

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

August 4, 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 4th day of August, 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 Weary, thus constituting a quorum.

Also present at the meeting were Ahmeer Parks and Paige Chiang, members of the public; Goray Mookerjee, resident and Director of the Board of Emerald Bay Homeowners Association ("Emerald Bay HOA"); Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Mike Rozell, Director of Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1"); Julie Williams of Rathmann & Associates, L.P.; Christina Garcia of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); James Ross of LJA Engineering, Inc. ("LJA"); Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Bob DeForest of KGA/DeForest Design, LLC; and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 7, 2015, regular meeting, and the July 10, 2015, special meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the July 7, 2015, regular meeting, and the July 10, 2015, special meeting, as presented. Director Fain seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

There was nothing to report on this topic.

## 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 Prade moved to approve the bookkeeper's report and payment of the bills. Director Fain seconded the motion, which passed unanimously.

## BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2016

Ms. Garcia reviewed the budget for fiscal year ending September 30, 2016 and requested the directors and consultants review the draft budget and send any comments to her prior to next month's meeting. In response to a request from the Board, Ms. Garcia said she would change the maintenance tax revenue line item in the budget for fiscal year ending September 30, 2016, to reflect the District's 2015 taxable certified value.

Officer Lucas entered the meeting.

## SECURITY SERVICES REPORT

Officer Lucas reviewed the written security report for Shadow Creek Ranch ("SCR"), a copy of which is attached. Officer Lucas discussed the impact of the District's security cameras since being implemented in June. Following review and discussion, the Boards concurred to accept the Security report. Officer Lucas left the meeting.

## AUTHORIZE CASH DEFEASANCE OF THE 2026 MATURITY OF THE DISTRICT'S UNLIMITED TAX BONDS, SERIES 2005 ("SERIES 2005 BONDS")

Ms. Williams discussed the proposed cash defeasance of the 2026 maturity of the Series 2005 Bonds using surplus operating funds. Following review and discussion, Director Prade moved to authorize cash defeasance of the 2026 maturity of the Series 2005 Bonds. Director Fain seconded the motion, which passed by unanimous vote.

## ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2005 BONDS

The Board considered a proposal from Omnicap to provide an arbitrage rebate study for the Series 2005 Bonds. Following review and discussion, Director Prade moved to approve the proposal. Director Fain seconded the motion, which passed by unanimous vote.

## 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 99.63% of the 2014 taxes had been collected as of July 31, 2015. Following review and discussion, Director Prade moved to approve the tax assessor/collector's report and payment of the tax bills. Director Fain seconded the motion, which carried by unanimous vote.

## DISCUSS 2015 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Williams distributed and reviewed a tax rate analysis and recommended the District levy a 2015 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 that, according to the Brazoria County Appraisal District, the 2015 taxable value in the District is \$840,668,150 and the average home value increased from \$209,412 in 2014 to \$223,523 in 2015. Discussion ensued regarding the accelerated schedule of debt service payments pursuant to the Board's goal to pay off debt early to allow for early dissolution of the District once all debt is retired. After review and discussion, Director Prade moved to authorize the tax assessor/collector to publish notice of the District's public hearing on September 1, 2015, to set the proposed 2015 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.

## ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. Mr. Ross reported on the progress of ongoing projects in the District.

Mr. Ross updated the status of bond application no. 8 as reflected in his report. Ms. Brook stated the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds will need to be updated to include \$800,000 in surplus capital projects funds used to reduce the principal amount of bonds, as discussed at the District's July 24, 2015, special meeting. After discussion, Director Prade moved to approve updating the Resolution as discussed. Director Fain seconded the motion, which passed unanimously.

## RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. Ross reviewed a revised proposal for LJA to monitor and report on the City's construction of the park improvements listed in the Interlocal Agreement Related to Construction of Additional Public Park Improvements (the "Agreement") calculated at an hourly rate for approximately two hours per week at an estimated cost of \$5,000 plus

expenses. Mr. Ross noted he will present the same proposal to the Board of BFB1 at its next meeting.

Mr. DeForest distributed and reviewed the landscape architect's report, a copy of which is attached. He provided an update on construction of the temporary ball fields (the "Fields") as reflected in the landscape architect's report. Mr. DeForest reviewed and recommended Pay Estimate No. 3 to Four Seasons Development in the amount of \$34,187.96 to be cost-shared equally with BFB1. A copy of Pay Estimate No. 3 is attached to the landscape architect's report.

Mr. DeForest estimated the cost of installing the proposed sign, the design and specs for which were approved at the meeting of June 2, 2015, (the "Sign") at \$4,000, to be cost shared equally with BFB1, subject to BFB1's approval.

The Board reviewed email correspondence, including photo attachments, from BFB1 Director Geoffrey Pope expressing concerns about the condition of the Fields. A copy of Director Pope's email and photos are attached.

Mr. DeForest discussed the hard ground condition of the Fields, which is preventing hydromulch from germinating. He said the ground is compacted from heavy rainfall at the beginning of the summer followed by steady heat and little to no rainfall. Mr. DeForest discussed options for cultivating turf and reported on a proposal to pulverize the ground, reapply hydromulch, and irrigate until germination for an estimated cost of \$18,000 divided equally with BFB1, subject to BFB1's approval.

Mr. DeForest noted repair of the damaged sidewalks leading to the Fields are part of the contractor's punch list and that pulverizing the ground will even the ruts and low spots.

In response to a request from the Board, Director Fain said he would attend the next meeting of BFB1 to answer any questions BFB1 might have regarding the proposals presented today. Mr. Rozell stated he was attending today's meeting as President of BFB1 to show support for the park project. He noted he recently toured the Fields to see progress.

Following review and discussion, Director Prade moved to accept the landscape architect's report and the proposal from LJA to monitor and report on construction of park improvements as stated in the Agreement for a cost not to exceed \$5,000 plus expenses and, based on the recommendation of the landscape architect, (1) approve Pay Estimate No. 3, as presented, for construction of the Fields to be cost shared equally with BFB1, with the District's share being \$17,093.98; (2) approve installation of the Sign for a total cost not to exceed \$4,000 to be cost shared equally with BFB1, with the District's share not to exceed \$2,000; and (3) approve the proposal to pulverize the ground of the Fields, apply hydromulch, and irrigate until germination for a cost not to

exceed \$18,000 to be cost shared equally with BFB1, with the District's share not to exceed \$9,000. Director Fain seconded the motion, which passed unanimously.

Ms. Humphries, Ms. Chiang, and BFB1 Director Rozell left the meeting.

#### 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 website. Following discussion, the Board directed ABHR to post the standard notice to the newsletter and 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.

#### ATTORNEY'S REPORT

There was no additional information to report .

#### STORM WATER PERMIT TXRQ40000

No updates were presented.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Parks reported on his attendance at the Association of Water Board Directors strategic planning meetings.

Director Prade reported on a meeting attended by herself, Director Fain, Mr. Mookerjee, and Maria Shaw of SCRMA to answer Mr. Mookerjee's questions about the District. Director Prade said she requested that Mr. Mookerjee email Ms. Humphries with any additional questions.

#### COMMENTS FROM THE PUBLIC

The Board responded to questions and comments from Mr. Mookerjee regarding security, debt payment, recreational facilities, and the location and scheduling of Board meetings.

There being no further business to come before the Board, the meeting was adjourned.

*Melissa Good*  
Secretary, Board of Directors

(SEAL)



ACTION LIST

1. ABHR will submit the standard notice to the community newsletter and update the District's website.
2. Director Fain will attend the next meeting of BFB1.

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