

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

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on November 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 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"); Barbara Nussa of Republic Services, Inc. ("Republic"); Sergeant Hinkel and Deputy Torres of the Harris County Precinct Four Constable's Office ("HCP4"); Scott Furches and Rick Schroeder of 1960 Autoplex, Inc.; Elizabeth Moore of Civil Concepts, Inc.; 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 October 10, 2017, Board of Directors meeting. Following discussion, Director Boudreaux moved that the minutes of the October 10, 2017, Board meeting be approved, as written. Director Wofford seconded the motion, which unanimously carried.

**INTERNAL UTILITY DESIGN FOR 1960 AUTOPLEX TRACT**

A discussion ensued concerning the proposed layout for internal water and sanitary sewer lines to serve the buildings located within the 1960 Autoplex tract (the "Tract"), previously annexed into the District. It was noted that 1960 Autoplex, Inc. owns the western half of the Tract and Mr. Furches individually owns the eastern half of the Tract. Mr. Furches and Mr. Schroeder addressed the Board regarding the costs associated with the District's requirement that each building within the Tract be required to have a separate service line in accordance with the District's standard rules and regulations, and requested a variance from such requirement. A discussion ensued regarding the District's provision of water and sanitary sewer service to the buildings located on the Tract via an alternative arrangement subject to 1960 Autoplex, Inc. and Mr. Furches entering into an in-district service agreement with the District containing certain

conditions and which would be recorded in the real property records as being associated with the Tract. Mr. Jenkins reviewed with the Board the alternative utility layout being proposed by 1960 Autoplex, Inc.'s engineer, a copy of which is attached as part of the Engineering Report. Mr. Jenkins advised that he had no objections to the Board's approval of the variance request, subject to an appropriate service agreement being entered into by the parties. Following discussion, Director Wofford moved that SPH be authorized to prepare a draft of the in-district service agreement between the District and 1960 Autoplex, Inc. for review and approval by the Board. Director Boudreaux seconded the motion, which unanimously carried. The Board concurred that (a) 1960 Autoplex, Inc. shall be allowed to move forward with construction based upon the proposed alternative utility layout; (b) Jones & Carter shall provide a plan review letter for the project which references the service agreement; (c) the agreement shall address (i) that if any water or sanitary sewer sampling issues are discovered by the District within the Tract which cannot be isolated to a particular building, then service shall be terminated to all buildings served by the applicable line until the issue is resolved, (ii) that in the event the Tract is further subdivided in the future or any of the existing buildings are sold to third parties such that there are multiple owners of the buildings (other than the two current owners), then the owners shall be required to install one service line per building in accordance with the District's standard rules and regulations, and (iii) the existence of a reciprocal easement and maintenance arrangement for the sanitary sewer line bisecting the two parcels comprising the Tract; and (d) the agreement must be executed by all parties and recorded in the real property records prior to any water meters being installed for the District's provision of water service to the Tract.

Mr. Furches and Mr. Schroeder next addressed the Board regarding their receipt of District tax bills for the Tract in the combined amount of approximately \$15,000. They indicated that it was their understanding taxes would not be owed on the Tract until the Tract began to receive utility services from the District. Following discussion, Director McKeand advised that this issue would need to be deferred for further discussion next month and that an item would be added to the agenda to address same.

Mr. Furches, Mr. Schroeder, and Ms. Moore exited the meeting at this time.

#### **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 October 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**

There were no comments from the public 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 C**. 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.

Director McKeand addressed the Board regarding the District's relationship with Wells Fargo and the implications of the recent scandal involving the bank's opening of unauthorized accounts. He requested that a representative of Wells Fargo attend the next meeting to address the Board, and that Wells Fargo provide a letter to the District confirming that the matter has been properly and adequately addressed and that the District's accounts with the bank are secure. Ms. Oliver stated that she will contact the District's representative at Wells Fargo. Mr. Creed advised that an item related to this matter will be included on the next agenda.

## **TAX ASSESSOR-COLLECTOR REPORT**

Ms. Oliver then presented and reviewed the tax assessor-collector's report for October 2017, a copy of which is attached hereto as **Exhibit D**, 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 Wofford seconded said motion, which carried unanimously.

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

## **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 stated that no report was received for the current period.

## **RESOLUTION AUTHORIZING REQUEST TO HARRIS COUNTY APPRAISAL DISTRICT FOR APPRAISAL OF PROPERTY**

Mr. Creed next advised that the District's financial advisor has requested that the District request an updated estimate of value as of November 1, 2017, from the Harris County Appraisal District. The Board then considered approval of a Resolution Requesting Appraisal of Property (the "Resolution") as of November 1, 2017. After discussion, Director Boudreaux moved that the Board adopt the Resolution attached hereto as **Exhibit E**, 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.

Ms. Oliver exited the meeting 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.

## **REQUEST TO HARRIS COUNTY COMMISSIONER WITH REGARD TO WIDENING OF LEE ROAD**

Mr. Jenkins reminded the Board that, at the previous meeting, the Board authorized the President to execute a letter to the Harris County Commissioner's Office (the "Commissioner's Office"), on behalf of the Board and the District, to request a traffic study relative to the widening of Lee Road. Mr. Jenkins advised that the letter was sent to the Commissioner's Office, and that their response is attached as part of the Engineering Report. He advised that the Commissioner's Office has indicated that the widening of Lee Road is depicted on the master list of corridors to be upgraded; however, funds to pursue development of the Lee Road corridor are not currently available. The Board took no further action on this matter.

## **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 November 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. Following discussion of the engineer's report, it was moved by Director Boudreaux, seconded by Director Green and unanimously carried that the engineering report be approved including (i) tree removal and emergency point repair of the sanitary sewer line located near 10106 Bolton Bridge Lane, (ii) approval of Pay Estimate No. 2 and Final in the amount of \$72,522.62 to T Construction, LLC in connection with the 48-inch public storm sewer extension project, (iii) authorization of Jones & Carter to prepare plans and specifications and solicit bids in connection with repair of the wastewater treatment plant outfall, and (iv) authorization of Jones & Carter to perform annual water plant inspections at a total cost of approximately \$6,700.

## **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, including a change in use of funds for the water well no. 2 rework project (\$385,825). Mr. Creed advised the Board that SPH received the Staff Memorandum and draft Order approving the issuance of the Bonds from the TCEQ, a copy of which had been previously provided to the Directors, and are waiting to receive the final Order. He then discussed the financial advisor's proposed schedule for sale of the District's Bonds, with which the Board concurred.

## **OPERATION AND MAINTENANCE REPORT**

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of October 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 \$6,204.08, 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 Green, seconded by Director Boudreaux and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

## **WATER CONSERVATION PLAN**

Mr. Creed advised that House Bill 1648, as passed by the 85<sup>th</sup> Texas Legislature and amended under Section 13.146 of the Texas Water Code, requires districts and other political subdivisions providing potable water service to 3,300 or more connections to designate an individual as its Water Conservation Coordinator to implement its Water Conservation Plan ("WCP"). He then presented for the Board's review a Resolution Regarding Review of Water Conservation Plan and an amended WCP listing Mr. Wright as the District's Water Conservation Coordinator, copies of which are attached hereto as **Exhibit H**. After discussion on the matter, Director Wofford moved that (i) the Resolution Regarding Review of Water Conservation Plan be approved and that the new WCP be adopted, and (ii) that SPH be authorized to file same with the Texas Water Development Board. Director Boudreaux seconded said motion, which unanimously carried.

## **RATE ORDER**

The Board next considered increasing customer security deposit amounts and amending the District's Rate Order to reflect same. Following discussion, the Board deferred taking action.

## **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 engineering items, including installation of a grease trap and establishing the required distances between the tract's internal water and sewer lines. Following discussion, 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 WEBSITE FOR DISTRICT**

The Board next considered the status of the website for the District, and considered the (i) addition of email accounts for directors and (ii) implementation of mass messaging options for the District, as well as an amendment to the Service Agreement between the District and Off Cinco, L.L.C. concerning same. Following discussion, the Board concurred to defer taking action on these matters at this time.

**AUTHORIZE FILING OF EMINENT DOMAIN REPORT WITH THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

Mr. Creed next advised the Board that Chapter 2206 of the Texas Government Code requires each public and private entity in the State of Texas authorized to exercise the power of eminent domain to file a report with the Comptroller before February 1 of each year. Following discussion on the matter, Director Wofford moved that SPH be authorized to prepare and file the required eminent domain report with the Comptroller prior to February 1, 2018. Director Boudreaux seconded the motion, which passed unanimously.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Creed distributed to each of the Directors the Fall 2017 edition of the North Harris County Regional Water Authority's magazine, entitled "Waterlines", a copy of which is attached hereto as **Exhibit I**.

Mr. Creed next presented to and reviewed with the Board correspondence from the U.S. Census Bureau regarding a voluntary survey, a copy of which correspondence is attached hereto as **Exhibit J**. Following discussion, the Board concurred not to participate in the survey.

**PRESIDENT'S REPORT**

Director McKeand then presented and reviewed a copy of the President's Report for October 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 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 October 2017
<u>Exhibit B</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit C</u>	Bookkeeper's Report
<u>Exhibit D</u>	Tax Assessor-Collector's Report
<u>Exhibit E</u>	Resolution Requesting Appraisal of Property
<u>Exhibit F</u>	Engineering Report
<u>Exhibit G</u>	Operations and Maintenance Report
<u>Exhibit H</u>	Resolution Regarding Review of Water Conservation Plan
<u>Exhibit I</u>	Magazine provided by the North Harris County Regional Water Authority
<u>Exhibit J</u>	Correspondence from the U.S. Census Bureau
<u>Exhibit K</u>	President's Report for the month of October 2017