

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

January 10, 2012

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 10th day of January, 2012, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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, thus constituting a quorum.

Also present at the meeting was Victor Walker, a resident of the District, and the following District consultants: Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Mark McGrath of McGrath & Co., PLLC ("McGrath"); James Ross of LJA Engineering & Surveying, Inc.; Erin Garcia of Myrtle Cruz, Inc.; David Patterson of Assessments of the Southwest, Inc.; and Lynne B. Humphries and Michelle Bryan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 6, 2011, regular meeting, which were provided in advance of the meeting. After review and discussion, Director Slade moved to approve the minutes as submitted. Director Fain seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT, VIDEO AND SECURITY SERVICE SURVEILLANCE,
AND INSTALLATION OF CAMERAS AND SECURITY SYSTEM

Ms. Humphries discussed the Security Patrol and Coordination Services Agreement and Security Patrol Services Agreement (collectively, the "Agreements") between the District, Brazoria-Fort Bend County Municipal Utility District No. 1 ("MUD 1"), and officers of the City Police Department to provide security patrol services within the District and MUD 1 (collectively, the "Districts"). She stated that the Agreements have been approved by the City attorney; executed by all of the officers, with the exception of one officer who is currently out of the country on military duty; and returned to the District. Ms. Humphries noted that she will contact Officer Pratt,

the Coordinating Peace Officer, to ensure that each patrol officer time report is approved and initialed by Officer Pratt before it is submitted to the Districts' bookkeeper for payment by the last Thursday of each month.

Officer Lucas introduced herself to the Board. She stated that no written security report was presented since no patrol occurred the previous month due to the pending Agreements. Upon an inquiry by Director Prade, she discussed preventative security measures for residents.

The Board discussed a lack of lighting at the basketball courts. After discussion, Ms. Humphries stated that this is a matter for the homeowners association to consider since the homeowner association owns the facility.

Discussion ensued regarding the installation of security cameras in the Districts. Officer Lucas suggested the Board consider installation of security cameras at every major entry point into the Shadow Creek Ranch area. Ms. Humphries stated that she will provide a map of the Districts to BL Technology, Inc. ("BLTI") and request BLTI to prioritize where security cameras might be installed.

APPROVE AUDIT

Mr. McGrath reviewed the District's audit for the fiscal year ending September 30, 2011. Following review and discussion, Director Fain moved to approve the audit, subject to final comments by the Board and consultants, 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.

DEVELOPMENT IN THE DISTRICT

Mr. McGrath presented and reviewed a Developer Reimbursement Report prepared by McGrath for the purpose of verifying the amount to be reimbursed to Kingsley Partners, L.P. (the "Developer") for water and wastewater impact fees paid to the City from surplus funds from the Series 2011 Bonds. Mr. Ross stated that he encouraged the Developer to attend the District's Board meeting to discuss the Developer Reimbursement Report. Following review and discussion, the Board concurred to take no action on the Developer Reimbursement Report until the Developer receives a permit from the City and construction of above ground taxable improvements and the public water line to serve MF-2 (the "Project") has commenced so the Board can ensure above ground taxable improvements will be built to support the costs.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, including the investment report, budget comparison, and list of checks presented for approval, a copy of which is attached. She stated that she will void check no. 1032 to the Developer in the amount of \$979,571. Discussion ensued regarding cash defeasance of outstanding bonds.

Ms. Humphries updated the Board on the report from the City of all Equivalent Single Family Connections ("ESFCs") in the District when the District receives ESFC surcharge revenue each month. She stated that she is working with the City to obtain a more detailed monthly report that lists the address associated with each ESFC to enable the District's engineer to verify the location of each ESFC.

After review and discussion, Director Slade moved to approve the bookkeeper's report and payment of the bills, and void check no. 1032 to the Developer. Director Prade seconded the motion, which passed unanimously.

RENEWAL OF INSURANCE POLICIES

Ms. Humphries stated that the District's insurance policies with HARCO Insurance Services ("HARCO") expire on March 19, 2012. After discussion, the Board directed ABHR to request a renewal proposal from HARCO for consideration.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Pursuant to the District's Investment Policy, Ms. Garcia presented her annual disclosure statement as the District's Investment Officer and bookkeeper. Ms. Humphries explained the Investment Officer and bookkeeper are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. After review and discussion, Director Slade moved to accept the disclosure statements and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Fain 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 2011 taxes were 48.73% collected as of December 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.

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

ARTICLES FOR NEWSLETTERS AND WEBSITE

Ms. Humphries stated that the January meeting notices published in the homeowners' association newsletter, *The Current*, for the Districts were erroneously combined. She noted that *The Current* is aware of the error and has taken full responsibility, and that a statement addressing this error has been posted on the Districts' joint website.

The Board considered information to be included in the District's monthly notice published in the Shadow Creek Area Community Newsletter and *The Current*. After discussion, the Board concurred to direct ABHR to prepare a notice with the standard monthly message directing residents to the website for information about District meetings for each publication.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. He noted there were no action items for the Board's consideration. Mr. Ross updated the Board on the construction of the Project. He stated that the Developer plans to award the contract for the Project and begin construction in the first quarter of 2012.

After review and discussion, Director Prade made a motion to approve the engineer's report. Director Fain seconded the motion, which passed unanimously.


COMMENTS FROM DIRECTORS AND THE PUBLIC

Mr. Walker introduced himself to Board. He stated that he has visited the District's website and has found it useful.

DATE, TIME, AND LOCATION FOR NEXT MEETING

The Board concurred to schedule next month's regular meeting for February 7, 2012, at 11:00 a.m. at ABHR.

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

Asst. 
Secretary, Board of Directors

(SEAL)



ACTION LIST

1. Officer Cortes will obtain information regarding the citizens-on-patrol program and will report to the Board.
2. Director Fain will request the City Police Department to provide a more detailed security report.
3. The attorney will provide a map of the Districts to BLTI and request BLTI to prioritize where security cameras should be installed.
4. The attorney will contact Officer Pratt regarding the procedures for submitting monthly time reports for patrol officers.
5. The attorney will prepare the requested notice for the newsletters.
6. Director Slade will contact the HOA and notify them of the date of the next meeting to discuss financial assistance for facility repairs.

LIST OF ATTACHMENTS TO MINUTES

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