

MINUTES
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

January 5, 2016

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 January, 2016, 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 Charlie Norton of Shadow Creek Ranch Maintenance Association ("SCRMA"); Bob DeForest of KGA/DeForest Design, L.L.C.; Christina Garcia of Myrtle Cruz, Inc. ("MCI"); David Patterson of Assessments of the Southwest, Inc. ("ASW"); James Ross of LJA Engineering, Inc. ("LJA"); Officer Natisha Lucas of the City of Pearland (the "City") Police Department; and Hannah Brook and Tracie Brownlee of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 1, 2015, regular meeting, which were provided in advance. After review and discussion, Director Prade moved to approve the minutes of the December 1, 2015, regular meeting, as presented. Director Fain seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

There was nothing to report on this topic.

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. The Board discussed check no. 3849 to Four Seasons Development Co., Inc. ("Four Seasons"), for Pay Estimate No. 5 and Final in the amount of \$8,496.77 and directed Ms. Garcia to hold the check until

approval of same by Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1").

Pursuant to the District's Investment Policy, Ms. Garcia presented the annual disclosure statements for the District's bookkeeper and Investment Officer. Ms. Brook explained the bookkeeper and Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District.

The Board discussed the District's Travel Reimbursement Guidelines and considered establishing travel guidelines for the upcoming Association of Water Board Directors ("AWBD") winter conference in Galveston on January 22-23, 2016. The Board considered approving lodging advances for Directors Prade and Slade.

After review and discussion, Director Prade moved to (1) approve the bookkeeper's report and payment of the bills, including check no. 3849 to Four Seasons for Pay Estimate No. 5 and Final in the amount of \$8,496.77, subject to release upon approval of same by BFB1; (2) accept Christina Garcia's disclosure statement as the District's bookkeeper; (3) accept Mary Jarmon's disclosure statement as the District's Investment Officer; (4) direct that the disclosure statements be filed appropriately and retained in the District's official records; (5) establish maximum limits of three director fees of office, two nights of lodging, and reasonable and necessary meals for any director attending the AWBD winter conference, submitted in accordance with the travel guidelines; and (6) approve lodging advances for Directors Prade and Slade. Director Fain seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Patterson reviewed the tax assessor/collector's report, including the unpaid accounts tax roll, a copy of which is attached. He noted 41.68% of the 2015 taxes had been collected as of December 31, 2015. Mr. Patterson reported on the status of the District's delinquent tax attorney's collection of an unpaid account inquired about at the last meeting. Following review and discussion, Director Prade moved to approve the tax assessor/collector's report and payment of the tax bills. Director Fain seconded the motion, which carried by unanimous vote.

ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Ross distributed the most recent aerial map of the District, a copy of which is attached to the engineer's report.

Mr. Ross reported that Phase 1 of the City's expansion of the sewage treatment plant serving Shadow Creek Ranch ("SCR") was complete and operational last month.

Mr. Ross reported on the City's construction of the SCR Sports Park. He reviewed an exhibit of the site plan of the SCR Sports Park that indicates the amenities paid for by City funds made available upon funding by the District and BFB1 of the public water, sewer, and drainage for the SCR Sports Park. A copy of the exhibit is attached to the engineer's report. Mr. Ross reported that the City has indicated that it expects Phase 1 of the SCR Sports Park to be complete by March of this year.

Mr. Ross reported on bond application no. 8.

After discussion, the Board concurred to approve the engineer's report.

Director Slade and Officer Lucas entered the meeting. Mr. Ross left the meeting.

RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

Mr. DeForest distributed and reviewed the landscape architect's report, a copy of which is attached.

Mr. DeForest reported on construction of the temporary ball fields (the "Fields"). He stated that he will conduct the punch list inspection today and that BFB1 Director Pope is expected to attend. He noted Earthcare Management will begin maintaining the Fields this month. Mr. DeForest responded to questions from the Board regarding the warranty from Four Seasons and a possible extension of the included maintenance period. Mr. DeForest presented and recommended approval of Pay Estimate No. 5 and Final to Four Seasons in the amount of \$16,993.55, of which the District's share is \$8,496.78, for the construction of the Fields, subject to final approval of same from BFB1. Mr. DeForest requested authorization for execution of a Certificate of Substantial Completion dated October 2, 2015, previously approved by the District and BFB1. Following review and discussion, Director Prade moved to approve Pay Estimate No. 5 and Final to Four Seasons in the amount of \$16,993.55, of which the District's share is \$8,496.78, for the construction of the Fields, subject to final approval of same from BFB1; and authorize execution of a Certificate of Substantial Completion dated October 2, 2015, previously approved by the District and BFB1. The motion was seconded by Director Fain, and passed unanimously.

SECURITY SERVICES REPORT

Officer Lucas reviewed the written security report for SCR, a copy of which is attached, and responded to questions from the Board.

SERIES 2016 UNLIMITED TAX BONDS, INCLUDING APPOINT PAYING AGENT/REGISTRAR, APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE, AND AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2016 BONDS AND SCHEDULE BOND SALE

Ms. Brook reported that the District received a draft of the Memorandum and Order (the "Order") Approving an Engineering Project and the Issuance of \$4,125,000 in Unlimited Tax Bonds ("Series 2016 Bonds") from the Texas Commission on Environmental Quality. Ms. Brook proposed that the sale of the Series 2016 Bonds be scheduled for the regular monthly meeting on March 1, 2016. Ms. Brook requested the Board authorize the District's financial advisor to prepare the preliminary official statement and authorize advertisement for the sale of the Series 2016 Bonds. The Board considered appointing The Bank of New York Mellon Trust Company, N.A., as the Paying Agent/Registrar for the Series 2016 Bonds. After review and discussion, Director Prade moved to: (1) authorize Rathmann & Associates, L.P. to prepare the Preliminary Official Statement and Official Notice of Sale for the Series 2016 Bonds; (2) authorize advertisement for sale of the Series 2016 Bonds; and (3) appoint The Bank of New York Mellon Trust Company, N.A., as the Paying Agent/Registrar for the Series 2016 Bonds; and (4) schedule the bond sale for March 1, 2016. Director Fain seconded the motion, which passed unanimously.

ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed and discussed a draft of the notice for submission to the Shadow Creek Community Newsletter and The Connection newsletter and considered updates for the District's website. The Board reviewed an analytics report on activity on the website for the prior month, a copy of which is attached. Following review and discussion, the Board concurred to post the notice to the newsletter as submitted and update the website as discussed.

ATTORNEY'S REPORT

Ms. Brook stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Following review and discussion, Director Prade moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed by unanimous vote.

Ms. Brook reported on the District's post-issuance compliance activities during the prior calendar year related to bond financings. She stated that no corrective action is required at this time.

The Board reviewed a draft of the District's 2016 Information Kit. Following review and discussion, the Board directed ABHR to update the Information Kit upon sale of the Series 2016 Bonds and provide an updated draft for review at the next meeting following the sale of the 2016 Bonds.

Ms. Brook stated the District's insurance policies will expire on March 19, 2016. After discussion, the Board directed ABHR to request a renewal proposal from the District's current provider for consideration at next month's meeting.

Ms. Brook presented and reviewed a memorandum from ABHR regarding implementation of House Bill 1295 that was passed by the Texas Legislature during the 84th Legislative Session, which enacted Section 2252.908, Government Code, imposing new requirements for any new, amended, extended or renewed contracts entered into by governmental entities on or after January 1, 2016. A copy of the memorandum is attached. Ms. Brook stated that business entities must file a FORM 1295 with the Texas Ethics Commission and disclose certain interested parties, intermediaries, and controlling interests when seeking any contract that is in excess of \$1 million or requires an action or vote by the governing body before a governmental entity may enter into a contract. She discussed FORM 1295 promulgated by the Texas Ethics Commission for a business entity to complete, execute and notarize, and provide to the governmental entity at or in advance of the meeting at which the related contract may be considered.

Director Weary entered the meeting.

STORM WATER PERMIT TXRQ40000

No updates were presented.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

No reports were presented.

2016 DIRECTORS ELECTION

Ms. Brook discussed procedures related to the 2016 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2016 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election.

Ms. Brook reported on requirements to file a Notice of Deadline to File Applications for Place on the Ballot for the 2016 Directors Election. Ms. Brook noted that the District may contract with Brazoria County (the "County") to conduct the District's 2016 Directors Election.

Following review and discussion, Director Prade moved to (1) adopt a Resolution Designating an Agent of the Secretary of the Board During the 2016 Directors Election Period appointing Tracie Brownlee as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the Notice of Deadline to File Applications for Place on the Ballot for the 2016 Directors Election; and (3) contract with the County to administer the District's 2016 Director's Election. Director Fain seconded the motion, which was approved by unanimous vote.

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



ACTION LIST

1. ABHR will submit the approved notice to the community newsletters.
2. ABHR will submit authorized updates to the District’s website.
3. ABHR will update the District Information Kit upon sale of the Series 2016 Bonds and present the draft for review and approval at the next available Board meeting.
4. ABHR will request a proposal from the District’s current provider for renewal of the District’s insurance policies for review at the next Board meeting.

LIST OF ATTACHMENTS TO MINUTES

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