

MINUTES  
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

September 6, 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 6th day of September, 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 except Director Prade, thus constituting a quorum.

Also present at the meeting were Maria Shaw of Shadow Creek Ranch Maintenance Association ("SCRMA"); Tayo Ilori of McGrath & Co. PLLC; Christina Garcia of Myrtle Cruz, Inc.; Officer C. L. Gray of the City of Pearland ("City") Police Department; Cathy Brittain-Drew of Assessments of the Southwest, Inc.; James Ross of LJA Engineering, Inc.; and Lynne Humphries, Hannah Brook, and Ashley Ivers of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 2, 2016, regular meeting, which were provided in advance. After review and discussion, Director Fain moved to approve the minutes of the August 2, 2016, regular meeting, as presented. Director Weary seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

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

DEVELOPMENT IN THE DISTRICT

There was no discussion on this matter.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Brittain-Drew reviewed the tax assessor/collector's report, including the unpaid accounts tax roll and a report from the District's collections attorney, a copy of

which is attached. She noted 99.68% of the 2016 taxes have been collected as of August 31, 2016. Following review and discussion, Director Weary moved to approve the tax assessor/collector's report. Director Fain seconded the motion, which carried by unanimous vote.

#### APPROVE PAYMENT SERVICES AGREEMENT

Ms. Brittain-Drew said ASW is using a new credit card billing service. She requested the Board approve a Payment Services Agreement with First Billing and presented a Form 1295. After review and discussion, Director Weary moved to approve the Payment Services Agreement with First Billing. The motion was seconded by Director Fain and carried by unanimous vote.

#### CONDUCT PUBLIC HEARING REGARDING THE DISTRICT'S 2016 TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Brook stated ASW published notice of the public hearing to be held at today's meeting regarding adoption of the District's 2016 tax rate. Director Parks then opened the public hearing. No members of the public came forward to make comments. Director Parks closed the public hearing.

Ms. Brook presented an Order Levying Taxes reflecting a total 2016 tax rate of \$0.69 per \$100 assessed valuation, with \$0.66 allocated for debt service and \$0.03 allocated for operations and maintenance. The Board confirmed its intention that the 2016 tax levy includes a debt service component for the calendar year ending December 31, 2017, and a maintenance tax component for the fiscal year ending September 30, 2017.

Ms. Brook then presented an Amendment to Information Form reflecting the newly adopted tax rate. Ms. Brook stated the Amendment will be filed with Brazoria County and the Texas Commission on Environmental Quality.

After review and discussion, Director Weary moved to adopt the Order Levying Taxes, authorize execution of the Amendment to Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed unanimously.

Director Slade entered the meeting.

#### 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.

Ms. Garcia reviewed the District's proposed budget for fiscal year ending September 30, 2017. Discussion ensued. The Board concurred to change the amount of the line item for recreational facilities to \$30,000 and divide the remaining City revenue into a line item called Contract Payments to SCRMA and a line item called Additional Capital Reserve.

Mr. Ilori presented a proposal for preparation of the District's audit for fiscal year ending September 30, 2016, at an estimated cost of \$11,500.

The Board conducted an annual review of the District's Investment Policy and determined no changes are recommended. Ms. Brook presented a Resolution Regarding Annual Review of Investment Policy reflecting same.

Ms. Brook presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions to update the list of qualified banks with which the District may invest funds. She noted the District's bookkeeper provided an updated list of banks, which will be attached as an exhibit to the Resolution.

After review and discussion, Director Slade moved to (1) approve the bookkeeper's report and payment of the bills; (2) authorize McGrath to proceed with preparation of the audit for fiscal year ending September 30, 2016, for an estimated cost of \$11,500 and pursuant to the District's engagement letter; (3) adopt the budget for fiscal year ending September 30, 2017, as revised; (4) adopt the Resolution Regarding Annual Review of Investment Policy reflecting no changes to the District's current Investment Policy dated September 6, 2011, and direct that the Resolution be filed appropriately and retained in the District's official records; and (5) adopt the Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director Fain seconded the motion, which passed unanimously.

#### ENGINEERING MATTERS

Mr. Ross distributed and reviewed the engineer's report, a copy of which is attached. Following review and discussion, the Board concurred to accept the engineer's report.

#### RECREATIONAL FACILITIES IN AND NEAR THE DISTRICT

The Board reviewed a report from Earthcare Management for the mowing and maintenance of the temporary ball fields. Ms. Brook reported that, according to Brazoria-Fort Bend County Municipal Utility District No. 1 ("BFB1") Director Geoffrey Pope, the contractor who constructed the temporary ball fields agreed to replace the

missing fence caps and secure them with glue and address rust spots and repaint the fence where it is needed as warranty items.

### SECURITY SERVICES REPORT

Officer Gray reviewed the written security report for Shadow Creek Ranch, a copy of which is attached. Officer Gray reported on a recent ABC television news feature, which showed how stolen items were recovered as a result of surveillance from the security cameras installed by the homeowners association with funding from the District and BFB1.

Officer Gray reported that a patrol officer recently resigned and requested the Board approve the addition of a new officer. Ms. Brook reviewed an Amended and Restated Security Patrol Services Agreement (the "Patrol Agreement") between the District, BFB1, and a qualified licensed peace officer. Following review and discussion, Director Slade moved to approve the Patrol Agreement. The motion was seconded by Director Fain and passed unanimously. Officer Gray then left the meeting.

### ARTICLES FOR NEWSLETTERS AND WEBSITE

The Board reviewed 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 directed ABHR to post the notice to the newsletter, as submitted, and update the website as needed.

Ms. Brook reported that the Board of BFB1 selected all Summer Photo Submission entries and inquired about options for displaying multiple photos on the website. The Board concurred regarding the Summer Photo Submission entries.

### ATTORNEY'S REPORT

Ms. Brook reported the District's Information Kit was updated with the 2016 certified value and tax rate. She noted the outstanding bond amounts will be updated when the District's audit of fiscal year ending September 30, 2016, is complete.

### STORM WATER PERMIT TXRQ40000

There was no discussion on this matter.

### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Ms. Shaw reported that at the August meeting of BFB1, she requested on behalf of the Board of SCRMA, a contribution from the District and BFB1 to fund certain SCRMA expenses that are eligible for the District and BFB1 to fund. She said she will

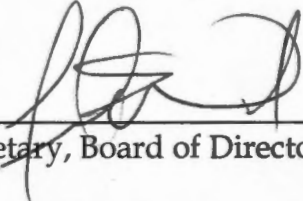
present a list of SCRMA project expenses at the October Board meetings. Discussion ensued. Ms. Shaw responded to questions from the Board.

Director Parks discussed media relations regarding municipal utility districts. Director Slade advised the Board of a scheduling conflict that will result in her missing certain Board meetings.

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



(SEAL)

  
Asst. Secretary, Board of Directors

ACTION LIST

1. ABHR will submit the approved notice to the community newsletters.
2. ABHR will submit updates to the District's website as needed.
3. Ms. Brownlee will update the outstanding bond amounts upon receipt of the audit for fiscal year ending September 30, 2016.
4. Ms. Shaw will present a list of SCRMA items in need of funding from the District and BFB1.

LIST OF ATTACHMENTS TO MINUTES

	Minutes <u>Page</u>
Tax assessor/collector's report .....	1
Bookkeeper's report.....	2
Engineer's report.....	3
Security report.....	4
Website Analytics Report .....	4