

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

April 5, 2011

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 5th day of April, 2011, 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:

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| Michael Parks | President |
| Chris Jones | Vice President |
| Melissa Slade | Secretary |
| Caralynn Prade | Assistant Vice President |
| Herbert Fain | Assistant Secretary |

and all of the above were present except Director Slade, thus constituting a quorum.

Also present at the meeting were James Ross of LJA Engineering & Surveying, Inc.; Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; Mark McGrath of McGrath & Co., PLLC; Mike Maher, District resident; and Lynne B. Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 1, 2011, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Prade moved to approve the minutes as submitted. Director Jones seconded the motion, which passed unanimously.

DEVELOPER REIMBURSEMENT REPORT FOR \$3,225,000 UNLIMITED TAX BONDS, SERIES 2011, AND DISTRIBUTION OF BOND PROCEEDS

Mr. McGrath distributed and reviewed a draft developer reimbursement report reflecting disbursements from the proceeds of the District's \$3,225,000 Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"). Ms. Humphries discussed the bankruptcy status of SCR C24 Investment, L.P. and delinquent taxes owed to the District by such entity. She discussed the option for the Board to withhold the delinquent taxes from reimbursement made to C24, subject to receipt of a letter from C24's bankruptcy attorney stating that C24 may accept reimbursement from the District without seeking bankruptcy approval. Ms. Humphries said the Board may consider approving the other reimbursements reflected in the developer reimbursement report, subject to closing on April 6, 2011, and receipt of executed receipts from the entities receiving

reimbursement. After review and discussion, Director Jones made a motion to approve the developer reimbursement report and authorize distribution of bond proceeds to the entities show in the report, with C24's reimbursement being net of delinquent taxes owed to the District, subject to closing of the bond issue on April 6, 2011, and receipt of executed receipts. Director Prade seconded the motion, which passed unanimously.

SUPPLEMENTAL SECURITY SERVICES

There was no discussion on this agenda item.

ARBITRAGE REBATE REPORT FOR SERIES 2006 BONDS

Ms. Humphries presented the 5-year arbitrage rebate study for the District's Series 2006 Bonds from OmniCap Group LLC and reported that there is no payment due to the Internal Revenue Service. Following review and discussion, Director Fain made a motion to accept the arbitrage rebate study by OmniCap Group LLC for the Series 2006 Bonds and direct that it be filed appropriately and retained in the District's official records. Director Prade seconded the motion, which carried unanimously.

DEVELOPMENT IN THE DISTRICT, APPROVAL OF ANY DEVELOPER REIMBURSEMENT REPORTS, AND DISBURSEMENT OF FUNDS

There was no discussion on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS AND AMENDED BUDGET

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report and list of checks presented for approval, a copy of which is attached. After review and discussion, Director Jones moved to approve the bookkeeper's report and payment of the bills, with the exception of voided check no. 1001 and including check nos. 1018 and 1019. Director Prade seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson distributed and reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that the 2010 taxes were 96.65% collected as of March 31, 2011. Mr. Patterson next presented a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is included in the tax assessor/collector's report. After review and discussion, Director Jones moved to approve the tax assessor/collector's report and the delinquent tax report. Director Prade seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE AND REVISED PROPOSAL AND COST SHARING AGREEMENT WITH BRAZORIA-FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 1 FOR JOINT WEBSITE

Ms. Humphries presented a revised proposal from Off Cinco reflecting the participation of Brazoria-Fort Bend County Municipal Utility District No. 1 ("MUD 1") in a joint website with the District. She noted that the cost increased from \$565 to \$715. Ms. Humphries presented a Service Agreement between the District and Off Cinco for design, programming, domain hosting, and ongoing maintenance of a joint website for the District and MUD 1. She next presented a letter agreement between the District and MUD 1 to share the joint website costs.

Ms. Humphries said Shannon Staley of Off Cinco purchased the domain name www.shadowcreekbranchdistricts.com and prepared preliminary layout options for the website. The Board reviewed the preliminary layout selected by District and MUD 1 representatives and considered the content and documents for the website.

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and the homeowners association newsletter, *The Current*. After discussion, the Board directed ABHR to prepare a notice regarding the date, time, and location for the District's next in-District meeting and notice of the new joint website.

After review and discussion, Director Jones moved to (1) approve the Service Agreement with Off Cinco to provide the services described in the revised proposal and (2) approve the letter agreement with MUD 1 to share the costs of the joint website. Director Prade seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineering report, a copy of which is attached. He noted there were no action items for the Board's consideration.

COMMENTS FROM DIRECTORS AND THE PUBLIC

The Board heard comment from Mr. Maher regarding the District website, budget, tax rate and park bonds.

RESIGNATION OF DIRECTOR JONES AND PROCEDURES FOR APPOINTING NEW DIRECTOR

The Board discussed the letter of resignation from the Board, effective April 6, 2011, that was presented by Director Jones at last month's meeting. The Board discussed the process for appointing a new director to fill the vacancy and the recommendation from Director Jones that the Board consider Stephen Collett as his

replacement. The Board considered soliciting resumes from interested qualified residents. Ms. Humphries presented resumes the District received in connection with a prior Board vacancy. After review and discussion, the Board concurred to notify District residents of the Board vacancy on the website, the newsletter and at the May in District meeting and solicit resumes through the end of May, 2011. Upon a motion by Director Prade and a second by Director Fain, the Board voted unanimously to accept the resignation of Chris Jones.

After review and discussion, Director Fain moved to accept Director Jones's resignation, effective April 6, 2011. Director Prade seconded the motion, which passed unanimously.

There being no further business to come before the Board, Director Prade moved to adjourn the meeting. Director Jones seconded the motion, which passed unanimously.



Melissa Slade
Secretary, Board of Directors

ACTION LIST

1. The District auditor will calculate interest to SC Villas, LLP for the MF-3 tract impact fees and the District bookkeeper will issue an additional reimbursement check for that amount.
2. Off-Cinco will modify the website as requested by the Board.
3. The District bookkeeper will amend the budget so that projections take into consideration actual revenues/expenditures to date.
4. ABHR will prepare a notice for the District newsletter and website regarding the Board vacancy.

LIST OF ATTACHMENTS TO MINUTES

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