

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

May 2, 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 2nd day of May, 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 Slade, thus constituting a quorum.

Also present at the meeting were Ed Mears, a resident of the District; Aly Long and Paul Wisdom of Shadow Creek Ranch Maintenance Association ("SCRMA"); Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; Officer Natisha Lucas of the City of Pearland ("City") Police Department; Taylor Baumgartner 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 April 4, 2017, regular meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the April 4, 2017, regular meeting, as presented. Director Weary seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

Mr. Mears addressed the Board and inquired about the status of hiring an environmental lawyer to represent the District in the Blue Ridge Landfill (the "Landfill") odor nuisance matter. Mr. Mears stated the Revised Proposed Agreed Order ("Agreed Order") recently issued by the Texas Commission on Environmental Quality ("TCEQ") and executed by the Landfill does not, in his opinion, address the root causes of the odor. He noted the Agreed Order reduces the Landfill's fine and includes the Landfill's denial of allegations.

Ms. Humphries and Officer Lucas entered the meeting. Ms. Brook stated the Agreed Order is posted on the West Pearland Air Quality page of the City's website, a copy of which was sent to the Board in advance of today's meeting.

Director Parks stated the Board has been monitoring efforts by the City and its Odor Task Force regarding the Landfill. He noted the Board notified the appropriate State Representative and Senator of the Landfill matter. He stated the Board, to date, has not hired counsel to represent the District in the Landfill matter. In response to a question from the Board, Ms. Long stated no action regarding the Landfill matter has been taken at meetings of the Board of Directors of the Shadow Creek Ranch ("SCR") homeowners associations.

Mr. Mears stated his review of TCEQ documents reveals (1) the Landfill neglected to self-report and self-reported erroneously for the last eighteen months; (2) the TCEQ noted the absence of self-reports and revoked the erroneous self-reports; and (3) the TCEQ renewed the Landfill's permit one year ago. Mr. Mears stated the City approved a Resolution dated April 10, 2017, that requests the TCEQ suspend the Landfill's permit. He stated he submitted a petition to the TCEQ to suspend the Landfill's permit and encouraged other District residents to do the same. He then requested that the Board petition the TCEQ to suspend the Landfill's permit.

Mr. Mears distributed the attached color copies of aerial photography of the Landfill from the fall of 2015 and spring of 2016. He stated he is concerned that Landfill leachate is not being properly disposed and is entering the surface water drainage channel via down slope flow erosion gullies or Landfill pumps.

Mr. Mears stated he protested the Brazoria County Appraisal District's ("BCAD") 2017 assessed value of his District property and requested a 28.6% reduction based on the Agreed Order's estimate that affected residents experience Landfill odor on average 28.6% of the time.

Discussion ensued, after which the Board stated it will consider taking action regarding the Landfill matter under the attorney's report.

DEVELOPMENT IN THE DISTRICT

There was no discussion on this matter.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines and considered establishing travel guidelines for the upcoming AWBD summer conference in Corpus Christi. After review and discussion, Director Prade moved to establish maximum limits of four Director fees of office, three nights of lodging, and reasonable

and necessary meal expenses per day for any director attending the AWBD summer conference for expenses submitted in accordance with the guidelines. Director Weary seconded the motion, which passed unanimously.

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 reported receipt of the City's annual tax rebate check. Ms. Brook stated the District's auditor previously notified the City regarding an underpayment in 2016 and is reviewing the calculations to confirm the amount is correct and includes the prior year's underpayment. After review and discussion, Director Prade moved to approve the bookkeeper's report and payment of the bills. Director Weary seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT

Officer Lucas reviewed the attached written security report for SCR and responded to questions from the Board. 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. A copy of the tax assessor/collector's report is attached. He noted 97.81% of the 2016 taxes have been collected as of April 30, 2017. Mr. Patterson reviewed the delinquent tax attorney's quarterly report, a copy of which is attached to the tax assessor/collector's report. Mr. Patterson reported that he contacted the BCAD's Deputy Chief Appraiser to inquire about value reductions due to the Landfill. Following review and discussion, Director Prade moved to approve the tax assessor/collector's report. Director Fain seconded the motion, which carried by unanimous vote.

ENGINEERING MATTERS

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

Mr. Baumgartner provided an update regarding the City's wastewater treatment plant expansion.

Mr. Baumgartner stated he had no updates from the City regarding use of the remaining funds made available to the City as a result of the District's funding of the water, sewer, and drainage to serve the SCR Sports Complex.

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

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Ms. Brook reported the City agreed to assume maintenance and scheduling of the temporary ball fields effective May 1, 2017. She noted the City indicated it will take the appropriate action regarding existing signage to reflect the City is responsible for the temporary ball fields. Ms. Brook reported Earthcare Management was notified of the termination of the contract to maintain the temporary ball fields, which makes the Cost Sharing Agreement for Maintenance of Temporary Ball Fields in Shadow Creek Ranch Sports between the District and Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1") no longer necessary. After discussion and upon a motion made by Director Prade and seconded by Director Weary, the Board unanimously authorized termination of the Cost Sharing Agreement for Maintenance of Temporary Ball Fields in Shadow Creek Ranch Sports effective immediately.

ARTICLES FOR NEWSLETTERS AND WEBSITE

Ms. Brook reported updates to the SCR newsletters and the District's website are in progress and will be complete before the submission deadline. 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 submit the appropriate updates to the newsletters and the District's website.

ATTORNEY'S REPORT

Discussion ensued regarding the proposal received from Katten Muchin Rosenman LLP ("KMR") offering legal representation of the area municipal utility districts, including the District, BFB1, and Brazoria County Municipal Utility District No. 34 ("BC 34"), regarding the Landfill matter. After discussion, Director Prade moved to authorize an amount not to exceed \$5,000 for the District's contribution towards payment of such legal representation, contingent upon the engagement of KMR by BFB1 and cost sharing based on each District's respective taxable value. Director Fain seconded the motion, which passed unanimously.

STORM WATER PERMIT TXRQ40000

There was no discussion on this matter.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Parks stated he will inform State Senator Borris Miles of the Landfill matter.

Mr. Wisdom reported on SCRMA activities and responded to questions from the Board and Mr. Mears.

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

Melissa Slad
Secretary, Board of Directors

(SEAL)

