

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

September 1, 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 1st day of September, 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, thus constituting a quorum.

Also present at the meeting were Tayo Ilori of McGrath & Co., PLLC; Constance Fain, District resident; Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); Esther Kumaga 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 August 4, 2015, regular meeting, and the July 24, 2015, special meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the August 4, 2015, regular meeting, and the July 24, 2015, special meeting, as presented. Director Weary 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.

Ms. Garcia reviewed the District's proposed budget for fiscal year ending September 30, 2016.

Mr. Ilori presented a proposal for preparation of the District's audit for fiscal year ending September 30, 2015 at an estimated cost of \$10,900.

The Board conducted an annual review of the District's Investment Policy and determined no changes are recommended.

Ms. Brook presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. She noted the District's bookkeeper provided an updated list of banks, which will be attached as an exhibit to the Resolution.

After review and discussion, Director Prade moved to (1) approve the bookkeeper's report and payment of the bills; (2) authorize McGrath to proceed with preparation of the audit for fiscal year ending September 30, 2015, for an estimated cost of \$10,900 and pursuant to the District's engagement letter; (3) adopt the budget for fiscal year ending September 30, 2016, as presented; (4) adopt the Resolution Regarding Annual Review of Investment Policy reflecting no changes to the District's current Investment Policy dated September 6, 2011, and direct that the Resolution be filed appropriately and retained in the District's official records; and (5) adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed unanimously.

ARBITRAGE MATTERS

The Board considered a proposal from Omnicap to provide a final arbitrage rebate study for the Series 2004A Bonds.

Ms. Brook reviewed an arbitrage rebate report for the Series 2005 Bonds, which indicates the District owes nothing at this time.

Following review and discussion, Director Prade moved to approve the proposal to provide a final arbitrage rebate study for the Series 2004A Bonds and the arbitrage rebate report for the Series 2005 Bonds. Director Fain seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Kumaga reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. She noted 99.7% of the 2014 taxes had been collected as of August 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.

CONDUCT PUBLIC HEARING REGARDING THE DISTRICT'S 2015 TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Brook stated ASW published notice of the public hearing to be held at today's meeting regarding adoption of the District's 2015 tax rate. Director Parks then opened the public hearing. No members of the public came forward to make comments. Director Parks closed the public hearing. Ms. Brook presented an Order Levying Taxes reflecting a total 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. The Board confirmed its intention that the 2015 tax levy includes a debt service component for the calendar year ending December 31, 2016, and a maintenance tax component for the fiscal year ending September 30, 2016. Ms. Brook then presented an Amendment to Information Form reflecting the newly adopted tax rate. Ms. Brook stated the Amendment will be filed with Brazoria County and the Texas Commission on Environmental Quality.

After review and discussion, Director Prade moved to adopt the Order Levying Taxes, authorize execution of the Amendment to Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Weary seconded the motion, which passed unanimously.

Director Slade 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 reported that the City authorized extra patrol in the District in response to increased commercial development in the District. Officer Lucas requested consideration of increased security patrol for six weeks starting with the Thanksgiving holiday and ending with the New Year's holiday due to a trend of increased crime during the holiday season. In response to a request from the Board, Officer Lucas said she will bring a proposal for the increase in security patrol to next month's meeting. Director Fain acknowledged the quick response time of a patrol officer who arrived at his house after his home alarm was triggered. Following review and discussion, the Boards concurred to accept the Security report. Officer Lucas left the meeting.

ENGINEERING MATTERS

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

Mr. Ross reported on completion of construction of the public water line, sanitary sewer, and storm sewer to serve Shadow Creek Ranch V. He reviewed and recommended approval of Pay Estimate No. 4 and Final to Total Site, Inc. in the amount of \$64,172.36.

Mr. Ross reported on completion of construction of the public water line to serve Broadstone Shadow Creek. He reviewed and recommended approval of Pay Estimate No. 2 and Final to R Construction Company in the amount of \$40,854.81.

Mr. Ross reported on completion of the rehabilitation of the detention pond side slopes. He reviewed and recommended approval of Pay Estimate No. 7 and Final to Fort Bend Excavation, Inc. in the amount of \$83,992.50.

Mr. Ross reviewed a draft letter from the District to SCRMA, which informs SCRMA of its responsibility for maintenance of the District's detention ponds. Mr. Norton responded to questions from the Board regarding SCRMA's maintenance of the detention ponds in Brazoria-Fort Bend County Municipal Utility District ("BFB1") in the last year since BFB1 completed rehabilitation of the detention pond side slopes.

Mr. Ross reported on coordination with Cara Davis, project manager for the City, regarding the schedule for design and construction of the City's Regional Sports Park.

In response to questions from the Board, Mr. Ross said recent flooding at the south end of Kingsley may have been caused by contractors blocking inlets to prevent building materials from passing into the storm sewer in compliance with storm water permit requirements. He said he would look into the source of the flooding and report back at next month's meeting.

Mr. Ross updated the status of bond application no. 8 as reflected in his report.

After discussion, Director Prade moved to approve the engineer's report and, based on the recommendation of the District's engineer, approve (1) Pay Estimate No. 4 and Final, as presented for construction of the public water line, sanitary sewer, and storm sewer to serve Shadow Creek Ranch V; (2) Pay Estimate No. 2 and Final as presented for construction of the public water line to serve Broadstone Shadow Creek; (3) Pay Estimate No. 7 and Final as presented for the rehabilitation of the detention pond side slope; and (4) the letter from the District to SCRMA informing SCRMA of its responsibility for maintenance of the District's detention ponds and direct that the letter be filed appropriately and retained in the District's records. Director Fain seconded the motion, which passed unanimously.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

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"). Mr. DeForest said, due to recent rainfall, Change Order No. 1 approved at the last meeting to pulverize the ground, reseed, and irrigate until germination, may not be necessary. He requested execution of Change Order No. 1 to Four Seasons Development ("FSD") in the amount of \$17,750, to be cost shared equally with BFB1, to have on hand in the event it becomes necessary to implement. At the request of the Board, Mr. DeForest wrote on Change Order No. 1 that it will be implemented only upon authorization from Mr. DeForest and the Board.

Ms. Brook reported that there was lengthy discussion at BFB1's September meeting regarding approving Change Order No. 1. The Board concurred to have one Director attend the regular Board meeting of BFB1 every month to answer questions regarding the cost-sharing of any joint projects between the District and BFB1. Director Fain said he would attend BFB1's next Board meeting, and Director Prade said she would attend if her schedule allows.

Mr. DeForest reviewed and recommended Pay Estimate No. 4 in the amount of \$8,595.00 to FSD to be cost-shared equally with BFB1. A copy of Pay Estimate No. 4 is attached to the landscape architect's report.

Mr. DeForest reviewed three additional bids for the annual maintenance of the Fields, copies of which are attached to the landscape architect's report. He noted Earthcare Management submitted the lowest bid at \$20,940 per year. Following review and discussion, the Board concurred to table the matter.

Discussion ensued regarding the necessity of managing the Fields, the extra cost, and whether BFB1 will approve sharing the extra cost.

Following review and discussion, Director Prade moved to accept the landscape architect's report and, based on the recommendation of the landscape architect, (1) approve Pay Estimate No. 4, as presented, for construction of the Fields to be cost shared equally with BFB1, with the District's share being \$4297.50; and (2) approve execution of Change Order No. 1, as presented, to pulverize, reseed, and irrigate the Fields, if it becomes necessary as determined by Mr. DeForest and approved by Director Parks, to be cost shared equally with BFB1, with the District's share being \$8,875.00. 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 on the District's website. The Board considered adding the 2015 tax rate and information regarding maintenance of the Fields and development of the City's Regional Sports Park. The Board then reviewed an analytics report on activity on the website for the prior month, a copy of which is attached.

The Board reviewed a proposal from Off Cinco, the District's current web service provider, to amend the Service Agreement with an updated rate schedule that increases (1) the hourly rate from \$50 to \$100 an hour based on billing by the minute; and (2) the hosting fee from \$15 to \$30 per month effective immediately.

Following discussion, Director Slade moved to (1) direct ABHR to post the standard notice, including the 2015 tax rate and information regarding maintenance of the Fields and development of the City's Regional Sports Park to the newsletter and update the District's website with same; and (2) approve the proposal from Off Cinco as presented. The motion was seconded by Director Weary and carried by unanimous vote.

ATTORNEY'S REPORT

The Board considered approving a letter reviewed in advance of the meeting from Ms. Humphries as counsel to the District to Goray Mookerjee, District resident and Director of Emerald Bay Homeowners Association, to serve as the Board's official response to inquiries and comments regarding the District presented by Mr. Mookerjee to Ms. Humphries via electronic mail on August 4, 2015. The Board noted that Leanne Alvarez, President of Emerald Bay Homeowners Association, requested she be sent a copy of the response. Following review and discussion, Director Prade moved to approve the letter and direct that it be copied to Ms. Alvarez and retained in the District's official records. Director Weary seconded the motion, which carried by unanimous vote.

STORM WATER PERMIT TXRQ40000

No updates were presented.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Parks reported on a Facebook conversation with City Councilmember Keith Ordenaeux regarding the contributions of municipal utility districts ("MUDs"), including building the City's infrastructure. Discussion ensued regarding outreach to educate the public on how MUDs partner with cities and build communities.

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.

(SEAL)



[Handwritten Signature]
Asst Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the standard notice, including the 2015 tax rate and information regarding maintenance of the Fields and development of the City's Regional Sports Park, to the community newsletter and update the District's website.
2. Director Fain will attend the next meeting of BFB1.
3. Director Prade will attend the next meeting of BFB1 if her schedule allows.
4. Mr. Ross will investigate the recent flooding at the south end of Kingsley and report on its source at next month's meeting.
5. ABHR will draft material for outreach to educate the public on how MUDs partner with cities and build communities.
6. ABHR will copy Leanne Alvarez on the written response to the questions and comments from Goray Mookerjee.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report.....	1
Tax assessor/collector's report	3
Security report	3
Engineer's report.....	4
Landscape architect's report.....	5
Website Analytics Report	6