

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

February 2, 2016

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 2nd day of February, 2016, 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 and Raquel Rodriguez of Shadow Creek Ranch Maintenance Association ("SCRMA"); Tayo Ilori of McGrath & Co. PLLC; ("McGrath"); Julie Williams of Rathmann & Associates, LP ("R&A"); Bob DeForest of KGA/DeForest Design, L.L.C.; 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; and Lynne Humphries, Hannah Brook, and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 5, 2016, regular meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the January 5, 2016, regular meeting, as presented. Director Fain seconded the motion, which passed unanimously.

SERIES 2016 UNLIMITED TAX BONDS

Ms. Brook reported the District received an Order (the "Order") Approving an Engineering Project and the Issuance of \$4,125,000 in Unlimited Tax Bonds ("Series 2016 Bonds") from the Texas Commission on Environmental Quality. Ms. Brook stated R&A needs the District's tax assessor/collector to request a Certificate of Assessed Value as of January 1, 2015, from the Appraisal District. Ms. Williams then reviewed the Preliminary Official Statement and Official Notice of Sale for the Series 2016 Bonds. Ms. Williams discussed the short maturity debt service schedule for the Series 2016 Bonds and said it is consistent with the District's bond defeasance initiative. Ms. Brook

requested the Board authorize R&A to authorize advertisement for the sale of the Series 2016 Bonds on March 1, 2016. After review and discussion, Director Prade moved to (1) authorize the District's tax assessor/collector to request a Certificate of Assessed Value from the Appraisal District; (2) approve the Preliminary Official Statement subject to final review; and (3) authorize advertisement for sale of the Series 2016 Bonds. Director Fain seconded the motion, which passed unanimously.

APPROVE AUDIT

Mr. Ilori reviewed the District's audit for fiscal year ending September 30, 2015. Following review and discussion, Director Prade moved to approve the audit for fiscal year ending September 30, 2015, subject to final review, and direct that the audit be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which was approved by unanimous vote.

DEVELOPMENT IN THE DISTRICT

There was nothing to report on this topic.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Humphries and Officer Lucas entered the meeting.

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 said she will continue to hold check no. 3849 to Four Seasons Development Co., Inc. ("Four Seasons"), for Pay Estimate No. 5 and Final in the amount of \$8,496.77 until approval of same by Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1").

The Board discussed the AWBD winter conference. Ms. Garcia noted the directors who submitted directors' expenses did so in accordance with the District's Travel Reimbursement Guidelines (the "Guidelines"). Director Parks requested the Board approve an additional director fee of office for the one extra day he attended the AWBD winter conference as Vice President of AWBD. Director Slade requested the Board approve her expenses upon submission and subject to compliance with the Guidelines.

After review and discussion, Director Prade moved to (1) approve the bookkeeper's report and payment of the bills; (2) approve one additional director fee of office to Director Parks as discussed; (3) approve reimbursement of Director Slade's eligible expenses for the winter conference upon submission and subject to compliance with the Guidelines; (4) approve reimbursement of submitted eligible expenses for the winter conference; and (5) authorize all interested directors to attend the AWBD summer conference. Director Fain seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the unpaid accounts tax roll, a copy of which is attached. He noted 69.45% of the 2015 taxes had been collected as of January 31, 2016. In response to a question from the Board, Mr. Patterson discussed the last postmark date for the 2015 tax year and its effect on the collection percentage included in today's report. 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.

ENGINEERING MATTERS

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

Mr. Ross reported on completion of Phase 1 of the City's expansion of the sewage treatment plant serving Shadow Creek Ranch ("SCR") and the schedule for completion of Phase 2. Mr. Ross noted that construction to expand the permanent plant will begin now that Phase 1 is complete. He said upon completion of Phase 1, Phase 2, and expansion of the permanent plant, the City will have the capacity to treat 6 million gallons of sewage per day.

Mr. Ross said he had nothing new to report on the City's construction of the SCR Sports Park since last month's meeting. Ms. Brook reported on communication with the City regarding installation of additional improvements to serve the SCR Sports Park. Discussion ensued. In response to a request from the Board, Directors Weary and Fain said they would attend the next Board meeting of BFB1 to discuss how the Districts would like the remaining funds to be spent.

After discussion, the Board concurred to approve the engineer's report.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. DeForest distributed and reviewed the landscape architect's report, a copy of which is attached.

Mr. DeForest reported on construction of the temporary ball fields (the "Fields"). He reported on frequent inspections of the Fields by his team, a representative of Earthcare Management, and Director Pope of BFB1 to address the Districts' concerns regarding grading, drainage, and turf establishment. Mr. DeForest said a landscaping company is more effective at addressing the Districts' concerns than a contractor and recommended the Board authorize (1) execution of a Letter of Final Acceptance to Four Seasons Development; and (2) commencement of Earthcare Management's schedule of 42 site visits for an eleven month period of service on February 1, 2016, until December 31, 2016. Mr. DeForest noted the District has a one year warranty from Four Seasons in the event of failure regarding the work performed.

Following review and discussion, Director Prade moved to approve the landscape architect's report, authorize execution of a Letter of Final Acceptance to Four Seasons for construction of the temporary ball fields, and authorize Earthcare Management to begin its service agreement for 42 site visits to maintain the Fields on February 1, 2016, until December 31, 2016. The motion was seconded by Director Fain, and passed unanimously.

SECURITY SERVICES REPORT

Mr. Norton entered the meeting.

Officer Lucas reviewed the written security report for SCR, a copy of which is attached, and responded to questions from the Board. Mr. Norton discussed the location of two recently installed security cameras.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed a draft of the notice for submission to the Shadow Creek Community Newsletter and The Connection newsletter and considered updates for the District's website. The Board reviewed an analytics report on activity on the website for the prior month, a copy of which is attached. Following review and discussion, the Board concurred that no website updates were currently needed and directed ABHR to post the notice to the newsletter as submitted.

ATTORNEY'S REPORT

Ms. Brook presented a proposal received from Arthur J. Gallagher & Co. ("Gallagher"), the District's current insurance provider, for renewal of the District's insurance policies, which expire on March 19, 2016. Ms. Brook said Gallagher is required to submit a Form 1295 to satisfy the requirements of House Bill 1295.

Ms. Brook presented an evergreen proposal from OmniCap Group, LLC ("OmniCap") to provide rebate and yield calculation services for all of the District's outstanding bond issues as such reports become due until otherwise terminated in writing by the District or OmniCap.

Following review and discussion, Director Prade moved to (1) approve the proposal from Gallagher for renewal of the District's insurance policies subject to the District's receipt of Form 1295; and (2) approve the evergreen proposal from OmniCap and direct that it be retained in the District's records. Director Fain seconded the motion, which carried by unanimous vote.

STORM WATER PERMIT TXRQ40000

No updates were presented.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

The Board discussed the recently announced candidacies of Adrienne Bell and Monica Russo for Pearland City Council.

2016 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2016 Directors Election (the "election"). She reviewed an Order Calling Directors Election establishing the procedures for conducting the election.

Ms. Brook reviewed a Notice of Directors Election informing voters of the polling place, the dates and times for regular and early voting, and the procedure for ballot by mail.

Following review and discussion, Director Prade moved to (1) approve the Order Calling Directors Election and direct that it be filed appropriately and retained in the District's records; and (2) authorize the Secretary's agent to post the Notice of Directors Election, if required. Director Fain seconded the motion, which was approved by unanimous vote.

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 based on a motion from Director Prade, a second from Director Fain, and unanimous approval from the Board.


Asst. Secretary, Board of Directors



ACTION LIST

1. ABHR will submit the approved notice to the community newsletters.
2. ABHR will submit authorized updates to the District's website.
3. ABHR will update the District Information Kit upon sale of the Series 2016 Bonds and present the draft for review and approval at the next available Board meeting.
4. ABHR will obtain the required Form 1295 from the District's current provider of insurance for renewal of the District's insurance policies.
5. Directors Weary and Fain will attend the next Board meeting of BFB1 to discuss how the Districts would like the remaining funds for improvements to the SCR Sports Park to be spent.

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