

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

February 7, 2017

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 7th day of February, 2017, 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 Parks, thus constituting a quorum.

Also present at the meeting were Maria Southall Shaw and Paul Wisdom of Shadow Creek Ranch Maintenance Association ("SCRMA"); Tayo Ilori of McGrath & Co., PLLC; Christina Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; Officer Natisha Lucas of the City of Pearland ("City") Police Department; James Ross of LJA Engineering, Inc.; 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 3, 2017, regular meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the January 3, 2017, regular meeting, as presented. Director Slade seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no members of the public who wished to address the Board.

APPROVE AUDIT

Director Weary entered the meeting.

Mr. Ilori reviewed the District's audit for fiscal year ending September 30, 2016. Following review and discussion, Director Prade moved to approve the audit for fiscal year ending September 30, 2016, subject to final review, and direct that the audit be filed appropriately and retained in the District's official records. Director Slade seconded the

motion, which was approved by unanimous vote.

SECURITY SERVICES REPORT

Officer Lucas reviewed the attached written security report for Shadow Creek Ranch ("SCR") and responded to questions from the Board. The Board requested she ask the City Police Department if an additional police substation can be located in SCR.

DEVELOPMENT IN THE DISTRICT

There was no discussion on this matter.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Humphries 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.

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").

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 for representing the District as he served as AWBD president; (3) approve reimbursement of submitted eligible expenses for the winter conference in accordance with the Guidelines; and (4) authorize all interested directors to attend the AWBD summer conference. Director Slade seconded the motion, which passed unanimously.

Officer Lucas left the meeting.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the unpaid accounts tax roll and a report of delinquent accounts provided by the District's delinquent tax attorney. A copy of the tax assessor/collector's report is attached. He noted 74.33% of the 2016 taxes have been collected as of January 31, 2017.

Mr. Patterson reviewed a request from the property owner of 12302 Evening Bay Drive to waive the penalty and interest charged on his 2016 tax bill. A copy of the request is attached to the tax assessor/collector's report.

Following review and discussion, Director Prade moved to approve the tax

assessor/collector's report and determined that due to error on the part of the postal system to waive the penalty and interest charged on the 2016 tax bill for 12302 Evening Bay Drive. Director Slade seconded the motion, which carried by unanimous vote.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board reviewed a proposed Resolution Concerning Exemptions from Taxation for the 2017 tax year. Following review and discussion, Director Prade moved to adopt the Resolution Concerning Exemptions from Taxation reflecting that the Board (i) grants a general homestead exemption of 20%, but not less than \$5,000; (ii) grants an additional \$40,000 homestead exemption for disabled persons or persons over 65 years of age; and (iii) rejects any exemption of travel trailers from ad valorem taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Slade seconded the motion, which passed unanimously.

Ms. Humphries left the meeting.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. He reviewed a current District aerial map, a copy of which is attached to the engineer's report.

Mr. Ross reported the City provided an update regarding the wastewater treatment plant expansion and construction of the SCR Sports Park.

Following review and discussion, the Board concurred to accept the engineer's report.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board reviewed a report from Earthcare Management for the mowing and maintenance of the temporary ball fields, a copy of which is attached.

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, including language regarding Blue Ridge Landfill (the "Landfill"), 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 directed ABHR to post the notice to the newsletter, as submitted, and post the language regarding the Landfill on the District's website.

ATTORNEY'S REPORT

The Board reviewed a draft of the District's 2017 Media Information Kit.

Ms. Brook presented a proposal received from Arthur J. Gallagher Risk Management, Inc. ("Gallagher"), the District's current insurance provider, for renewal of the District's insurance policies, which expire on March 19, 2017.

Following review and discussion, Director Prade moved to approve (1) the 2017 District Media Information Kit, as submitted; and (2) the proposal from Gallagher for renewal of the District's insurance policies. Director Slade seconded the motion, which carried by unanimous vote.

STORM WATER PERMIT TXRQ40000

There was no discussion on this matter.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Mr. Wisdom distributed and reviewed a report from SCRMA, a copy of which is attached.

Ms. Brook reviewed updates regarding the Landfill. The Board reviewed a copy of a Notice of Enforcement issued to the Landfill by the TCEQ dated January 3, 2017. Discussion ensued. Ms. Brook stated the City will host a town hall meeting regarding the Landfill on February 8, 2017, from 6:30 p.m. to 8:00 p.m. at the Hilton Garden Inn, 12101 Shadow Creek Parkway.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS MATTERS RELATED TO BLUE RIDGE LANDFILL, INCLUDING TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AIR QUALITY MONITORING

The Board did not convene in executive session.

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

(SEAL)



Melissa Slade
Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the approved notice to the community newsletters.
2. ABHR will submit updates to the District's website as needed.
3. Officer Lucas will ask the City Police Department if an additional police substation can be located in SCR.

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