next month. 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 99.74% of the 2013 taxes had been collected as of September 30, 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 Fain moved to approve the tax assessor/collector's report, the delinquent tax report, and payment of the tax bills. Director Prade seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Director Parks reported on his attendance at the October 3, 2014, Board of Directors meeting of Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1"). He said the Board of BFB1 approved including \$685,000 in its next bond issue to fund the public water, sewer, and drainage facilities to serve the Shadow Creek Ranch Regional Sports Park (the "Sports Park") based on what the residents of Shadow

Creek Ranch support, as communicated by the approximate 200 residents in attendance at the September 17, 2014 community informational meeting (the "Community Meeting"). Director Parks said the Board of BFB1 also approved the addition of irrigation for the temporary ball fields, subject to the City of Pearland's (the "City") four year extension of the 4-acre tract lease. Following discussion, Director Fain made the following motion: (1) approve \$685,000 as part of the District's next bond issue for the funding of the public water, sewer, and drainage facilities to serve the Sports Park; (2) approve irrigation for the temporary ball fields; and (3) direct the Minutes to reflect public commendation of the District's counsel, its other consultants, and Maria Southall-Shaw of SCRMA for assistance in preparing for the Community Meeting. Director Prade seconded the motion, which passed unanimously.

The Board discussed scheduling a meeting between City representatives and a park committee of directors from the District and BFB1, (collectively, the "Districts"), including Director Parks and Director Weary and BFB1 Directors Geoffrey Pope, or alternative if he is not available, and Terry Ruiz, to voice what the Shadow Creek Ranch residents want in return for the Districts' funding of the public water, sewer, and drainage facilities to serve the Sports Park. The Board asked ABHR to schedule the meeting.

ENGINEERING MATTERS

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

Mr. Baumgartner reviewed two pay estimates as detailed in the engineer's report.

Mr. Baumgartner discussed possible projects to include in the District's next bond issue as detailed in the engineer's report, which includes the amount of \$685,000 for the construction of the water, sewer, and drainage facilities to serve the Sports Park. Mr. Baumgartner then requested the Board authorize preparation of bond application no. 8. The Board requested Ms. Brownlee request proposals from Jones-Heroy & Associates, Inc. and LJA for preparation of bond application no. 8 to consider at next month's meeting.

Following review and discussion, Director Fain moved to approve the engineer's report and, based upon the engineer's recommendation, take the following action: (1) approve Pay Estimate No. 3 for the construction of the water, sewer, and drainage facilities to serve Shadow Creek Ranch SF-64 in the amount of \$36,380.25, payable to Allgood Construction Company, Inc.; (2) approve Pay Estimate No. 2 and Final for the clearing and grubbing of the 4-acre park site in the amount of \$2,015, payable to Crostex

Construction, Inc.; and (3) authorize preparation of bond application no. 8. Director Prade seconded the motion, which passed unanimously.

STORM WATER PERMIT TXRQ40000

There were no updates to report for 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 revisions to update the District's website. After discussion, the Board concurred for ABHR to submit the District's standard notice and to update the District's website. The Board then reviewed an analytics report on activity on the website for the prior month, a copy of which is attached.

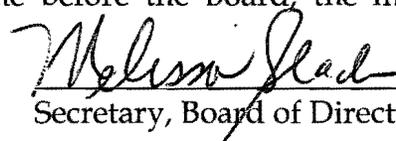
REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

The Board reviewed a press release from the Attorney General of Texas ("OAG") with a copy of the settlement agreement between RBC Capital Markets, LLC ("RBC") and the AOG. The Board reviewed a press release from RBC and an article in The Bond Buyer regarding RBC's settlement with the OAG. Copies of the aforementioned documents are attached. Ms. Humphries stated the District will be receiving \$10,460.43 of the settlement. The Board then reviewed a letter from BOSC, Inc., ("BOSC") which outlines what BOSC has to offer as a financial advisor to municipalities in the event the District seeks financial advisory services. A copy of the letter from BOSC is attached.

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. ABHR will submit the standard notice for the newsletter and update the District's website.
2. Directors Parks and Weary will meet with City Council to voice what the residents of Shadow Creek Ranch want in return for the Districts' funding of the public water, sewer, and drainage facilities for the Sports Park.
3. Ms. Garcia will apply all legal bills with the task code "parks" to the budget item Recreational Facilities Expense.
4. Ms. Brownlee will request proposals for the preparation of bond application no. 8 from Jones-Heroy & Associates, Inc. and LJA.

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 Analytics Report	4
Attorney General of Texas press release	4
Settlement agreement between RBC and the Attorney General of Texas	4
RBC press release	4
The Bond Buyer article.....	4
Letter from BOSC.....	4