



2019

INFORMATION KIT





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Brazoria County Municipal Utility District No. 26

Section 1

FACT SHEET: DISTRICT OVERVIEW

JANUARY, 2019

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.bcmud26.com

To send a message to the Board of Directors, go to the following link and submit the "Contact Us" form: www.bfbcmud1.com/contact-us.

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

How can I contact the District?

The District's Board of Directors, who are elected residents, meet once a month on every first Tuesday at 11:00 a.m. at the offices of **Allen Boone Humphries Robinson LLP**, the Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, at the northwest intersection of Buffalo Speedway and the Southwest Freeway. Agendas for each meeting are posted at the **Emerald Village Recreation Center**, 11814 N. Clear Lake Loop, Pearland, Texas 77584, at the Brazoria County Courthouse, and on the website, at least 72 hours before every meeting, and the Board of Directors invites all members of the public to attend its meetings. There is an opportunity for public comment on our agenda.

How and when was the District created?

The District was created by the Texas Commission on Environmental Quality on March 18, 2002. The current size of the District is 1,705.126 acres.

What utility services does the district provide for its residents?

WATER AND WASTEWATER/SEWER

The District is inside 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, and the City provides water and sewer and garbage services.

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 Lake, which forms the northern boundary of the District. The City maintains the storm sewers as part of the street. The City does not maintain the detention ponds or lakes, which are required to be maintained by SCRMA through an agreement with the City.

SECURITY

Police protection is provided by the City. The District provides supplemental security services by 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.

PARKS

The District contributed to the cost of the water, sewer, and drainage facilities to serve the Pearland Regional Sports Park. All of the other parks in Shadow Creek Ranch are private parks for the residents of Shadow Creek Ranch and are maintained by SCRMA.

What services does the district provide other than utilities?



2019 INFORMATION KIT

Brazoria County Municipal Utility District No. 26

Section 2

FACT SHEET: DISTRICT OVERVIEW 2

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 |

Village of Reflection Bay

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

In addition to numerous **Commercial businesses**, there are 12 apartments and the Mary Burks Marek Elementary School, the Laura Ingalls Wilder Elementary School, the Shirley Dill Brothers Elementary School, and the Nolan Ryan Junior High School.

What is a municipal utility district or MUD?

The District was created to build public water, sewer, and drainage infrastructure to a new community – Shadow Creek Ranch. In 2000, even though the land was in the City, the property had no service. The MUD constructed and financed, with tax-exempt bonds, all infrastructure necessary to supply water, wastewater, and stormwater services.

The MUD is authorized by Article XVI, Section 59 of the Texas Constitution and by Chapters 49 and 54 of the Texas Water code, and is a political subdivision 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 local elected officials, and are authorized to assess and collect taxes and sell bonds in order to pay off the debt sold to fund the water, sewer, and drainage infrastructure.

Because it is a political subdivision, the District's meetings and all records, including the meeting minutes, are open to the public. To obtain a copy of any District record, including the annual audit [[Click here](#)]. The District is highly regulated and generally is only allowed the powers authorized under specific laws found in the Texas Water Code.

Audit and other information also is filed with the Texas Commission on Environmental Quality ("TCEQ") and [[Insert new Comptroller site link](#)].

As long as the District exists and has outstanding bonds, it also 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**.

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.



2019 INFORMATION KIT

Brazoria County Municipal Utility District No. 26

Section 3

FACT SHEET: DISTRICT OVERVIEW 3

Bond History

Bond History

\$108,300,000 in bonds have been authorized by the voters. As of September 30, 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 needed to complete all development. Other than refunding bonds, which are issued to refinance bonds sold at higher interest rates to lower interest rates, like refinancing your home mortgage, the District is only able to actually issue authorized bonds after specific approval from the TCEQ.

| Series | Type Issued | Amount Issued | Amount Outstanding (09-30-18) |
|--------|-------------------------------|---------------------|-------------------------------|
| 2004 | Unlimited Tax Bonds | \$8,830,000 | \$0 |
| 2004A | Unlimited Tax Bonds | \$16,000,000 | \$0 |
| 2005 | Unlimited Tax Bonds | \$16,000,000 | \$4,350,000 |
| 2006 | Unlimited Tax Bonds | \$16,165,000 | \$5,370,000 |
| 2009 | Unlimited Tax Bonds | \$3,960,000 | \$705,000 |
| 2011 | Unlimited Tax Bonds | \$3,225,000 | \$500,000 |
| 2012 | Unlimited Tax Refunding Bonds | \$7,880,000 | \$6,220,000 |
| 2013 | Unlimited Tax Refunding Bonds | \$3,550,000 | \$620,000 |
| 2014 | Unlimited Tax Bonds | \$6,475,000 | \$5,300,000 |
| 2016 | Unlimited Tax Bonds | \$4,125,000 | \$1,425,000 |
| | Total | \$86,210,000 | \$24,490,000 |

The Board monitors opportunities for additional refinancing opportunities to further reduce its debt as interest rates stay low. When all the bonds are paid off, the City might dissolve the District. The Board has no control over the City's decision.

During the current year, the District used surplus funds to redeem \$3,495,000 of its outstanding Series 2006 bonds prior to their stated maturity. This early redemption will save the District \$1,824,983 in future debt service requirements

Tax Rate

The **tax rate** has declined from a rate of \$0.85/\$100 assessed value to \$0.69/\$100 assessed value for 2018.

Further, the District is unique in that it offers a 20% general homestead exemption to all homeowners who live in the District and claim, with the Brazoria County Appraisal District, 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 [<http://www.brazoriacad.org>]. 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. The District also receives \$0.11 of the taxes you pay to the City back from the City to use to pay off all its bonds.



2019 INFORMATION KIT

Brazoria County Municipal Utility District No. 26

Section 4

FACT SHEET: DISTRICT OVERVIEW 4

Who assists in the operation of the District?

| Directors | Offices | Length of service |
|--------------------------|--------------------------|-------------------|
| Caralynn Prade | President | 13 |
| Melissa Slade | Vice President | 15 |
| Fred E. Weary Jr. | Assistant Vice President | 8 |
| Ed Mears | Secretary | 2 |
| Marie Ferguson | Assistant Secretary | 2 |

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

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 AND INVESTMENT OFFICER

The bookkeeper manages the funds of the District, reconciles bank and other financial statements, and as Investment Officer, 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

www.macruz.com

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

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 AND BOND COUNSEL

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

Allen Boone Humphries Robinson LLP

3200 Southwest Freeway, Suite 2600

Houston, Texas 77027

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

Houston, Texas 77546-1368



Section 5

Notable District Projects and Accomplishments

The Blue Ridge Landfill

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 overforce permit compliance of landfills.

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.

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, the Pearland City Council and Mayor. The MUD desires 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>

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. The certified taxable assessed value has grown phenomenally from \$3,030,169 in 2002 to \$1,084,967,978 in 2018.

