

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
June 13, 2017

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on June 13, 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, 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 and Lonnie Wright 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"); and John Eichelberger 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 May 9, 2017, Board of Directors meeting. Following discussion, Director Green moved that the minutes of the May 9, 2017, Board meeting be approved, as written. Director Buchanan 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 May 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. Eichelberger next presented to and reviewed with the Board a 911 Statistics Report provided by the Eastex Fire Department for the month of May 2017, a copy of which report is attached hereto as **Exhibit C**. No action was taken by the Board.

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 Buchanan moved that the Board approve the bookkeeping report and that the checks identified therein be approved for payment. Director Green seconded the motion, which unanimously carried.

Ms. Nussa exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

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

The Board deferred approval of documentation in connection with the proposed electronic payment program for tax payments until the next meeting.

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. Eichelberger 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.

UTILITY COMMITMENT REQUEST(S)

Mr. Eichelberger next reported that the District has not received any new requests for utility commitments.

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 June 13, 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 provided the Board with an update concerning the status of the contract with King Solution Services, LLC for construction of the eight-inch public sanitary sewer line along F.M. 1960, and presented and reviewed Pay Estimate No. 2 and Final in the amount of \$5,218.20. Following discussion, Director Buchanan moved that Pay Estimate No. 2 and Final from King Solution Services, LLC be approved. Director Boudreaux seconded the motion, which unanimously carried.

Mr. Jenkins next reminded the Board that approximately 4,000 linear feet of sanitary sewer line within Jesse Jones Park was removed from the sanitary sewer cleaning and televising project by Sewer Services of Texas, Inc., and that the Board previously discussed an option under which the District would construct a new sanitary sewer line and abandon that portion within the park. He stated that Jones & Carter is reevaluating repairs to the existing sanitary sewer line because a replacement line cannot be constructed along the original route. Following discussion, Director Buchanan moved that Jones & Carter be authorized to solicit written bids in connection with the cleaning and televising of this portion of the existing sanitary sewer line. Director Boudreaux seconded the motion, which unanimously carried.

With regard to construction of the wastewater treatment plant outfall, Mr. Jenkins presented and reviewed Pay Estimate No. 1 and Final in the amount of \$19,195.00. Following discussion, Director Buchanan moved that Pay Estimate No. 1 and Final from Camino Services, Inc. be approved. Director Boudreaux seconded the motion, which unanimously carried.

Mr. Eichelberger requested that the Board consider the acceptance of Conveyances and Bills of Sale of Utility Facilities ("Conveyances") from Willowbend Apartments I, Ltd. ("Willowbend") to the District for the domestic public water line and sanitary sewer line constructed as part of the Willowbend apartments project. After further discussion on the matter, Director Buchanan moved that the Board accept the Conveyances and that the President be authorized to execute same on behalf of the Board and the District. Director Boudreaux seconded the motion, which unanimously carried.

Ms. Oliver exited the meeting at this time.

SUBMISSION OF CRITICAL LOAD STATUS INFORMATION TO RETAIL ELECTRIC PROVIDER

Mr. Eichelberger advised that Section 13.1396 of the Texas Water Code, as amended, requires the District to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District and (b) immediately upon any change in the information to the above entities, as well as to the office of emergency

management of Harris County, the Public Utility Commission of Texas, and the division of emergency management of the governor. Mr. Jenkins advised that Jones & Carter would provide the annual update and, if required, any changes to the information to the appropriate entities. Following discussion, Director Buchanan moved to authorize Jones & Carter to make such submissions on behalf of the District, as and if necessary. The motion was seconded by Director Green and carried by unanimous vote.

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 an updated Summary of Costs is attached to the engineering report. Following discussion, Director Buchanan moved that the Board adopt an Order Authorizing Application to the TCEQ for Approval of Project and Bonds, attached hereto as **Exhibit G**, and that SPH be authorized to submit same as part of the District's application to the TCEQ for approval of Bond Issue No. 17 upon completion of the associated report. Director Green seconded said motion, which unanimously carried.

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 a previous meeting. Mr. Eichelberger noted that the request for change in use of bond proceeds is being included in the application to the TCEQ for approval of Bond Issue No. 17 in order to reduce the size of the bond issue and, consequently, no separate resolution or application for same will be necessary. Following discussion, the Board concurred to revoke its previously adopted Resolution Requesting Change in Use of Bond Proceeds for those funds. It was noted that Jones and Carter is still assembling the materials for submission of the Resolution Requesting Release of Escrowed Funds to the TCEQ.

OPERATION AND MAINTENANCE REPORT

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

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$1,945.82, 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 Buchanan, seconded by Director Wofford and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

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.

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. Director McKeand noted that the website is now publicly accessible. Director McKeand requested that the Board consider authorizing creation of individual electronic mail addresses for each of the Board members and the posting of same under the contact section of the District's website. The Board indicated that it is willing to consider Director McKeand's request, and requested that an item related to same be included on the next agenda.

VOTING SYSTEM ANNUAL FILING FORM

The Board next considered approval of a Voting System Annual Filing Form. Mr. Eichelberger advised the Board that under the Texas Election Code, the District is required to complete and file a form provided by the Secretary of State regarding information related to District elections. After discussion, Director Buchanan moved that the District's attorneys be authorized to complete the Voting System Annual Filing Form and to file same with the Secretary of State's office. Director Boudreaux seconded the motion, which unanimously carried.

REQUEST OF RECORDS MANAGEMENT OFFICER

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from February 10, 2016, to February 7, 2017, a copy of which is attached hereto as **Exhibit I**. After discussion of the request, Director Buchanan moved that the destruction of SPH's handwritten notes of Board meetings be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Green seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Mr. Eichelberger advised that he had nothing of a legal nature to report other than those items which were previously addressed in the meeting.

PRESIDENT'S REPORT

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

EXECUTIVE SESSION

The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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.

A handwritten signature in cursive script, appearing to read "James B. ...", is written over a horizontal line. Below the line, the text "Secretary Board of Directors" is printed.
Secretary
Board of Directors

460206

LIST OF ATTACHMENTS TO MINUTES

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| <u>Exhibit A</u> | Security Report for the month of May 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> | Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds |
| <u>Exhibit H</u> | Operations and Maintenance Report |
| <u>Exhibit I</u> | Records Destruction Request |
| <u>Exhibit J</u> | President's Report for May 2017 |