

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

March 4, 2014

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 4th day of March, 2014, 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, thus constituting a quorum.

Also present at the meeting were Officer Natisha Lucas of the City of Pearland (the "City") Police Department; Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Christina Garcia of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc.; Taylor Baumgartner of LJA Engineering, Inc.; and Lynne Humphries, Alex Garcia, Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

CONVENE IN SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION UNDER CHAPTER 15 OF THE TEXAS BUSINESS & COMMERCE CODE

At 11:03 a.m., Ms. Humphries announced the Board would convene in executive session to consult with attorneys to discuss pending or contemplated litigation under Chapter 15 of the Texas Business and Commerce Code.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

At 11:36 a.m., the Board reconvened in open session. No action was necessary. Mr. Garcia then left the meeting.

MINUTES

The Board considered approving the minutes of the February 4, 2014, regular

meeting, which were provided in advance of the meeting. After review and discussion, Director Slade moved to approve the minutes of the February 4, 2014, meeting, as presented. Director Prade seconded the motion, which passed unanimously.

SECURITY SERVICES REPORT, INCLUDING REPORT FROM SCRMA ON INSTALLATION OF CAMERAS

Officer Lucas reviewed a written security report submitted in advance of today's meeting by Officer Wes Boyer of the City Police Department. A copy of the security report is attached. Officer Lucas discussed recent hiring activity to address the shortage of officers working in Shadow Creek Ranch. She then responded to questions from the Board regarding crime trends. Mr. Norton stated Maria Shaw of SCRMA had contacted and met with companies that can install security cameras but that no action was taken. Discussion ensued regarding utilizing Texas Department of Transportation cameras for security purposes, which was determined to not be feasible. Discussion ensued regarding crime prevention, including Board inquiry into Neighborhood Crime Watch participation. Mr. Norton said he would provide the next meeting date for the local Neighborhood Crime Watch.

RENEWAL OF INSURANCE POLICIES

The Board reviewed insurance proposals from HARCO Insurance Services ("HARCO"), Highpoint Insurance Group, LLC ("Highpoint"), and SIG/McDonald & Wessendorff ("SIG/McDonald") for renewal of the District's insurance policies expiring March 19, 2014. Director Slade reported on telephone inquiries she made to HARCO, Highpoint, and SIG/McDonald regarding injunctive or declaratory relief coverage and Ms. Humphries reviewed email correspondence regarding this matter. Following review and discussion, Director Fain moved to accept the proposal by Highpoint and direct that it be executed and filed appropriately in the District's records. Director Slade seconded the motion, which passed unanimously. Copies of the insurance proposals are attached.

Officer Lucas left the meeting.

DEVELOPMENT IN THE DISTRICT

Ms. Humphries presented an Agreement for Financing of Facilities between the District and DD SCR V, LLC, a Georgia limited liability company ("DD SCR V"), for the development of multi-family tract MF-5 in the District. She then presented a Waiver of Special Appraisal for the tract. Following review and discussion, Director Weary moved to: (1) approve the Agreement for Financing of Facilities and Waiver of Special Appraisal between the District and DD SCR V; (2) direct that the Waiver be filed with the Brazoria County Appraisal District; and (3) direct that the Agreement and

Waiver be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which carried unanimously.

ANNUAL REPORT

Ms. Humphries reviewed the District's Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System in compliance with SEC Rule 15c12-12 and with the Municipal Advisory Council of Texas, the State Information Depository, by March 31, 2014.

Ms. Humphries then answered questions from the Board regarding commercial property values and the overlapping taxing entities of Alvin Community College and Drainage District 4.

Following review and discussion, Director Weary moved to approve the Annual Report to be filed in compliance with the continuing disclosure provisions contained in the bond resolutions and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Fain 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.

Pursuant to the District's Investment Policy, Ms. Garcia presented the annual disclosure statements from Mary Jarmon and herself as the District's Investment Officer and bookkeeper respectively. 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.

Ms. Humphries also explained the District Registration Form should be updated to reflect the appointment of Ms. Garcia as the District's current bookkeeper and filed with the Texas Commission on Environmental Quality (the "TCEQ").

After review and discussion, Director Prade moved to: (1) approve the bookkeeper's report and payment of the bills; (2) accept the disclosure statements of the District's Investment Officer and bookkeeper; (3) authorize execution of the updated District Registration Form; and (4) direct that the disclosure statements and the District

Registration Form be filed as appropriate and retained in the District's official records. Director Weary seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the delinquent tax roll, a copy of which is attached. He noted that 96.75% of the 2013 taxes had been collected as of February 28, 2014. Mr. Patterson next reviewed a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached. After review and discussion, Director Prade moved to approve the tax assessor/collector's report, the delinquent tax report, and payment of the tax bills. Director Slade seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Humphries reviewed a Resolution Concerning Exemptions from Taxation with the Board. She stated in 2013 the District granted a general homestead exemption of 20%, but not less than \$5,000, and an additional \$40,000 homestead exemption for disabled persons or persons over 65 years of age for the previous tax year. After review and discussion, Director Prade moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board rejects any exemption of travel trailers from ad valorem taxation, grants a general homestead exemption of 20%, but not less than \$5,000, and grants a \$40,000 homestead exemption for disabled persons or persons over 65 years of age, all for the 2014 tax year, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Slade seconded the motion, which passed by unanimous vote.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Director Slade reported on communication with Maria Shaw indicating SCRMA will be unable to provide landscape maintenance to the temporary ball fields property and requesting the December Minutes be revised to reflect as such. Director Slade added that Ms. Shaw offered to recommend landscaping companies when the District is ready to solicit bids.

Discussion ensued regarding development of this park property, which is the 5 acres south of Wetlands Park. Mr. Baumgartner offered to solicit proposals for the clearing and leveling of the site to present at the next Board meeting. Ms. Humphries stated KGA/Deforest Design, L.L.C. ("KGA"), who has designed other landscaping projects for SCRMA, could be approached to attend next month's Board meeting to present a proposal for design, mowing, and construction of temporary ball fields. Following review and discussion, Director Prade moved to (1) authorize Mr. Baumgartner to solicit bids for clearing and leveling of the five acre park site south of Wetlands Park to be used as temporary ball fields; and (2) authorize ABHR to request

KGA present a proposal for design, mowing, and construction of temporary ball fields. Ms. Humphries reminded the Board before any work starts on the property, the City must approve the work.

The Board requested Ms. Garcia add the line item "park expense" in the amount of \$50,000 to the budget.

Ms. Humphries requested Ms. Brownlee send a copy of the Interlocal Agreement between the City and the District for the installation of temporary multi use ball fields to Mr. Baumgartner and the bookkeeper.

ENGINEERING MATTERS

Mr. Baumgartner distributed and reviewed the engineer's report, a copy of which is attached. There were no action items for Board approval.

Ms. Humphries reviewed a letter financing agreement with 741SCR, Ltd. related to financing for the construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch, Section SF-64, which was awarded to Allgood Construction Company, Inc. in the amount of \$569,500.00 at the District's February meeting.

Following review and discussion, Director Prade moved to approve the engineer's report and the letter financing agreement related to the construction of water, sewer, and drainage facilities to serve Shadow Creek Ranch, Section SF-64. Director Fain seconded the motion, which carried 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 ("SCAC Newsletter") and *The Connection* newsletter. Director Prade presented a copy of the SCAC Newsletter and asked ABHR to make an inquiry with the publisher as to why the District's article is set in a text smaller than the surrounding text.

After discussion, the Board directed ABHR to submit the District's standard notice for inclusion in the April newsletters and to add information about the 2014 tax exemptions available to District taxpayers.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

No reports were presented.

2014 DIRECTORS ELECTION

Ms. Humphries discussed procedures related to the 2014 Directors Election. She presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors, to be executed by the Board Secretary, stating the District received three candidate applications for the three director positions for the May 10, 2014, Directors Election.

Ms. Humphries presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating the May 10, 2014, Directors Election is cancelled and that the unopposed candidates, Michael Parks, Caralynn Prade, and Herbert Fain, Jr., are declared elected to office to serve from the May 10, 2014, election until the May 12, 2018, Directors Election.

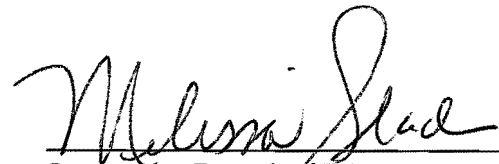
Ms. Humphries reminded the Board it had approved entering into a contract with Brazoria County (the "County") to administer the District's 2014 Directors Election, which may now be cancelled.

Following review and discussion, Director Slade moved to (1) accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors; (2) adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office; and (3) cancel the contract with the County for election services for the May 2014 Directors Election. Director Prade seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no members of the public who wished to address the Board.

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


Secretary, Board of Directors

(SEAL)



ACTION LIST

1. Ms. Brownlee will revise the December Minutes as directed.
2. ABHR will submit the requested notice for the newsletters.
3. Ms. Brownlee will contact Bay Area Printing to inquire about the size of the text for the District's article.
4. Ms. Garcia will add the line item "park expense" in the amount of \$50,000 to the budget.
5. Mr. Norton will provide the next meeting date for SCRMA's Neighborhood Crime Watch.
6. Mr. Baumgartner will solicit bids for the clearing and grubbing of the site for the temporary ball fields.
7. Ms. Brook will request a proposal from KGA for design, mowing, and construction of temporary ball fields.
8. Ms. Brownlee will provide a copy of the Interlocal Agreement between the City and the District to Mr. Baumgartner and the bookkeeper.

LIST OF ATTACHMENTS TO MINUTES

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