

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
May 8, 2018

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on May 8, 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 Deputy Torres of the Harris County Precinct Four Constable's Office ("HCP4"); Andrew Lee of Syntex Construction ("Syntex"); Anthea Moran of Masterson Advisors LLC ("Masterson"); Eric Holsopple, Judy Thomason, Jarrett Beto, S. Rochon, Arturo Soto, Jonathan Chau, Mike Conran, Lisa Newsum, Phillip Newsum, Ruben Lopez, and Dale Ferguson, 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 April 9, 2018, and April 10, 2018, Board of Directors meetings. Following discussion, Director Buchanan moved that the minutes of the April 9, 2018, and April 10, 2018, Board meetings be approved, as written. Director Boudreaux seconded the motion, which unanimously carried.

2018 DIRECTORS ELECTION

A discussion ensued regarding the 2018 Directors Election and the scheduling of a special meeting to canvass the election results on May 15, 2018. Mr. Creed noted that if any provisional ballots are cast during the election then the Board will need to hold its canvass meeting on such date rather than on its regular meeting date. No action was taken by the Board at this time.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Deputy Torres then presented and reviewed the HCP4 security report for the month of April 2018, a copy of which is attached hereto as **Exhibit A**, and responded to questions from the public. No action was taken by the Board at this time.

NOTICE OF TERMINATION OF FINANCIAL ADVISORY CONTRACT; ENGAGEMENT OF MASTERSON ADVISORS LLC

Ms. Moran addressed the Board regarding her decision to terminate her employment with Hilltop Securities, Inc. ("Hilltop") and transition to a newly formed financial advisory firm, Masterson. She then discussed the services provided by Masterson, responded to questions from the Board, and presented to and reviewed with the Board a Financial Advisory Contract between the District and Masterson. Upon discussion, it was moved by Director Buchanan, seconded by Director Green and unanimously carried, that the Board (i) terminate the Financial Advisory Contract between the District and Hilltop, (ii) authorize the President to execute a notice of termination to Hilltop in accordance with said contract, requesting a waiver of the thirty (30) day notice of termination provision, (iii) approve the Financial Advisory Contract with Masterson, and (iv) accept the Texas Ethics Commission Form 1295 from Masterson and authorize SPH to acknowledge receipt of same.

COMMENTS FROM THE PUBLIC

Mr. Holsopple addressed the Board concerning the Directors Election and noted that the garbage collection service has been going well.

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.

Mr. Holsopple exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for April 2018, a copy of which is attached hereto as **Exhibit C** 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. 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.

Mr. Russell entered the meeting at this time.

DEVELOPER'S REPORT

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

Mr. Creed advised that the developer of the Phase II Willowbend Apartment project has requested a variance from the requirement to enter into an Encroachment Agreement with the District, as raised during the plan review process. He presented a reviewed the request made by the developer to the Board, a copy of which is attached hereto as **Exhibit D**. Following discussion and consideration of the request, Director Boudreaux moved that such request be denied. Director Wofford seconded the motion, which unanimously carried.

Ms. Oliver exited the meeting at this time.

UTILITY COMMITMENT REQUEST(S)

Mr. Jenkins reported that this item will be discussed under the engineering report.

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 May 7, 2018, a copy of which is attached hereto as **Exhibit E**, relative to the status of various projects within the District, and reported as reflected therein. Mr. Jenkins addressed the Board with regard to a request for a utility commitment for water and sanitary sewer service to serve a Krispy Kreme donut shop to be located at 8410 FM 1960 Bypass West Road, and confirmed that the District has sufficient water and sanitary sewer capacity to serve the tract and that Jones & Carter recommends that the commitment be approved. Mr. Lee then responded to inquiries from the Board with regard to such project. Following discussion of the engineering 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. 3 and Final in the amount of \$3,229.26 to CSI Consolidated, LLC doing business as CleanServe, LLC for the cleaning and televising of the sanitary sewer trunkline within Jesse Jones Park, (ii) approval of Pay Estimate No. 1 and Final in the amount of \$26,250.00 to Camino Services, LLC for repair of the wastewater treatment plant outfall, (iii) authorization of Jones & Carter to monitor odor at the wastewater treatment plant headworks, and (iv) approval of the issuance of a utility commitment by the District to Dulce Holdings LLC for a Krispy Kreme donut shop to be located at 8410 FM 1960 Bypass West Road, as recommended by Jones & Carter.

Certain members of the public queried Mr. Jenkins about development related issues, to which he responded.

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Jenkins advised that T-Mobile has not yet provided a copy of its proposed lease agreement for review. Following discussion, the Board requested that this item be removed from future agendas.

OPERATION AND MAINTENANCE REPORT

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of April 2018, a copy of which is attached hereto as **Exhibit F**.

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$2,889.76 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.

Mr. Williams advised that a sanitary sewer line located on Vistadale Drive is in need of repair, and that the cost to make the repair is approximately \$18,000 - \$25,000. Following discussion, Director Buchanan moved that MOC be authorized to repair the sanitary sewer line, as discussed and as recommended by MOC. Director Boudreaux seconded the motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT ("CCR")

As the next order of business, the Board considered the approval of the District's CCR and authorization of the distribution of same to customers of the District. Mr. Creed advised the Board that, pursuant to CCR requirements promulgated by the Environmental Protection Agency and the Texas Commission on Environmental Quality (the "TCEQ"), the District is required to provide a report to all customers of the District by July 1 of each year, containing various information regarding the District's water supply. Mr. Williams advised that MOC plans again this year to make the CCR available to customers electronically as authorized under the applicable regulations, and noted that a copy of the CCR is included with the operations and maintenance report. After discussion on the matter, Director Buchanan moved that such CCR be approved by the Board, subject to SPH's final review and approval, and that MOC be authorized to distribute same to the District's consumers prior to the July 1, 2018, deadline. Director Boudreaux seconded said motion, which carried unanimously.

AMENDED ORDER REGULATING THE INTRODUCTION OF WASTEWATER INTO THE SANITARY SEWER SYTEM 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 G**. 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.

UNCLAIMED PROPERTY REPORT

The Board next considered the approval of an Unclaimed Property Report (the "Report") as of March 1, 2018, and authorization for MCI to file the Report with the State Comptroller prior to July 1, 2018. After discussion on the matter, Director Buchanan moved that MCI be authorized to prepare and file an Unclaimed Property Report with the State Comptroller prior to July 1, 2018, if applicable. Director Green seconded said motion, which unanimously carried.

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.

PRESIDENT'S REPORT

Director McKeand then presented and reviewed a copy of the President's Report for April 2018, a copy of which is attached hereto as **Exhibit H**. He noted recent electricity pricing information provided by Mr. Ciarela. No action was taken by the Board at this time.

EXECUTIVE SESSION

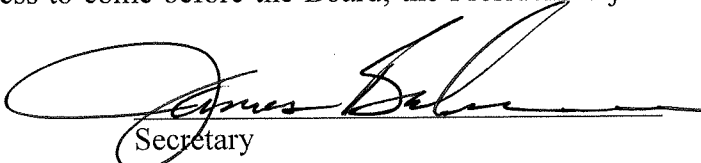
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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 April 2018
<u>Exhibit B</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit C</u>	Tax Assessor-Collector's Report
<u>Exhibit D</u>	Request from developer of the Phase II Willowbend Apartment project
<u>Exhibit E</u>	Engineering Report
<u>Exhibit F</u>	Operations and Maintenance Report
<u>Exhibit G</u>	Bookkeeper's Report
<u>Exhibit H</u>	President's Report for the month of April 2018