

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
July 11, 2017

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on July 11, 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 Boudreaux, who entered later in the meeting as noted herein, thus constituting a quorum.

Also present were Tina Kelsey of Myrtle Cruz, Inc. ("MCI"); Mason Mueller, who entered later in the meeting as noted herein, and Bradley Jenkins 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"); Christine Crotwell of FirstSouthwest, a division of Hilltop Securities Inc. ("FirstSouthwest"); Mary Eyring of Roth & Eyring, PLLC ("Roth & Eyring"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Chief Bryan Harris of the Eastex Fire Department ("Eastex"); Lisa Newsum, President of the Deerbrook Estates Community Association, Inc. ("DECA"), and resident of the District, and Eric Holsopple, and Phillip Newsum, residents of the District; 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 June 13, 2017, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the June 13, 2017, Board meeting be approved, as written. Director Boudreaux seconded the motion, which unanimously carried.

COMMENTS FROM THE PUBLIC

Ms. Newsum addressed the Board with concerns raised at a recent DECA meeting regarding the Deerbrook Commons 48-inch public storm sewer extension project. Mr. Jenkins explained the scope of the project, and advised that it scheduled to be completed within approximately sixty (60) days.

Director Boudreaux and Mr. Mueller entered the meeting at this time.

Ms. Newsum advised that several residents within the District have inquired about the provision of recycling services. Director McKeand stated that the provision of recycling services is not economically feasible for the District at this time, but that there is a recyclable materials collection facility within Jesse Jones Park that is accessible to the residents.

Ms. Newsum next inquired as to whether the District can provide mass messaging services to the residents via its website in cases of power outages, droughts, etc. Director McKeand stated that an item related to this matter can be included on the next agenda.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

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

Mr. and Mrs. Newsum exited the meeting at this time.

AUDIT REPORT FOR FISCAL YEAR ENDED APRIL 30, 2017

The Board next reviewed a draft of the District's Audit Report prepared by Roth & Eyring, for the District's fiscal year ending April 30, 2017. Mr. Eyring discussed with the Board in detail the Management's Discussion and Analysis Section contained in the draft Audit Report. Director McKeand inquired why the District is no longer receiving a SAS 15 letter from Roth & Eyring on an annual basis, to which Mr. Eyring responded. After discussion concerning the draft Audit Report, it was moved by Director Buchanan, seconded by Director Boudreaux and unanimously carried, that the Audit Report for the fiscal year ending April 30, 2017, be approved, subject to SPH's final review and approval of same, that the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District and the Representation Letter, attached hereto as **Exhibit B**, and that such Audit Report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

PLAN OF FINANCING FOR REFUNDING TRANSACTION

Ms. Crotwell addressed the Board regarding the proposed issuance of private placement refunding bonds for the District. In connection therewith, she presented and reviewed with the Board a Plan of Financing, a copy of which is attached hereto as **Exhibit C**, for the District's proposed Unlimited Tax Refunding Bonds, Series 2017. She reported that the proposed refunding bond issue would refund a portion of the District's Series 2011 Bonds, and that the size of the refunding issue was subject to change depending on the market conditions and other factors at the time of sale. She advised that, as of today, the District's net present value savings would be approximately 11.803745%. Ms. Crotwell then reviewed with the Board the procedures for a private placement transaction. After a detailed discussion on the current refunding proposal outlined by Ms. Crotwell, Director Green moved that the District approve such proposal and authorize FirstSouthwest to proceed with same. Director Boudreaux seconded said motion, which unanimously carried.

Mr. Eyring exited the meeting 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 D**. A discussion ensued regarding a customer complaint received from Ms. Christine Coswell of 20219 Pinefield Court, as described on the attached report. Following discussion, the Board noted it was in agreement with Republic's treatment of the complaint. No action was taken by the Board at this time.

Mr. Harris addressed the Board and presented and reviewed a 911 Statistics Report for the month of June 2017, a copy of which is attached hereto as **Exhibit E**.

BOOKKEEPING REPORT AND PAYMENT OF BILLS

As the next order of business, Ms. Kelsey 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 F**. 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 Boudreaux seconded the motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for June 2017, a copy of which is attached hereto as **Exhibit G**, 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 G**.

Ms. Oliver advised that Equi-Tax is recommending a new program through First Mobile Trust, L.L.C. ("First Mobile") which offers electronic check and credit/debit card payment options to taxpayers and, therefore, is requesting the District to authorize Equi-Tax to send a notice of termination to Official Payments Corporation ("OPC") for the existing Official Payments Services Agreement. She next briefly summarized the program terms and the Payment Services Agreement to be entered between First Mobile and the District as part of the program. She noted that SPH has reviewed the Payment Services Agreement, a copy of which is attached hereto as **Exhibit H**, and that First Mobile has submitted the required Texas Ethics Commission ("TEC") Form 1295 relative to the Payment Services Agreement. Following discussion, upon motion by Director Buchanan, seconded by Director Boudreaux and unanimously carried, the Board approved the following items: (i) for Equi-Tax to send OPC a notice of termination for the Official Payment Services Agreement, (ii) the Payment Services Agreement between First Mobile and the District, and (iii) acceptance of TEC Form 1295 by the District for the Payment Services Agreement and the acknowledgement of same with the TEC.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Creed next presented the District's delinquent tax report dated July 11, 2017, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached as **Exhibit I**, and noted that no action was required on the matter at this time.

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

Ms. Kelsey and Ms. Oliver 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 July 10, 2017, a copy of which is attached hereto as **Exhibit J**, relative to the status of various projects within the District, and reported as reflected therein.

Following discussion of the engineer's report, it was moved by Director Wofford, seconded by Director Green and unanimously carried that the engineering report be approved including award to CleanServe, LLC of a contract in the amount of \$35,275.00 for cleaning and televising of the sanitary sewer system within Jesse Jones Park.

STATUS OF DISTRICT'S APPLICATION TO THE 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, including a change in use of funds for the water well no. 2 rework project (\$385,825). Mr. Jenkins advised that a copy of the preliminary summary of costs is attached as part of the engineer report (**Exhibit J**), and that a draft of the Bond Application Report is expected to be complete next week. He stated 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.

STATUS OF RESOLUTION REQUESTING RELEASE OF ESCROWED FUNDS

A discussion ensued regarding the status of the Resolution Requesting Release of Escrowed Funds (\$242,000 for Deerbrook Commons 48" public storm sewer extension). Mr. Creed noted that the Resolution was approved by the Board at a previous meeting, and advised

that Jones and Carter is assembling the materials for submission of the Resolution Requesting Release of Escrowed Funds to the TCEQ.

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.

Ms. Crotwell exited the meeting at this time.

OPERATION AND MAINTENANCE REPORT

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

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$807.40, 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 Buchanan, seconded by Director Boudreaux and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

STATUS OF WEBSITE FOR DISTRICT

The Board next considered the status of the website for the District. No action was taken by the Board at this time.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. A discussion ensued with regard to scheduling a special meeting to address items related to the proposed 2017 Refunding Bonds, as discussed earlier in the meeting. Following discussion, the Board concurred to tentatively schedule a special meeting for August 1, 2017, at 7:00 p.m.

PRESIDENT'S REPORT

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

EXECUTIVE SESSION

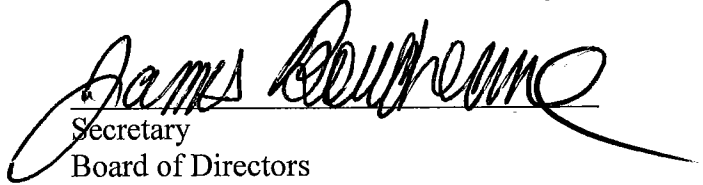
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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.


Secretary
Board of Directors

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LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of June 2017
<u>Exhibit B</u>	Representation letter (Roth & Eyring, PLLC)
<u>Exhibit C</u>	Plan of Financing
<u>Exhibit D</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit E</u>	911 Statistics Report
<u>Exhibit F</u>	Bookkeeper's Report
<u>Exhibit G</u>	Tax Assessor-Collector's Report
<u>Exhibit H</u>	Payment Services Agreement (First Billing)
<u>Exhibit I</u>	Delinquent Tax Report
<u>Exhibit J</u>	Engineering Report
<u>Exhibit K</u>	Operations and Maintenance Report
<u>Exhibit L</u>	President's Report for June 2017