

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

March 3, 2015

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 3<sup>rd</sup> day of March, 2015, 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 except Director Prade, thus constituting a quorum.

Also present at the meeting were Adrienne Bell, candidate for City of Pearland (the "City") City Council; Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Officer Natisha Lucas of the City Police Department; Amy Symmank of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); James Ross 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 February 3, 2015, regular meeting and the February 6, 2015, special meeting, which were provided in advance. After review and discussion, Director Slade moved to approve the minutes of the February 3, 2015, regular meeting and the February 6, 2015, special meeting, as presented. Director Weary seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

There was no discussion on this topic.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Symmank 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 Slade moved to approve the bookkeeper's report and payment of the bills. Director Fain 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 96.74% of the 2014 taxes had been collected as of February 28, 2015. Mr. Patterson next reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached to the tax assessor/collector's report. 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 Fain seconded the motion, which passed unanimously.

## RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported on correspondence from Mr. DeForest stating the site plan for construction of the temporary ball fields (the "Fields") has been reworked with the input of LJA to address drainage such that a flood plain mitigation plan is not needed. Mr. Ross stated the new site plan should save the District approximately \$50,000 to \$60,000 for construction of the Fields. Ms. Brook reported that Mr. DeForest's correspondence indicated Mr. DeForest will submit the new site plan for the Fields to the City for approval and requested the Board reject the bid from Key-Scape, LLC for a total cost of \$246,905.00, which was reviewed at the special meeting of February 6, 2015, with Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1) and authorize KGA/DeForest to advertise the reworked site plan for construction of the Fields for public bids, subject to City approval of the new site plan. After discussion, Director Slade moved to reject the bid from Key-Scape LLC and authorize KGA/DeForest to advertise for bids for construction of the Fields based on the new site plan, subject to City approval of the new site plan. The motion was seconded by Director Weary and passed by unanimous vote.

Ms. Brook reported on bond application no. 8, which includes the District's portion of funding to construct the public water, sewer, and drainage to serve the Shadow Creek Ranch Sports Park Phase 1 (the "Project"). Ms. Brook stated bond application no. 8 cannot be filed with the Texas Commission on Environmental Quality ("TCEQ") because the City has been notified by the TCEQ that the sewage treatment plant that serves the District and BFB1 is operating in excess of capacity. Ms. Brook said neither bond application no. 8 nor BFB1's bond application no. 7, which includes BFB1's portion of funding for the Project, can be filed with the TCEQ until December of

this year when the City's emergency temporary expansion of the plant is proposed to be complete.

Ms. Brook stated the District's operating account currently has enough surplus revenue to pay for the Project in addition to the construction of water, sewer, and drainage facilities to serve SF-64, also included in bond application no. 8. Ms. Brook reported that the District's financial advisor concurred that the District is in a solid financial position to use the surplus operating revenue available to pay for the Project. Ms. Brook noted the Board of BFB1 will consider using surplus operating revenue to pay for the Project and that both the District and BFB1 will need to proceed together in order to fund the Project. After discussion, Director Weary moved to authorize preparation and adoption of a Resolution Authorizing Expedited Application to the Texas Commission on Environmental Quality for Use of Surplus Operation and Maintenance Tax Revenue, subject to approval of same from the Board of BFB1 for use of BFB1's surplus operating revenue to pay for the Project, and direct that the Resolution be filed appropriately and retained in the District's records. The motion was seconded by Director Slade and passed unanimously.

Discussion ensued regarding extra developer interest the District will pay because of the approximate one year delay in submitting bond application no. 8 caused by the City's over-capacity issue.

Officer Lucas entered the meeting.

#### ENGINEERING MATTERS

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

Mr. Ross distributed and reviewed the most recent District aerial photo and discussed new commercial development.

Mr. Ross reviewed the option of authorizing LJA to conduct an annual inspection of the District's facilities and send the resulting inspection report to the City as a recommendation for repairs. Mr. Ross noted the City had no response to the District's letter requesting the City review the Facilities Inspection Report submitted in 2011 and identify what repairs, if any, had been made. Following discussion, the Board concurred to direct Mr. Ross to send the 2011 Report to Mr. Norton to retain as a reference when residents notify SCRMA of needed repairs.

Mr. Ross discussed an estimated timeline for completion of the rehabilitation of the detention pond side slopes and expectations for annual maintenance.

Mr. Ross updated the Board on bond application no. 8.

Following review and discussion, Director Fain moved to approve the engineer's report. Director Slade seconded the motion, which passed unanimously.

#### SECURITY SERVICES REPORT

Officer Lucas reviewed a written security report submitted in advance of today's meeting. A copy of the security report is attached. Officer Lucas then responded to questions from the Board regarding crime trends. Mr. Norton reported the twelve surveillance signs purchased by the neighborhood crimewatch will be installed in the next two weeks, noting the weather has caused delay. In response to a question by Director Fain, Officer Lucas said no officers have trained on the surveillance equipment because the Captain of the City Police has been unavailable to schedule the training. Officer Lucas said she will contact the Captain to expedite scheduling of the training. Officer Lucas noted she will attend tonight's Board meeting of the Emerald Bay Homeowner's Association ("Emerald Bay HOA") and will, based upon a request from the Board, acknowledge funding from the District and BFB1 for security patrol and repair of the detention pond side slopes to free SCRMA money to pay for installation of the security cameras.

#### ANNUAL REPORT

Ms. Brook reviewed the District's Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System in compliance with SEC Rule 15c12-12 and with the Municipal Advisory Council of Texas, the State Information Depository, by March 31, 2015. Following review and discussion, Director Fain moved to approve the Annual Report to be filed in compliance with the continuing disclosure provisions contained in the bond resolutions and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Slade seconded the motion, which passed unanimously.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Brook reviewed a Resolution Concerning Exemptions from Taxation with the Board. She stated in 2014 the District granted a general homestead exemption of 20%, but not less than \$5,000, and an additional \$40,000 homestead exemption for disabled persons or persons over 65 years of age for the previous tax year. After review and discussion, Director Slade moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board rejects any exemption of travel trailers from ad valorem taxation, grants a general homestead exemption of 20%, but not less than \$5,000, and grants a \$40,000 homestead exemption for disabled persons or persons over 65 years of age, all for the 2015 tax year, and direct that the Resolution be filed

appropriately and retained in the District's official records. Director Fain seconded the motion, which passed by unanimous vote.

RESOLUTION NOMINATING MICHAEL PARKS TO THE BOARD OF TRUSTEES OF THE ASSOCIATION OF WATER BOARD DIRECTORS - TEXAS

The Board considered adopting a Resolution Nominating Michael Parks to the Board of Trustees of the Association of Water Board Directors - Texas (the "Board of AWBD"). Director Parks stated he is running for re-election. Following review and discussion, Director Slade moved to adopt the Resolution Nominating Michael Parks to the Board of Trustees of the Association of Water Board Directors - Texas, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which carried unanimously.

RENEWAL OF INSURANCE POLICIES

Ms. Brook presented a proposal received from Highpoint Insurance Group, LLC ("Highpoint"), the District's current provider, for renewal of the District's insurance policies, which expire on March 19, 2015. After review and discussion, Director Slade moved to renew the District's insurance policies with the current provider, Highpoint. Director Fain seconded the motion, which carried unanimously.

STORM WATER PERMIT TXRQ40000

Ms. Brook updated the Board on the District's compliance with TPDES general permit no. TXR040000. She stated the District is included in the City's stormwater management plan and requested the Board approve the annual report prepared by the City for year 1. Following discussion, Director Slade moved to approve the annual report and authorize that the report be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed 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 revisions to the District's website, including information to address contributions made by the District and BFB1 to the community. After discussion, the Board concurred to request ABHR post the standard notice to the newsletter and the District's website with the addition of a new article including (1) the combined assessed value of the District and BFB1 as a percentage of the City's assessed value; (2) the City's sewage treatment plant overcapacity issue; (3) access to the Annual Report, which outlines the financial health of the District; (4) the District's and BFB1's funding of security patrols and how each District paying for the repairs to the detention ponds has enabled SCRMA to pay for surveillance cameras; and (5) upcoming City Council elections. 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 given.

COMMENTS FROM THE PUBLIC

Director Parks introduced Adrienne Bell, candidate for position 4 of the City Council. Ms. Bell discussed her personal and political background, reasons for being a candidate, goals to achieve if elected to City Council, and her recent endorsement by the AFL-CIO. Ms. Bell stated Derek Reed of Shadow Creek Ranch is running for position 2 to replace Scott Sherman, who is subject to term limits. Ms. Bell then responded to questions from the Board.

There being no further business to come before the Board, Director Weary moved adjourn. The motion was seconded by Director Fain and passed unanimously.

  
Asst Secretary, Board of Directors

(SEAL)



ACTION LIST

1. ABHR will submit the standard notice to the District’s website and the community newsletter, including an additional article with noted provisions.
2. Mr. DeForest will submit the new site plan for the Fields for City approval.
3. Mr. DeForest will rebid the construction of the Fields based on the new site plan.
4. Mr. Ross will send the 2011 Facilities Inspection Report to Mr. Norton to keep on hand as a reference when residents notify SCRMA of a needed repair.
5. Officer Lucas will contact the Captain of the City Police to expedite scheduling of Officer training to monitor video from the security cameras.
6. Officer Lucas will speak at the Emerald Bay HOA meeting tonight to inform residents of contributions made by the District and BFB1 toward security.
7. Director Parks will complete and submit the candidate information form and a candidate photo to AWBD to run for the title of President of the Board of the Trustees of AWBD - Texas.

LIST OF ATTACHMENTS TO MINUTES

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