

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**Minutes of Meeting of Board of Directors**  
**January 9, 2018**

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on January 9, 2018, 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"), who entered later in the meeting as noted herein; Bradley Jenkins, who entered later in the meeting as noted herein, and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); David Ciarella of Enhanced Energy Services of America, LLC ("EES"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Michael Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Chase Wolf of Hilltop Securities Inc. ("Hilltop"); Assistant Chief John Zitzmann, Sergeant Hinkel, Deputy Torres, and Deputy Wendy Brown of the Harris County Precinct Four Constable's Office ("HCP4"); Lisa Newsum, Phillip Newsum, Lisa Schultz, Liliana Hernandez, Frank Ross, Michelle Pena, Judy Thomason, Marty Zolton, Cecelia and Jesse Sosa, Arturo Soto, Jonathan Cnav, Ruben and Susan Lopez, Hayli Burragan, Younes Aid, and Floyd Potts, 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.

**ENHANCED ENERGY SERVICES OF AMERICA, LLC**

Director McKeand advised that Mr. Ciarella of EES is present at today's meeting to discuss electricity pricing. Mr. Ciarella reviewed with the Board a presentation prepared by EES, a copy of which is attached hereto as **Exhibit A**, and provided the Board with an update concerning current electricity pricing. He noted that the District currently has contracts in place for electricity pricing through April 2019. The Board deferred taking action on this matter, but requested that Mr. Ciarella attend the next meeting with updated pricing.

Mr. Jenkins entered the meeting during Mr. Ciarella's presentation.

Mr. Ciarella exited the meeting at this time.

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

Deputy Torres presented and reviewed the Harris County Precinct 4 Constable's Office security report for the month of December 2017, a copy of which is attached hereto as **Exhibit B**. A lengthy discussion ensued among the Board and the residents present at the meeting with regard to recent crime activities in the District, the impact that pending development projects within the District may have on same, and the proposed addition of deputies to the District's patrol contract with Harris County. It was noted that the Board is adding two (2) deputies, bringing the total to twelve (12), in connection with its pending renewal contract. Chief Zitzmann addressed concerns related to the recent crime activities in the District and responded to questions from the residents. No action was taken by the Board at this time.

Mr. Russell entered the meeting during the presentation of the security report.

Several residents exited the meeting at this time, with the remainder exiting periodically during the meeting.

## **APPROVAL OF MINUTES**

The Board considered approval of the minutes of the December 12, 2018, and December 18, 2018, Board of Directors meetings. Following discussion, Director Boudreaux moved that the minutes of the December 12, 2018, and December 18, 2018, Board meetings be approved, as written. Director Buchanan seconded the motion, which unanimously carried.

## **INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES**

Mr. Creed next presented to and reviewed with the Board a renewal Interlocal Agreement for Law Enforcement Services between Harris County and the District for the term March 1, 2018, through February 28, 2019. Following discussion, Director Buchanan moved that the Interlocal Agreement for Law Enforcement Services by and between Harris County and the District be approved, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and District. Director Boudreaux seconded the motion, which unanimously carried.

## **RECEIVE AND ACT UPON BIDS FOR THE PURCHASE OF THE DISTRICT'S \$4,000,000 UNLIMITED TAX BONDS, SERIES 2018**

As the next order of business, it was announced that, pursuant to notice published as required by law, public bids for the sale of the District's \$4,000,000 Unlimited Tax Bonds, Series 2018 (the "Bonds") would be received at this time and place. Mr. Wolf announced that seven (7) bids had been received for the purchase of the Bonds and presented a bid tabulation sheet to the Board, a copy of which is attached hereto as **Exhibit C**. He then reported that Hilltop had confirmed the accuracy of the bids, that the low bid was submitted by Robert W. Baird & Co., Inc. at a net effective interest rate of 2.907596% and that Hilltop is recommending award of the bid to Robert W. Baird & Co., Inc. After a discussion of the bids received, Director Buchanan moved that the Board accept the low bid of Robert W. Baird & Co., Inc. for the purchase of the Bonds at a net effective interest rate of 2.907596%. Director Boudreaux seconded said motion, which unanimously carried.

## **ORDER AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE BONDS**

There was next presented to the Board for consideration a Bond Order, authorizing the issuance, sale and delivery of the Bonds, and prescribing the terms thereof. Mr. Creed reviewed various provisions of the Bond Order with the Board, which Order is attached hereto as **Exhibit D**. After discussion, it was duly moved by Director Buchanan, seconded by Director Wofford and unanimously carried, that the attached Bond Order be passed and adopted and that the President be authorized to execute the Bond Order and the Secretary to attest same on behalf of the Board and the District.

## **FINAL OFFICIAL STATEMENT**

As the next order of business, there was a discussion regarding the completion of the Final Official Statement to be prepared by Hilltop, as the District's financial advisor, in connection with the sale of the Bonds. After further discussion of the matter, Director Buchanan moved that the financial advisor be authorized to complete the Final Official Statement, dated as of the meeting date, that said Final Official Statement be approved by the Board and the District, and that distribution of same by Hilltop be authorized. Director Wofford seconded said motion, which carried unanimously.

## **PAYING AGENT/REGISTRAR AGREEMENT**

The Board next considered and reviewed a Paying Agent/Registrar Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A. relative to the Bonds. Mr. Creed reviewed the various provisions of the Agreement with the Board. After discussion, Director Buchanan moved that the Agreement be approved and that the President be authorized to execute the Agreement on behalf of the Board and the District. Director Wofford seconded said motion, which carried unanimously.

## **OTHER MATTERS CONCERNING THE BONDS**

As the next order of business, the Board considered acting upon any other matters relative to the sale of the Bonds, including authorizing the execution of various documents by the President and Secretary in connection therewith. Mr. Creed presented to and reviewed with the Board the General Certificate, Signature and No-Litigation Certificate, the letter of instruction to the Attorney General, the Initial Bonds, and other documents relating to the sale of and closing on the Bonds. After further discussion of the matter, Director Buchanan moved that the President and Secretary be authorized to execute said documents and that SPH be authorized to handle all matters in connection with the sale of the Bonds and filing of a transcript with the Attorney General of the State of Texas. Director Wofford seconded said motion, which unanimously carried.

## **ENGAGEMENT OF AUDITOR FOR PREPARATION OF AUDIT OF PAYMENTS FROM BOND PROCEEDS**

As the next order of business, the Board considered the engagement of an auditor for preparation of an audit of payments to the developers and other parties out of the proceeds of the Bonds. Mr. Creed presented a proposal on behalf of Roth & Eyring, PLLC ("Roth") and stated

that the approximate cost for Roth to perform the audit is estimated to be between \$3,950 and \$4,950. After discussion, Director Buchanan moved that Roth be engaged to prepare an audit of payments to be made out of the proceeds of the Bonds. Director Wofford seconded said motion, which unanimously carried.

Mr. Wolf 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 E**. No action was taken by the Board at this time.

### **COMMENTS FROM THE PUBLIC**

There were no comments from the public at this time.

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 F**. After further discussion on the matter, Director Buchanan moved that the Board approve the bookkeeping report and that the disbursements identified therein be approved for payment. Director Boudreaux seconded the motion, which unanimously carried.

### **RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT**

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Creed advised that pursuant to the Public Funds Investment Act, the Board is required to review, and revise if necessary, such list at least annually. He then presented to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, copies of which are attached hereto as **Exhibit G**. Mr. Creed noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion on the matter, Director Buchanan moved that the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Boudreaux seconded said motion, which unanimously carried.

## **TAX ASSESSOR-COLLECTOR REPORT**

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

## **DELINQUENT TAX COLLECTIONS ATTORNEY REPORT**

Mr. Creed next presented the District's delinquent tax report dated January 9, 2018, 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.

## **RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION**

Mr. Creed outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2018, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2018, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Buchanan moved that the District (a) not grant the residential homestead exemption, and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$30,000 from ad valorem taxes levied by the District during the calendar year 2018, and that the Resolution attached hereto as **Exhibit J** relative to same be approved and adopted by the Board and District. Director Boudreaux seconded said motion, which carried unanimously.

## **RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit K**. Mr. Creed advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Buchanan, seconded by Director Boudreaux and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board.

Ms. Oliver exited the meeting at this time.

**AUTHORIZE PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE**

Mr. Creed next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. He advised that the information required to be submitted is described in the memorandum attached hereto as **Exhibit L**. Mr. Creed then presented an engagement letter from the District's auditor, Roth, for the preparation and submission of the required information. Following discussion, Director Buchanan moved, Director Boudreaux seconded, and it was unanimously carried that (i) the engagement letter from Roth be approved and the Texas Ethics Commission Form 1295 for same be accepted and acknowledged, and (ii) Roth be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database.

**DEVELOPER'S REPORT**

A discussion ensued regarding the status of preparation of an in-district service agreement between the District and 1960 Autoplex, Inc., as well as the status of discussions with representatives of Autoplex, Inc. concerning utility service and 2017 property tax issues raised by the property owners, as discussed at a previous meeting. Following discussion, no action was taken by the Board at this time.

**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 January 9, 2018, a copy of which is attached hereto as **Exhibit M**, relative to the status of various projects within the District, and reported as reflected therein. Mr. Jenkins advised that Jones & Carter has prepared a 20 year capital improvement plan ("CIP"), a copy of which is included with the engineering report, and which will be used to prepare the Bond Election Report. Following discussion of the engineer's report, it was moved by Director Buchanan, seconded by Director Boudreaux and unanimously carried that the engineering report be approved including (i) authorization of Jones & Carter to prepare plans and specifications for the Deerbrook Estates drainage channel improvements, (ii) approval of Pay Estimate No. 1 and Final in the amount of \$26,252.25 to CSI Consolidated, LLC doing business as CleanServe, LLC for the cleaning and televising of the sanitary sewer trunkline within Jesse Jones Park, and authorization for the President to sign the certificate of acceptance for such project, and (iii) award to Camino Services, Inc. of a contract in the amount of \$26,250.00 for repair of the wastewater treatment plant outfall.

Mr. Jenkins requested that the Board review the CIP for further discussion next month.

A discussion ensued regarding requiring applicable contractors and developers to attend Board meetings prior to beginning new projects in the District. No action was taken by the Board at this time. Mr. Creed advised that he would coordinate with Mr. Jenkins to come up with some recommendations on the matter for the Board to consider.

### **OPERATION AND MAINTENANCE REPORT**

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

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$1,580.69 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.

The Board requested that MOC include an item on customer water bills for the next two (2) months reminding residents to lock their car doors at night.

### **CONSUMER CONFIDENCE REPORT RELATED INFORMATION**

The Board next considered authorizing MOC to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Creed advised the Board that pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide, by April 2018, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect. After discussion on the matter, Director Buchanan moved that the Board authorize MOC to provide the required information as set forth hereinabove. Director Boudreaux seconded said motion, which carried unanimously.

### **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.

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

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance coverages. Mr. Creed advised the Board that the District's current coverage is with AquaSurance, L.L.C. ("AquaSurance") and will expire on March 31, 2018. After discussion, Director Buchanan moved that SPH be authorized to solicit a one-year term renewal

proposal from AquaSurance for consideration at the next Board meeting. Director Boudreaux seconded the motion, which unanimously carried.

### **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Creed presented to the Board a Memorandum prepared by Hilltop regarding the MSRB Rule G-10 Annual Disclosures, a copy of which is attached hereto as **Exhibit O**.

### **PRESIDENT'S REPORT**

Director McKeand then presented and reviewed a copy of the President's Report for December 2017, a copy of which is attached hereto as **Exhibit P**. 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 9:45 p.m., with only Mr. Creed also in attendance. All others present exited the meeting at this time. The Board re-convened in regular session at 10:05 p.m.

### **SUPPLEMENTAL AGENDA**

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit Q** calling such election to be held on May 5, 2018. It was noted that the terms of office of Directors Boudreaux (Position 3), Green (Position 4), and Wofford (Position 5) expire in May of this year. In reviewing the Order with the Board, Mr. Creed advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Kristin Eddlemon as such agent (the "Election Agent"). Mr. Creed further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code, and that the Order provides for such notice to be given by posting same at the locations where notice of meetings of the Board are posted. After discussion on the matter, Director Buchanan moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Wofford seconded said motion, which unanimously carried. Mr. Creed advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 23, 2018, the Board may thereafter cancel the Directors Election in accordance with Chapter 2, Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Directors Election. Mr. Creed advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Buchanan moved that the



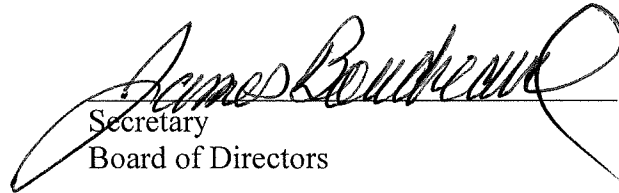
judges and clerks for the Directors Election, including early voting clerks, be paid \$10.00 per hour. Director Wofford seconded said motion, which unanimously carried.

**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

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## LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Presentation Prepared by Enhanced Energy Services of America, LLC
<u>Exhibit B</u>	Security Report for the month of December 2017
<u>Exhibit C</u>	Bid Tabulation
<u>Exhibit D</u>	Order Authorizing the Issuance of Bonds
<u>Exhibit E</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit F</u>	Bookkeeper's Report
<u>Exhibit G</u>	Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
<u>Exhibit H</u>	Tax Assessor-Collector's Report
<u>Exhibit I</u>	Delinquent Tax Report
<u>Exhibit J</u>	Resolution Concerning Exemptions From Taxation
<u>Exhibit K</u>	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
<u>Exhibit L</u>	Memorandum prepared by Schwartz, Page & Harding, L.L.P.
<u>Exhibit M</u>	Engineering Report
<u>Exhibit N</u>	Operations and Maintenance Report
<u>Exhibit O</u>	Memorandum prepared by Hilltop Securities Inc. regarding the MSRB Rule G-10 Annual Disclosures
<u>Exhibit P</u>	President's Report for the month of December 2017
<u>Exhibit Q</u>	Order Calling Directors Election