

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

August 2, 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 2nd day of August, 2011, at the Village of Emerald Bay Clubhouse, 11814 North Clear Lake Loop, Pearland, Texas, inside 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 Julie Williams of Rathmann & Associates, L.P.; James Ross of LJA Engineering & Surveying, Inc.; Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc. ("ASW"); and Angela Lutz, Kristen Hogan, and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 5, 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 Slade seconded the motion, which passed unanimously.

SUPPLEMENTAL SECURITY SERVICES

The Board concurred there was nothing to discuss on this item.

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

Ms. Lutz said there was nothing new for consideration on this item.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2012

Ms. Garcia said she will incorporate the projected maintenance tax revenue, based on the proposed 2011 maintenance tax rate to be considered by the Board under agenda item no. 7, in the District's draft budget for the fiscal year ending September 30, 2012, and will email the draft budget to the directors and consultants for review. She requested that the directors and consultants review the draft budget and send her any comments prior to next month's meeting.

2011 TAX RATE

Ms. Williams distributed and reviewed a debt service tax rate analysis recommending that the District levy a 2011 debt service tax rate of \$0.66 per \$100 of assessed valuation, based on the initial 2011 certified value of \$696,894,115. A copy of the debt service tax rate analysis is attached. Ms. Williams discussed plans for additional bond defeasance in 2012, based on previous Board discussions following the District's prior bond defeasance. She distributed and reviewed a summary of the debt service schedule for the District's \$16,000,000 Unlimited Tax Bonds, Series 2004A (the "Series 2004A Bonds"). Ms. Williams said the Board can consider defeasing approximately \$4,900,000 of Series 2004A Bonds when they become callable in September, 2012. She said such defeasance could save the District \$2-\$4 million in interest costs, depending on interest rates. Ms. Williams then discussed future opportunities for bond defeasance once additional bonds become callable. Ms. Williams discussed the District's Utility Agreement with the City of Pearland (the "City") and noted that the tax rebate paid annually to the District will continue until (1) the District's debt service tax rate decreases to \$0.65 per \$100 taxable value or less; and (2) development within the District is complete and all developers have been reimbursed.

The Board next considered the District's maintenance tax rate and reviewed the budget comparison included in the bookkeeper's report, noting the water and sewer rebate that the District receives from the City to use toward operating expenses. The Board discussed its decision to levy a maintenance tax of \$0.05 per \$100 of assessed value for the prior tax year in anticipation of additional expenses associated with parks and recreational facilities and other District projects.

After review and discussion, Director Prade moved to table this item, pending review of the District's proposed budget for the fiscal year ending September 30, 2012, and projected maintenance tax revenue calculations. Ms. Garcia said she will email the draft budget to the Board along with maintenance tax revenue calculations based on maintenance tax rates of \$0.01 to \$0.05 per \$100 of assessed valuation. Director Slade seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

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 Prade moved to approve the bookkeeper's report and payment of the bills. Director Slade 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 99.23% collected as of July 31, 2011.

Mr. Patterson next presented and reviewed 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. He then reviewed the District's 2011 certified appraisal roll from the Brazoria County Appraisal District, a copy of which is attached to the tax assessor/collector's report.

After review and discussion, Director Prade moved to approve the tax assessor/collector's report and the delinquent tax report. Director Slade seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and the Shadow Creek Homeowners Association ("HOA") newsletter, *The Current*. After discussion, the Board directed ABHR to repeat the notice directing residents to the website for information about District meetings. Mr. Patterson suggested that he could include a link to the District's website on ASW's website. He said ASW's website provides payment options for payment of property taxes. After discussion, the Board concurred for Mr. Patterson to include a link to the District's website on ASW's website and the Board directed ABHR to ask Shannon Staley to add a link to ASW's website on the District's website.

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. Mr. Ross reported on the status of the City's contract for improvements to Shadow Creek Parkway. He then discussed the age of the District's detention lakes and channels and other facilities such as fire hydrants, manholes, and valves that are maintained by the City. Mr. Ross said he could perform an inspection of the facilities and present pictures and recommendations for any necessary maintenance and repairs for the Board's

consideration. After discussion, Director Prade moved to authorize the engineer to inspect the discussed facilities and present a recommendation for maintenance and any necessary repairs. Director Slade seconded the motion, which passed unanimously.

COMMENTS FROM DIRECTORS AND THE PUBLIC

Director Slade inquired about any emergency preparedness plans the City has, such as routine testing of generators at water and sewer plant facilities. Mr. Ross stated that he will contact the City’s engineer to request information about City emergency preparedness plans.

Director Weary inquired how District’s the tax rate impacts the funding of projects. Ms. Williams stated that District projects could be funded with surplus operating funds to save costs associated with issuing bonds.

HOMEOWNERS’ ASSOCIATION POLICIES REGARDING LAWN MAINTENANCE AND IRRIGATION DURING DROUGHT CONDITIONS

Director Prade reported on a letter she received from Association Management, Inc. (“AMI”), management company for the HOA, stating that parts of her lawn appear to be dead. She said she had been watering almost three times more than usual due to the lack of rainfall prior to receiving the letter. After discussion, the Board concurred that Director Prade should contact Maria Shaw of AMI to discuss her concerns regarding the matter.

SCHEDULE FOR NEXT MEETING

The Board concurred to schedule next month’s regular meeting for September 6, 2011, at 7:00 p.m. at the Village of Emerald Bay Clubhouse.

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

Melissa Slade

Secretary, Board of Directors



ACTION LIST

1. Director Weary will complete the required Open Meetings Act training and provide his certificate of completion to ABHR for the District's records, and will review the conflicts of interest disclosure forms and file the necessary forms with ABHR for any disclosable conflicts.
2. The bookkeeper will email the draft budget and discussed maintenance tax calculations to the directors and consultants to review and provide any comments prior to next month's meeting.
3. The attorney will work with Off Cinco to add ASW's website link to the District's website.
4. The attorney will prepare the requested notice for the newsletters.
5. The engineer will inspect the discussed facilities and present a recommendation for maintenance and any necessary repairs.
6. The engineer will contact the City's engineer to request information about City emergency preparedness plans.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
debt service tax rate analysis	2
bookkeeper's report	3
tax assessor/collector's report	3
engineering report	3