

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
April 10, 2018

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on April 10, 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 and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Mike Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Sergeant Hinkel and Chief John Zitzmann of the Harris County Precinct Four Constable's Office ("HCP4"); Ericka Newsome, Kris Woodall, Frank Ross, Eric Holsopple, and Lauren Woodall, 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 March 13, 2018, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the March 13, 2018, Board meeting be approved, as written. Director Boudreaux seconded the motion, which unanimously carried.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Mr. Creed reminded the Board that it had previously discussed holding special meetings to discuss security matters on the second Monday of each month, until further notice. It was noted that the first of such meetings was held on April 9, 2018, and that only one (1) member of the public attended. A discussion ensued regarding the holding of such meetings in the future and the procedures for discussing security issues in general. Following discussion, Director Buchanan moved that (i) the District no longer hold separate meetings to discuss security, (ii) that members of the public who wish to address the Board concerning security matters during the District's regular meetings be limited to a maximum of two (2) minutes per speaker, and (iii) that the officers performing security patrols under the District's contract no longer attend homeowners association meetings, but rather those residents wishing to address the officers may

attend the District's Board meetings to do so. Director Boudreaux seconded the motion, which unanimously carried.

Sergeant Hinkel then presented and reviewed the HCP4 security report for the month of March 2018, a copy of which is attached hereto as **Exhibit A**, and responded to various questions from the public. A discussion ensued regarding the status of the District's request for the addition of a deputy to the District's Interlocal Agreement for Law Enforcement Services with Harris County. In that regard, Mr. Creed advised that the District is in receipt of the First Amendment to Interlocal Agreement for Law Enforcement Services (the "First Amendment"), a copy of which is attached hereto as **Exhibit B**. Mr. Creed reviewed the terms of the First Amendment with the Board. Following discussion, Director Buchanan moved that the First Amendment be approved, and that the President be authorized to execute the same on behalf of the Board and the District. Director Boudreaux seconded the motion, which unanimously carried.

Sergeant Hinkel and Chief Zitzmann exited the meeting at this time.

Mr. Russell entered the meeting at this time.

COMMENTS FROM THE PUBLIC

Mr. Creed next presented to and reviewed with the Board a 911 Statistics Report provided by the Eastex Fire Department for the month of March 2018, a copy of which report is attached hereto as **Exhibit C**. No action was taken by the Board. The Board noted that they would prefer to receive such reports on a quarterly basis.

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

RATE ORDER

The Board next considered increasing the District's residential sanitary sewer rate to cover Republic's increase in solid waste collection and disposal fees and the amendment of its Rate Order in connection therewith. Mr. Creed presented correspondence to the Board from Republic, a copy of which is attached hereto as **Exhibit E**, advising of an increase in the rates for monthly solid waste collection and disposal services from \$12.68 to \$12.94 per home in accordance with the CPI-U index, with such rate adjustment to become effective on May 1, 2018. Mr. Creed advised the Board that he had reviewed the CPI-U index and the District's contract with Republic and that Republic's proposed increase is consistent with same. After discussion on the matter, it was moved by Director Buchanan, seconded by Director Boudreaux and unanimously carried, that: (i) the District increase its monthly flat fee for residential sanitary sewer and solid waste collection and disposal service from \$23.03 to \$23.29 in order to cover the solid waste collection and disposal rate increase, (ii) that any and all Rate Orders heretofore

adopted be revoked, and (iii) that the Rate Order attached hereto as **Exhibit F** be passed and adopted to be effective as of May 1, 2018.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for March 2018, a copy of which is attached hereto as **Exhibit G**, 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 Boudreaux seconded said motion, which carried unanimously.

Ms. Nussa exited the meeting at this time.

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 ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Creed advised that the Board is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, 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 July 1 of the year in which they become delinquent. After discussion, it was moved by Director Green, seconded by Director Wofford and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit H**, be adopted by the Board.

DEVELOPER'S REPORT

It was noted that no developers of the District were present at the meeting.

Ms. Oliver exited the meeting 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 April 9, 2018, a copy of which is attached hereto as **Exhibit I**, 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 Buchanan, seconded by Director Boudreaux and unanimously carried that the engineering report be approved, including (i) approval of Pay Estimate No. 2 in the amount of \$5,041.58 to CSI Consolidated, LLC doing business as CleanServe, LLC for the cleaning and televising of the sanitary sewer trunkline within Jesse Jones Park, and (ii) authorization of Jones & Carter to renew the Kenswick Trace Storm Water Quality Permit and to pay the renewal fee in the total amount of \$250.

Discussions ensued regarding the status of preparation of plans and specifications for the Deerbrook Estates drainage channel improvement project (the "Project") and the proposed installation of signage at the drainage channel and/or other District facilities. Mr. Jenkins advised that Jones & Carter proposes the installation of a gate and access road to the trash rack and noted that a copy of the proposed layout is included with the engineering report. Following discussion, the Board requested that the installation of the gate and access road be included as part of the plans for the Project and that no additional signage be installed at the District's facilities at this time.

A discussion ensued regarding requiring applicable contractors and developers to attend Board meetings prior to the start of new projects, and the parameters for same. Following discussion, Director McKeand moved that in the future the following parties be required to attend a Board meeting and address the Board as follows: (i) an owner representative of any construction or maintenance contractor recommended to enter into a contract with the District in an amount equal to or greater than \$75,000, prior to the award of the contract; (ii) owners of any property requesting to annex their property into the District, prior to the District agreeing to annex same; (iii) developers of property wishing to enter into a Utility Development Agreement with the District, prior to the District's approval of the Agreement; and (iv) owners of site development projects requesting a utility commitment letter from the District, prior to the District's approval of the commitment. Director Buchanan seconded the motion, which unanimously carried.

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

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Creed reminded the Board that the District is in receipt of a request from T-Mobile to install equipment on the District's elevated storage tank. Mr. Jenkins advised that T-Mobile has not yet provided a copy of its proposed lease agreement for review. The Board deferred taking action 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 March 2018, a copy of which is attached hereto as **Exhibit J**.

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$1,877.10 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.

CONSUMER CONFIDENCE REPORT

The Board considered authorizing MOC to prepare a draft Consumer Confidence Report ("CCR") for review by the Board. Mr. Creed advised that pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the Texas Commission on Environmental Quality ("TCEQ"), the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2018. After discussion on the matter, it was moved by Director Buchanan, seconded by Director Boudreaux and unanimously carried, that MOC be authorized to prepare a draft CCR and SPH be authorized to review same for compliance with the TCEQ's regulatory requirements and its 2018 template.

IDENTITY THEFT PREVENTION PROGRAM

The Board then considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Mr. Williams presented MOC's annual report, a copy of which is attached to the Operator's report, and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Williams recommended that no changes be made to the District's Program. After discussion on the matter, the Board concurred that no changes were necessary to the District's Program at this time.

AMENDED ORDER REGULATING THE INTRODUCTION OF WASTEWATER INTO THE SANITARY SEWER SYSTEM OF THE DISTRICT

The Board deferred amendment of the District's Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District 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 K**. After further discussion on the matter, Director Boudreaux moved that the Board approve the bookkeeping report and that the disbursements identified therein be approved for payment. Director Wofford seconded the motion, which unanimously carried.

The Board next reviewed a proposed operating budget for the fiscal year ending April 30, 2019, a copy of which is included with **Exhibit K**. After discussion, Director Boudreaux moved that the budget for the fiscal year ending April 30, 2019, be adopted, as revised. Director Wofford seconded said motion, which unanimously carried.

AMENDMENT TO AGREEMENT FOR BOOKKEEPING SERVICES

The Board next considered the approval of an Amended and Restated Agreement for Bookkeeping Services (the "Agreement") between the District and MCI, a copy of which is attached hereto as **Exhibit L**. Mr. Russell reviewed the Agreement with the Board. Following discussion, Director Buchanan moved that the Agreement be approved, that the President be authorized to execute the same on behalf of the Board and the District, and the SPH be authorized to accept and acknowledge the associated Texas Ethics Commission Form 1295 provided by MCI. Director Boudreaux seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In that regard, Mr. Creed presented to and reviewed with the Board correspondence received from Build America Mutual Assurance Company ("BAM") regarding BAM's 2018 Annual Meeting, a copy of which correspondence is attached hereto as **Exhibit M**. No action taken by the Board at this time.

Mr. Creed next reported that correspondence was received from the U.S. Census Bureau regarding an upcoming optional survey for the District's consideration, a copy of which is attached hereto as **Exhibit N**. Upon discussion, the Board concurred not to participate in the survey.

2018 DIRECTORS ELECTION

Mr. Creed provided the Board with an update concerning the District's upcoming 2018 Directors Election. A discussion ensued regarding the necessity of scheduling a special meeting next month to canvass the results of the election, in the event any provisional ballots were cast in the election. The Board noted that it wished to retain its regular May 8, 2018, meeting date and that, if the election results are unable to be canvassed on such date due to the existence of provisional ballots, then a special meeting be scheduled for 7:00 p.m. on May 15, 2018, for purposes of canvassing the results.

PRESIDENT'S REPORT

Director McKeand then presented and reviewed a copy of the President's Report for March 2018, a copy of which is attached hereto as **Exhibit O**. No action was taken by the Board at this time.

EXECUTIVE SESSION

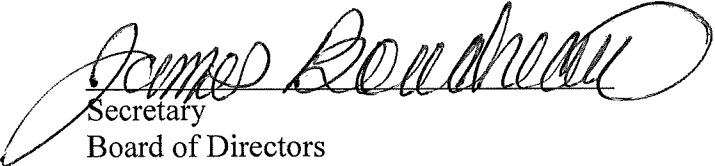
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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

487910

LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of March 2018
<u>Exhibit B</u>	First Amendment to Interlocal Agreement for Law Enforcement Services between the District and Harris County
<u>Exhibit C</u>	911 Statistics Report provided by the Eastex Fire Department
<u>Exhibit D</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit E</u>	Correspondence from Republic Services, Inc.
<u>Exhibit F</u>	Rate Order
<u>Exhibit G</u>	Tax Assessor-Collector's Report
<u>Exhibit H</u>	Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
<u>Exhibit I</u>	Engineering Report
<u>Exhibit J</u>	Operations and Maintenance Report
<u>Exhibit K</u>	Bookkeeper's Report
<u>Exhibit L</u>	Amended and Restated Agreement for Bookkeeping Services between the District and Myrtle Cruz, Inc.
<u>Exhibit M</u>	Correspondence from Build America Mutual Assurance Company
<u>Exhibit N</u>	Correspondence from the U.S. Census Bureau
<u>Exhibit O</u>	President's Report for the month of March 2018