

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
May 9, 2017

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on May 9, 2017, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Keith McKeand, President
Floyd Green, Vice President
Ray Boudreaux, Secretary
James Buchanan, Assistant Secretary
Jake Wofford, Assistant Secretary

and all such persons were present with the exception of Director Buchanan, thus constituting a quorum.

Also present were Bill Russell of Myrtle Cruz, Inc. ("MCI"); Bradley Jenkins and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Michael Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbra Nussa of Republic Services, Inc. ("Republic"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Shannon Waugh and Alan De Jong of Off Cinco, LLC ("Off Cinco"); and Spencer Creed of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might come before it.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the April 11, 2017, Board of Directors meeting. A revision was noted to page two (2) of said minutes. Following discussion, Director Boudreaux moved that the minutes of the April 11, 2017, Board meeting be approved, as revised. Director Wofford seconded the motion, which unanimously carried.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Sergeant Hinkel presented and reviewed Harris County Precinct 4 Constable's Office security report for the month of April 2017, a copy of which is attached hereto as **Exhibit A**. No action was taken by the Board at this time.

REPUBLIC SERVICES, INC.

As the next order of business, the Board considered a report from Republic concerning solid waste collection activities within the District. Ms. Nussa reviewed with the Board the Customer Service Report, a copy of which is attached hereto as **Exhibit B**. No action was taken by the Board at this time.

COMMENTS FROM THE PUBLIC

Mr. Creed next presented to and reviewed with the Board a 911 Statistics Report provided by the Eastex Fire Department for the month of April 2017, a copy of which report is attached hereto as **Exhibit C**. No action was taken by the Board.

Ms. Nussa exited the meeting at this time.

BOOKKEEPING REPORT AND PAYMENT OF BILLS

As the next order of business, Mr. Russell presented to and reviewed with the Board the bookkeeping report, including the checks presented for payment from the District's various accounts, the budget for the fiscal year to date, the investment report and the pledged security report, copies of which are attached hereto as **Exhibit D**. After further discussion on the matter, Director Green moved that the Board approve the bookkeeping report and that the checks identified therein be approved for payment. Director Boudreaux seconded the motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board deferred approval of an Unclaimed Property Report (the "Report") as of March 1, 2017, and authorization for MCI to file the Report with the State Comptroller prior to July 1, 2017, until the next meeting.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for April 2017, a copy of which is attached hereto as **Exhibit E**, including the checks presented for payment. After discussion, Director Boudreaux moved that the tax assessor's report be approved as presented, including the listed disbursements. Director Green seconded said motion, which carried unanimously.

Ms. Oliver distributed an Active Installment Agreements Report, a copy of which is attached as part of **Exhibit E**.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

With respect to the review of a Delinquent Tax Report from the District's delinquent tax collections attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), Mr. Creed reminded the Board that Perdue provides written reports on a semi-annual basis and that no report was received for the current period.

DEVELOPER'S REPORT

As the next order of business, the Board considered the Developer's report. The Board noted that there were no developers present at the meeting.

Ms. Oliver exited the meeting at this time.

UTILITY COMMITMENT REQUEST(S)

Mr. Creed addressed the Board with regard to a request for a utility commitment for water and sanitary sewer service to serve a 59 unit motel (with 2 apartment units and laundry facilities) to be located at 8955 F.M. 1960. Mr. Jenkins confirmed that the District has sufficient water and sanitary sewer capacity to serve the tract and that Jones & Carter recommends that the commitment be approved. After discussion on the matter, Director Wofford moved to (i) authorize the issuance of the utility commitment letter by the District as discussed herein, subject to the completion of same, (ii) that the President be authorized to execute same on behalf of the Board and the District, (iii) and that SPH be authorized to acknowledge the associated Texas Ethics Commission Form 1295. Director Boudreaux seconded the motion, which unanimously carried.

STATUS OF ESTABLISHMENT OF WEBSITE FOR DISTRICT

The Board next considered the status of the establishment of a website for the District, as discussed at previous meetings. Ms. Waugh addressed the Board and reviewed the proposed layout of the site. Minor adjustments to same were requested by the Directors. Following discussion, Director Green moved that Off Cinco be authorized to implement the website, subject to final review and comments to same by SPH. Director Wofford seconded the motion, which unanimously carried.

Ms. Waugh and Mr. De Jong exited the meeting at this time.

ENGINEERING REPORT

As the next order of business, the Board considered the engineering report. Mr. Jenkins presented to and reviewed with the Board a written engineering report dated May 9, 2017, a copy of which is attached hereto as **Exhibit F**, relative to the status of various projects within the District, and reported as reflected therein.

Mr. Jenkins reminded the Board that, at the previous meeting, it authorized Jones & Carter to solicit bids for the cleaning and televising of the remaining sanitary sewer lines (the "Project") originally covered by the sanitary sewer cleaning and televising project by Sewer Services of Texas, Inc. He advised that two (2) bids were received, and that the low bid was submitted by CleanServe, LLC in the amount of \$49,920.00. Following discussion, Director Green moved that the contract for the Project be awarded to CleanServe, LLC in the amount of \$49,920.00. Director Wofford seconded the motion, which unanimously carried.

STATUS OF DISTRICT'S APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") FOR APPROVAL OF PROJECT AND BONDS

The Board next discussed the status of the District's application to the TCEQ for approval of project and bonds in connection with the District's Unlimited Tax Bonds, Series 2017. Mr. Jenkins advised that Jones & Carter is in the process of preparing a draft of the Bond Application Report for review by the District's consultants.

**STATUS OF RESOLUTION REQUESTING RELEASE OF ESCROWED FUNDS;
STATUS OF RESOLUTION REQUESTING CHANGE IN USE OF BOND PROCEEDS**

The Board next considered the status of the Resolution Requesting Release of Escrowed Funds for the Deerbrook Commons 48" public storm sewer extension and Resolution Requesting Change In Use of Bond Proceeds in connection with the water well no. 2 rework project, each of which were adopted by the Board at the previous meeting. Mr. Creed noted there was no further update on these two items.

OPERATION AND MAINTENANCE REPORT

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of April 2017, a copy of which is attached hereto as **Exhibit G**.

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$2,030.40, to the uncollectible roll, such accounts being listed on the District Write-Offs Report, a copy of which is attached to the operations and maintenance report. After further discussion, it was moved by Director Wofford, seconded by Director Boudreaux and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

CONSUMER CONFIDENCE REPORT ("CCR")

As the next order of business, the Board considered the approval of the District's CCR and authorization of the distribution of same to customers of the District. Mr. Creed advised the Board that, pursuant to CCR requirements promulgated by the Environmental Protection Agency and the TCEQ, the District is required to provide a report to all customers of the District by July 1 of each year, containing various information regarding the District's water supply. Mr. Williams advised that MOC plans again this year to make the CCR available to customers electronically as authorized under the applicable regulations. After discussion on the matter, Director Green moved that such CCR be approved by the Board, subject to SPH's final review and approval, and that MOC be authorized to distribute same to the District's consumers prior to the July 1, 2017, deadline. Director Wofford seconded said motion, which carried unanimously.

RATE ORDER

The Board next considered increasing the District's residential sanitary sewer rate to cover Republic's increase in solid waste collection and disposal fees and the amendment of its Rate Order in connection therewith. Mr. Creed presented correspondence to the Board from Republic, a copy of which is attached hereto as **Exhibit H**, advising of an increase in the rates for monthly solid waste collection and disposal services from \$12.47 to \$12.68 per home in accordance with the CPI-U index, with such rate adjustment to become effective on June 1, 2017. Mr. Creed advised the Board that he had reviewed the CPI-U index and the District's contract with Republic and that Republic's proposed increase is consistent with same. After discussion on the matter, it was moved by Director Green, seconded by Director Wofford and unanimously carried, that: (i) the District increase its monthly flat fee for residential sanitary sewer and solid waste collection and disposal service from \$22.82 to \$23.03 in order to cover the solid waste collection and disposal rate increase, (ii) that any and all Rate Orders heretofore

adopted be revoked, and (iii) that the Rate Order attached hereto as **Exhibit I** be passed and adopted to be effective as of June 1, 2017.

REPORT CONCERNING MO'S BARBEQUE ("MO'S") TRACT

A discussion ensued with regard to the status of compliance by the owner of the Mo's tract with various outstanding deficiency items. Mr. Jenkins advised the Board that platting of the tract is in progress. The Board deferred a hearing concerning Mo's violation of the Rate Order and imposition of fines and penalties until the next meeting.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In that regard, Mr. Creed presented and reviewed the Arbitrage Rebate Calculation Reports for the final computation periods prepared by Arbitrage Compliance Specialists, Inc. for the District's Series 2006 Bonds and Series 2007 Bonds. Mr. Creed presented and reviewed such reports with the Board, copies of which are attached hereto as **Exhibit J**, and noted that, according to the reports, no action are required by the Board at this time.

PRESIDENT'S REPORT

Director McKeand then presented and reviewed a copy of the President's Report for April 2017, a copy of which is attached hereto as **Exhibit K**. No action was taken by the Board at this time.

EXECUTIVE SESSION

The Board entered into closed session pursuant to Texas Government Code Section 551.071 at 8:45 p.m., with only Mr. Creed also in attendance, and re-convened in regular session at 8:58 p.m.


The Board discussed the reported customer injury claim based upon a prior sinkhole located on Escola Drive. Following discussion, Director Wofford moved that the claim be submitted to the District's insurance carrier. Director Boudreaux seconded the motion, which unanimously carried.

POSSIBLE FUTURE AGENDA ITEMS

The Board then considered items for placement on a future agenda. No items were requested to be added to future agendas other than those items hereinabove discussed.

ADJOURNMENT OF MEETING

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


Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of April 2017
<u>Exhibit B</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit C</u>	911 Statistics Report
<u>Exhibit D</u>	Bookkeeper's Report
<u>Exhibit E</u>	Tax Assessor-Collector's Report
<u>Exhibit F</u>	Engineering Report
<u>Exhibit G</u>	Operations and Maintenance Report
<u>Exhibit H</u>	Correspondence from Republic Services, Inc.
<u>Exhibit I</u>	Rate Order
<u>Exhibit J</u>	Arbitrage Rebate Calculation Reports for the final computation periods prepared by Arbitrage Compliance Specialists, Inc. for the District's Series 2006 Bonds and Series 2007 Bonds
<u>Exhibit K</u>	President's Report for April 2017