

# Brazoria County

Municipal Utility District No. 26



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# 2018

## INFORMATION KIT

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# 2018 INFORMATION KIT

Brazoria County Municipal Utility District No. 26

## Section 1

# FACT SHEET: DISTRICT OVERVIEW

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FEBRUARY, 2018

### **District Mailing Address and Telephone Number**

Brazoria County Municipal Utility District No. 26  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027  
(713) 860-6400

### **District Website**

[www.shadowcreekranchmuds.com](http://www.shadowcreekranchmuds.com)

The District shares a website with its sister Shadow Creek Ranch MUD, Brazoria-Fort Bend County MUD No. 1. On the homepage there is information posted by both MUDs. BC MUD 26 has its own tab for information unique to the District.

### **Public Information Officer/Media Contact**

Ms. Lynne B. Humphries  
Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027  
(713) 860-6400

### **Date of Creation**

March 18, 2002

**How and when was the district created?**

The District was created by the Texas Natural Resource Conservation Commission, predecessor to the TCEQ, on March 18, 2002.

**What utility services does the district provide for its residents?**

### **WATER AND WASTEWATER/SEWER**

The District is entirely within the corporate limits of the City of Pearland, Texas (the "City"). Therefore, its utility systems have been designed and constructed to meet the standards of the City, as well as all applicable State standards.



## What utility services does the district provide for its residents?

After the water and sewer facilities are designed and constructed by the District, the City takes over operation and maintenance. The District paid impact fees to the City for the City to build potable water and wastewater treatment facilities to serve the District.

### **WATER AND WASTEWATER/SEWER**

Information regarding water and sewer service, including water quality reports, may be obtained by contacting the City at (281) 652-1603.

### **DRAINAGE**

Storm drainage for the District is provided by an internal drainage network of underground storm drainage lines that outfall into the Shadow Creek Ranch drainage system comprised of interconnected groups of lakes, detention ponds, channels, and dry detention ponds that drain to Clear Creek, which forms the northern and eastern boundaries of the City. The City maintains the storm sewers.

## What services does the district provide other than utilities?

### **SECURITY**

The District provides supplemental security services from off-duty City of Pearland Police Officers. The Directors believe the extra patrols in the District have contributed to the reduction in crime statistics in Shadow Creek Ranch maintained by the City of Pearland.

### **PARKS**

The District, upon approval by the TCEQ, contributed to the cost of the water, sewer and drainage facilities to serve the Pearland Regional Sports Park.



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## What services does the district provide other than utilities?

As a result, the City spent money to fund additional park facilities, including the following:

1. Crushed granite trail around detention pond;
2. Clear and grub Phase 2 open space;
3. Playground;
4. Lawn amphitheater;
5. Volleyball courts;
6. 4th lighted softball field.

The District partnered with the City to build temporary ball fields using approximately four acres that are part of the Sports Park. This project was funded by water revenue from the City and no tax dollars were spent to construct these fields. The MUD filled an interim need of our community. The lease for the temporary fields is over and now the City maintains this extra park space as part of its new Regional Sports Park.

## How can I contact the district?

The District's Board of Directors generally meets once a month on every first Tuesday at 11:00 a.m. at the offices of **Allen Boone Humphries Robinson LLP**, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Agendas for each meeting are posted at the **Emerald Village Recreation Center**, 11814 N. Clear Lake Loop, Pearland, Texas 77584, and at the Brazoria County Courthouse at least 72 hours before every meeting, and the Board of Directors invites all members of the public to attend its meetings.

All agendas also are posted on the website, [www.shadowcreekbranchmuds.com](http://www.shadowcreekbranchmuds.com).



## Section 2

# FACTSHEET: DISTRICT OVERVIEW 2

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### SIZE OF DISTRICT AND ANNEXATIONS

- Original size of District at creation: 912.311 acres
- 635.785 acres annexed on April 10, 2002
- 11.941 acres annexed on December 18, 2002
- 69.312 acres annexed on December 16, 2003
- 8.554 acres annexed on December 12, 2006
- 44.538 acres annexed on February 6, 2007
- 18.57 acres annexed on December 4, 2007
- 4.115 acres annexed on May 5, 2009
- Current size of District: 1,705.126 acres

## Subdivisions and builders

The District is part of the master planned community known as Shadow Creek Ranch. Subdivisions in the District are as follows:

### Village of Emerald Bay

Bay Front Estates	Mallards Landing
Bay View Terrace	Oakwood Terrace
Emerald Landing	Osprey Point
Enclave Lake Estates	Pinecrest
Enclave Terrace	Sunrise Creek
Halfmoon Terrace	Sunset Shores
Heatherwood	The Estates
Heron Bay	The Gables
Island Manor	The Island
Lakeside Terrace	The Strand



### Subdivisions and builders

#### Village of Reflection Bay

Crescent Landing	Morningside
Crystal Lake	Oak Arbor Estates
Emerald Shores	Oak Hallow
Haley Landing	Reflection Pointe
Iris Shores	Rosewood Crossing
Jasmine Pass	Southview Terrace
Kelsey Pointe	Waterside Landing

**Commercial businesses** within the District include a Hilton Garden Inn hotel, a Kroger grocery store, day care facilities, drug stores, retail shopping centers, restaurants, office buildings, and convenience stores. Additionally, Alvin Independent School District owns approximately 12.0 acres on which the Mary Burks Marek Elementary School has been constructed, approximately 11.7 acres on which the Laura Ingalls Wilder Elementary School has been constructed, and approximately 28.2 acres on which the Nolan Ryan Junior High School has been constructed.

### What is a municipal utility district or MUD?

The District was created to build public water, sewer, drainage, infrastructure to a new community – Shadow Creek Ranch. This property had no service. To accomplish the purposes for which they are created, the MUD is authorized by law to purchase and construct all facilities necessary to supply water, wastewater, and stormwater services.

In the District, all homebuilders and developers were required to pre-finance the cost to build new water, sewer and drainage facilities.





### What is a municipal utility district or MUD?

Only after sufficient taxable value is increased to support the issuance of new debt is a bond application filed with the Texas Commission on Environmental Quality to reimburse the developer for the cost of the new facilities.

In addition to funding water, sewer, and drainage services, MUDs may use operating revenue to provide supplemental security patrol services, and may generally enhance communities by building parks and recreational facilities.

MUDs are authorized by Article XVI, Section 59 of the Texas Constitution and by Chapters 49 and 54 of the Texas Water Code. MUDs (also called "**Districts**") are political subdivisions of the State of Texas.

They can perhaps best be described as the most fundamental form of local government because they finance municipal level services, have elected officials, and are authorized to assess and collect taxes and sell bonds in order to pay off the debt incurred in fulfilling their purposes.

Because it is a political subdivision, the District's meetings and files, including the meeting minutes, are open to the public. The district is highly regulated and generally is only allowed the powers authorized under specific laws found in in the Texas Water Code.

The District also has an annual standardized independent audit. The audit results are filed with the Texas Commission on Environmental Quality ("**TCEQ**") and are open to the public.

As long as the District exists and has outstanding bonds, it files an annual report of updated financial and operating data about the District with EMMA System (<http://emma.msrb.org/>) created and maintained by the **U.S. Securities and Exchange Commission**.



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## Who are our customers and what area do we serve?

The District is comprised of 1,705.126 acres of land located entirely within Brazoria County and the corporate limits of the City of Pearland, Texas.

The District is approximately 15 miles south of the central business district of the City of Houston, approximately 1 mile south of Beltway 8, and 0.25 miles west of State Highway 288.

The District is primarily residential in nature, but development in the district includes, and includes retail and other commercial establishments.

The District has no zoning power and no ability to regulate development in the District; all regulations regarding development are the jurisdiction of the City of Pearland.

The subdivisions within the District as of March 1, 2018, are listed on page 2. A current map of the district is located on the District's website at [www.shadowcreekbranchmuds.com](http://www.shadowcreekbranchmuds.com) for your convenience.

For complete and updated information regarding the number of active residential or commercial connections, you should consult the City of Pearland, Texas.



### Section 3

## FACTSHEET: DISTRICT OVERVIEW 3

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### Bond History

#### BOND HISTORY

\$108,300,000 in bonds have been authorized by the voters. As of February 6, 2018, \$74,780,000 have been issued and sold and \$33,520,000 remains authorized but unissued. Future bonds will only be issued to finance public water, sewer or drainage facilities. Other than refunding bonds, which are issued to refinance higher interest rates to lower interest rates, the District is only able to actually issue authorized bonds after specific approval from the Texas Commission on Environmental Quality.

For additional information, please see separate section entitled, **"How does the District fund its projects?"** and separate fact sheet entitled, **"District Bond Issuance History."**

### Tax Rate

The **tax rate** has declined from a rate of \$0.85/\$100 assessed value to \$0.69/\$100 assessed value for 2017.

Further, the District is unique in that it offers a 20% general homestead exemption to all homeowners who live in the District and claim their home as their homestead.

There is a "useful links" tab on the website and you can click on a link to the Brazoria County Appraisal District.

Once on the Brazoria County Appraisal District website, you will be able to find information on how to claim the homestead exemption.

The District also matches the City of Pearland with a \$40,000 over 65 or disabled exemption. For additional information, please see separate section entitled, **"How does the District fund its projects?"**



## FACT SHEET: District bond issuance history

District voters have authorized a total of \$108,300,000 of bonds for the purpose of acquiring, constructing, repairing, improving, and expanding waterworks, wastewater treatment, and storm drainage in the District. Thus far, the following bonds have been issued:

Series	Type Issued	Amount Issued	Amount Outstanding (09-30-17)
2004	Unlimited Tax Bonds	\$8,830,000	\$0
2004A	Unlimited Tax Bonds	\$16,000,000	\$0
2005	Unlimited Tax Bonds	\$16,000,000	\$4,870,000
2006	Unlimited Tax Bonds	\$16,165,000	\$9,415,000
2009	Unlimited Tax Bonds	\$3,960,000	\$875,000
2011	Unlimited Tax Bonds	\$3,225,000	\$975,000
2012	Unlimited Tax Refunding Bonds	\$7,880,000	\$6,765,000
2013	Unlimited Tax Refunding Bonds	\$3,550,000	\$1,220,000
2014	Unlimited Tax Bonds	\$6,475,000	\$5,690,000
2016	Unlimited Tax Bonds	\$4,125,000	\$2,775,000
	<b>Total</b>	<b>\$86,210,000</b>	<b>\$32,585,000</b>

The District sold its eight series of tax exempt unlimited tax bonds to finance its water, sewer, and drainage facilities.



## FACT SHEET: District bond issuance history

Bond #	Issue Value	Interest Rate
1	\$8,830,000	4.930515
2	\$16,000,000	4.982000
3	\$16,000,000	4.664218
4	\$16,165,000	4.664893
5	\$3,960,000	5.252349
6	\$3,225,000	3.079795
7	\$6,475,000	2.449427
8	\$4,125,000	1.374768

The Board also has approved cash defeasance of portions of the District's bonds and has refinanced portions of its outstanding bonds (2004, 2004A, 2005, and 2006) to reduce debt service payments through the use of refunding bonds.

The Board monitors opportunities for additional refunding to further reduce its debt as interest rates stay low. Refunding bonds are issued to replace higher interest debt with lower interest debt, much like a homeowner might refinance their home mortgage to save interest and reduce monthly payments.

The District also considers shortening the term on the bonds it issues to pay down its debt quicker.



### Section 4

## FACTSHEET: DISTRICT OVERVIEW 4

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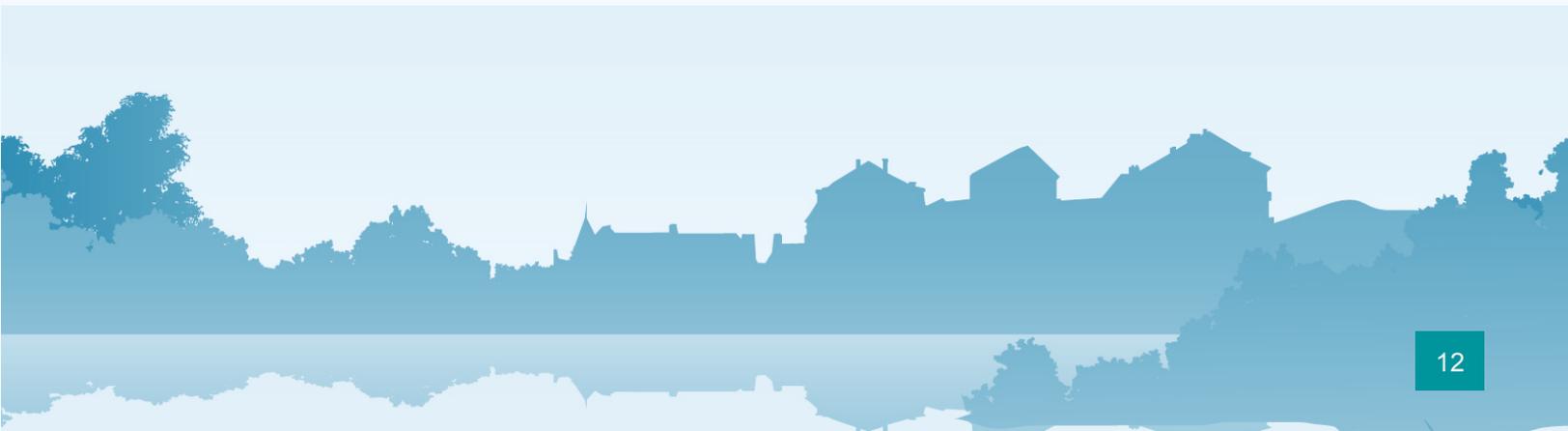
Directors	Offices	Length of service
<b>Herbert Fain</b>	President	<b>9</b>
<b>Melissa Slade</b>	Vice President	<b>14</b>
<b>Jason Harrison</b>	Secretary	<b>1</b>
<b>Caralynn Prade</b>	Assistant Vice President	<b>12</b>
<b>Fred E. Weary Jr.</b>	Assistant Secretary	<b>7</b>

If you need to contact one of the Directors, all of whom live in the District, please contact Tracie Brownlee at (713) 800-8465 or [tbrownlee@abhr.com](mailto:tbrownlee@abhr.com) and she will contact them on your behalf. You may also visit the District’s website at [www.shadowcreekbranchmuds.com](http://www.shadowcreekbranchmuds.com) and fill out the form on the contact page to send an email to the District or its Directors.

### Who manages the district?

The District is administered by a Board of Directors with five members who all either own property or are residents within the District. All of the current directors reside in the District. The District’s Board has financial and administrative authority for the District, and retains consultants and contractors to assist with administration of the District.

Board members are elected for four year staggered terms, with elections held every two years in May of even-numbered years.





## Who assists in the operation of the district?

### **AUDITOR**

The auditor conducts an independent annual audit that is filed with the TCEQ. The auditor selected by the Board is engaged by many other municipal utility districts to conduct their audits.

#### **McGrath & Co., PLLC**

P.O. Box 270148  
Houston, Texas 77277

### **BOOKKEEPER**

The bookkeeper maintains the general ledger, reconciles bank and other financial statements, invests funds in accordance with the Texas Public Funds Investment Act and with the District's Investment Policy, and prepares monthly activity and budget reports.

#### **Myrtle Cruz, Inc.**

3401 Louisiana Street, Suite 400  
Houston, Texas 77002-9552

### **ENGINEER**

The engineer oversees the design, construction, and installation of the water, sewer, and drainage systems.

#### **LJA Engineering, Inc.**

2929 Briarpark Drive, Suite 600  
Houston, Texas 77042



## Who assists in the operation of the district?

### FINANCIAL ADVISOR

The financial advisor advises the District on issuing bonds and on adopting the annual tax rate.

#### **Rathmann & Associates, L.P.**

8584 Katy Freeway, Suite 250  
Houston, Texas 77024

### GENERAL COUNSEL

The District retains attorneys to act as general counsel, advising the Board of Directors on any matter that are presented. The firm selected by the Board is principally engaged in representing municipal utility districts in all aspects of their operations.

#### **Allen Boone Humphries Robinson LLP**

3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027

### BOND COUNSEL

The District retains attorneys to act as bond counsel, who assist in the District's issuance of bonds by providing a legal opinion that the bonds are valid and binding obligations of the District payable from a continuing ad valorem tax. The firm selected by the District is nationally recognized in this area.

#### **Allen Boone Humphries Robinson LLP**

3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027



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## Who assists in the operation of the district?

### INVESTMENT OFFICER

The District appoints an investment officer to oversee the District's investments pursuant to the District's Investment Policy and in accordance with the Texas Public Funds Investment Act.

**Mary Jarmon**

**Myrtle Cruz, Inc.**

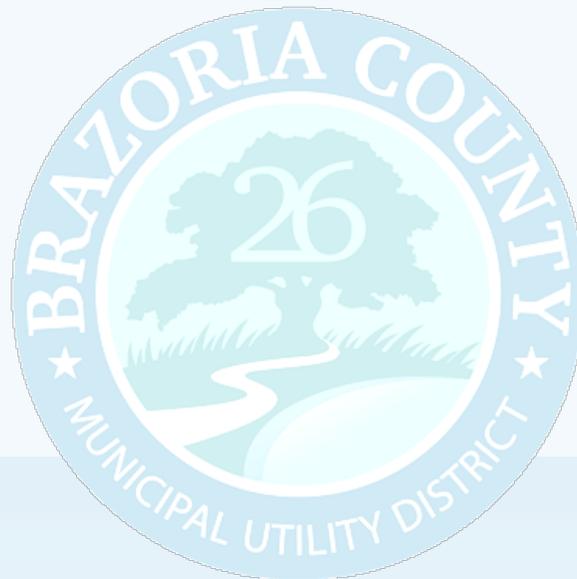
1621 Milam, 3rd Floor  
Houston, Texas 77002-8017

### TAX ASSESSOR/COLLECTOR

The tax assessor/collector manages the collection of the District's taxes from property owners in the District pursuant to the tax rate levied by the District each year.

**Assessments of the Southwest, Inc.**

P.O. Box 1368  
Friendswood, Texas 77546-1368





### Section 5

## Notable District Projects and Accomplishments

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### The Blue Ridge Landfill

The District is one of the two districts comprising the master planned community known as Shadow Creek Ranch.

The District has limited powers. Under Texas Law, the MUD is limited to spending funds on things related specifically to its specified purposes and powers.

For example, although an enumerated purpose of the MUD is not to provide security, the Texas Water Code specifically gives the MUD the power to hire police officers to patrol. MUDs do not have specific statutory authority to permit, regulate or enforce permit compliance of landfills.

In fact, the MUD has no authority over land use in its boundaries. Such authority is given to other forms of government, like the City of Pearland, Brazoria County and the Texas Commission on Environmental Quality.

Unlike the City of Pearland which is a “home rule city” under Texas law, the MUD does not have any powers to protect the health and safety of our residents.

However, the MUD and its Board care about the quality of life of our residents. We also have to protect our property values since bonds we have issued are payable only from a direct property tax levied on all taxable property in the District.

The MUD is doing what it can to help stop the often noxious odors that have been attributed to the Blue Ridge Landfill near our community on FM521. The District continues to monitor efforts by the Texas Commission on Environmental Quality (TCEQ) to eliminate noxious odors in our community they have determined come from this landfill.



## Notable District Projects and Accomplishments

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The TCEQ has investigated Blue Ridge Landfill (BLR) and has identified that to be the cause of the odor nuisance in West Pearland. According to a recent TCEQ Notice of Enforcement, BLR is not in compliance with its permit. The MUD notified our State Senator and Representatives, Fort Bend County Commissioner Precinct No. 1 Vincent Morales, and the Pearland City Council and Mayor of the MUD desires for permit compliance so residents may continue to enjoy the many benefits of living in Shadow Creek Ranch. In fact our Board was represented at the TCEQ hearing on the permit violations to express our concerns. We also recently sent resident emails to the TCEQ to notify them of continued complaints. The MUDs also offered support to our elected City and State officials to help in whatever legal way we can.

Anyone interested in updates for the odor nuisance is encouraged to visit the following link provided by the City of Pearland:

<https://www.pearlandtx.gov/other-city-pages/west-pearland-air-quality>

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## S&P Global Ratings

**Standard & Poor's** gave the District a credit rating of **BBB+** and commented that the "...*asset valuation growth has been phenomenal...*" meaning that Shadow Creek Ranch continues to be a premier location for new home buyers as well as expanding West Pearland. With 1,705.126 acres within the District's boundaries, the certified taxable assessed value has grown phenomenally from \$3,030,169 in 2002 to \$1,066,674,591 in 2017.