

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**Minutes of Meeting of Board of Directors**  
**February 14, 2017**

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on February 14, 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, who entered later in the meeting as noted herein, and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oljver of Equi-Tax, Inc. ("Equi-Tax"); Michael Williams of Municipal Operations and Consulting, Inc. ("MOC"); Sergeant Hinkel and Assistant Chief John Zitzmann of the Harris County Precinct Four Constable's Office ("HCP4"); Barbara Nussa of Republic Services, Inc. ("Republic"); 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 January 10, 2017, Board of Directors meeting. Following discussion, Director Boudreaux moved that the minutes of the January 10, 2017, Board meeting be approved, as written. Director Green seconded the motion, which unanimously carried.

**HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT**

Sergeant Hinkel introduced Chief Zitzmann to the Board and presented and reviewed HCP4's security report for the month of January 2017, a copy of which is attached hereto as **Exhibit A**. Mr. Zitzmann reviewed with the Board various current activities of HCP4.

Mr. Jenkins entered the meeting at this time.

Sergeant Hinkel and Assistant Chief Zitzmann 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 B**. No action was taken by the Board at this time.

## **COMMENTS FROM THE PUBLIC**

There were no comments from the public at this time.

Mr. Creed next presented to and reviewed with the Board a 911 Statistics Report provided by the Eastex Fire Department for the month of January 2017, a copy of which report is attached hereto as **Exhibit C**.

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

## **TAX ASSESSOR-COLLECTOR REPORT**

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

## **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., 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.

## UTILITY COMMITMENT REQUEST(S)

Mr. Creed 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 February 14, 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. He reminded the Board that the Harris County permit associated with the Deerbrook Estates drainage channel storm water quality feature is in Friendswood's name and needs to be transferred to the District. He further reminded the Board that the trash rack must be cleaned and inspected before submitting the permit renewal application. Mr. Jenkins reported that the trash rack has been cleaned and that Jones and Carter will inspect the trash rack this week and, subject to that inspection, submit the permit renewal application.

With regard to the sanitary sewer cleaning and televising project (the "Project") by Sewer Services of Texas, Inc., Mr. Jenkins advised that the contract completion date was December 23, 2016, and that the contractor is having difficulty completing the portion of the contracted work (approximately 4,000 linear feet) within Jesse Jones Park due to the existence of grit and other issues with the line. A discussion ensued concerning the removal of that portion of the project from the current contract and completing it as a separate project. He then presented Pay Estimate No. 5 in the amount of \$27,760.50 from Sewer Services of Texas, Inc. in connection with the Project. Following discussion, it was moved by Director Boudreaux, seconded by Director Green and unanimously carried that Pay Estimate No. 5 from Sewer Services of Texas, Inc. be approved, that a Change Order be issued to remove the approximately 4,000 linear feet within the park from the contract, and that Jones & Carter be authorized to solicit bids to clean and televise the approximately 4,000 linear feet located within Jesse Jones Park.

Mr. Jenkins next advised that Jones and Carter received notification from Harris County Flood Control District that they no longer object to the proposed outfall, and will not require an impact analysis for the proposed 48" public storm sewer extension project. Mr. Jenkins noted that there is still an outstanding issue with regard to the detention requirements for the Deerbrook Commons subdivision.

Mr. Jenkins next presented to and reviewed with the Board a Water Plant No. 1, 2, and 3 inspection report, a copy of which is included with the engineering report. He noted that the District may want to consider installing drainage swales at the Water Plants at some point in the future, and advised that a cost summary for same is included within the report.

**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 the Bond Application Report, and that he anticipates a draft of the report will be provided to the District's consultants for review this month.

**DEDICATION OF ELEVATED STORAGE TANK FACILITY**

The Board discussed the dedication of the Elevated Storage Tank facility in honor of former Director Richard Sprouse. Mr. Creed reminded the Board that, at a previous meeting, it authorized dedication of the Elevated Storage Tank facility to former Director Sprouse and the installation of a plaque thereon to memorialize such dedication. Mr. Jenkins advised that the proposed dedication language is attached to the engineering report, and that it will cost approximately \$1,215.65 to purchase and install the plaque. Certain revisions to the language were requested. Following discussion, Director Wofford moved that Jones and Carter be authorized to purchase and have the plaque installed on the Elevated Storage Tank facility in honor of Director Richard Sprouse. Director Boudreaux seconded the motion, which unanimously carried.

Mr. Jenkins next advised the Board of an increase in Jones & Carter's hourly rates, effective as of January 1, 2017. He distributed and reviewed with the Board a schedule of the hourly rates, a copy of which is attached to the engineering report.

Ms. Oliver exited the meeting at this time.

**ANNUAL REVIEW OF WAGE RATE SCALE**

Mr. Creed next presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit G**. He reviewed various provisions of the Resolution with the Board. Mr. Creed informed the Board that the District previously adopted the U.S. Department of Labor's wage rates, which have recently been updated. After discussion and consideration of the proposed Resolution, Director Boudreaux moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the Department of Labor and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Wofford seconded said motion, which unanimously carried.

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

A discussion ensued with regard to the status of the outstanding easement associated with the 8" public sanitary sewer line and compliance by Mo's and various outstanding deficiency items. Mr. Creed advised that the easement has been signed by the landowner and the lienholder.

Following discussion, Director Boudreaux moved that the Board approve the 25' Sanitary Sewer Easement and that the President be authorized to execute same on behalf of the Board and the District. Director Green seconded the motion, which unanimously carried. The Board deferred the hearing concerning Mo's violation of the Rate Order and imposition of fines and penalties until the next meeting.

### **OPERATION AND MAINTENANCE REPORT**

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of January 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 \$2,232.63, 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 Boudreaux, seconded by Director Green and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

A discussion ensued regarding the amount of leaks detected within the District's system. Mr. Williams advised that he had provided a copy of the District's water loss audit to Director McKeand prior to submitting same to the Texas Water Development Board. The Board deferred further discussion at this time.

### **RENEWAL OF DISTRICT INSURANCE COVERAGES**

There was a discussion concerning the renewal of the District's various insurance policies for the term expiring March 31, 2017. In that regard, the Board reviewed the renewal proposal received from AquaSurance, L.L.C., a copy of which is attached hereto as **Exhibit I**. After discussion on the matter, Director Boudreaux moved that the proposal from AquaSurance, L.L.C. for renewal of the District's insurance policies be accepted and that the President be authorized to execute such proposal on behalf of the Board and the District. Director Green seconded said motion, which unanimously carried.

### **AUDIT OF THE DISTRICT'S SERIES 2005 BONDS BY THE INTERNAL REVENUE SERVICE ("IRS")**

Mr. Creed next addressed the Board with regard to the status of the audit by the IRS of the District's Series 2005 Bonds. In that regard, he advised that a response has been filed with the IRS by McCall, Parkhurst & Horton, L.L.P. ("MPH") on behalf of the District, and that MPH has received a preliminary indication that no further action will be necessary. Mr. Creed noted, however, that a formal response from the IRS has not yet been received.

**DISCUSSION REGARDING DIRECTOR LOT WITHIN DISTRICT OWNED BY FORMER DIRECTOR CHAR ROTHROCK**

A discussion ensued regarding the director lot within the District owned by former director Char Rothrock and the status of delinquent taxes owed on such lot. Mr. Creed advised that the attorney for the school district has stated they are amenable to amending the pleadings in the delinquent tax action to be "in rem" only so that no personal liability is sought against Ms. Rothrock's daughter. The Board noted that they were amenable to any judgment in favor of the District being in rem only as well.

**DISCUSS POTENTIAL ESTABLISHMENT OF WEBSITE FOR THE DISTRICT**

The Board next discussed the potential establishment of a website for the District. Director McKeand noted that he has requested a website designer to attend the March meeting to discuss same with the Board. Mr. Creed stated that SPH has prepared and distributed a memorandum to the Board regarding the legal requirements for district websites, a copy of which is attached hereto as **Exhibit J**. Following discussion, the Board concurred to review the memorandum and further discuss this matter at the March Board meeting.

**ATTORNEY'S REPORT**

Mr. Creed advised that he had nothing further of a legal nature to report other than those items which were previously addressed in the meeting.

Director McKeand addressed the Board regarding his attendance at the recent Association of Water Board Directors' conference, and distributed a report to the Board with regard to same, a copy of which is attached hereto as **Exhibit K**.

**EXECUTIVE SESSION**

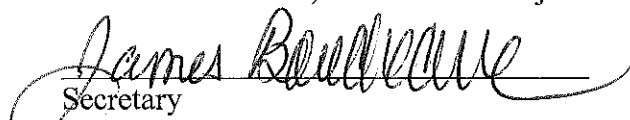
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

**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

LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of January 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>	Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
<u>Exhibit H</u>	Operations and Maintenance Report
<u>Exhibit I</u>	Proposal from AquaSurance, L.L.C.
<u>Exhibit J</u>	Memorandum prepared by Schwartz, Page & Harding, L.L.P.
<u>Exhibit K</u>	Report prepared by Director McKeand