

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
June 12, 2018

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on June 12, 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:

James "Ray" Boudreaux, President
Floyd Green, Vice President
James Buchanan, Secretary
Jake Wofford, Assistant Secretary
Keith McKeand, Director

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, Lieutenant Medina, and Deputy Torres of the Harris County Precinct Four Constable's Office ("HCP4"); Steve Stacy of Dynamic Engineering; Frank Ross, resident of the District, who each entered later in the meeting as noted herein; 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 May 8, 2018, and May 15, 2018, Board of Directors meetings. Following discussion, Director Buchanan moved that the minutes of the May 8, 2018, and May 15, 2018, Board meetings be approved, as written. Director Wofford seconded the motion, which unanimously carried.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Deputy Torres then presented and reviewed the HCP4 security report for the month of May 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.

COMMENTS FROM THE PUBLIC

There were no comments from the public 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.

Mr. Medina, Mr. Torres, and Ms. Nussa exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for May 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 Green 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. ("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.

DEVELOPER'S REPORT

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

The Board next considered the approval of a Consent to Encroachment and Indemnity Agreement between the District and Willowbend FM 1960, Ltd. Mr. Creed advised that, as discussed last month, the paving and playground equipment for the Willowbend Apartments will encroach upon certain District easements. After discussion on the matter, Director Buchanan moved that the Board approve entering into a Consent to Encroachment and Indemnity Agreement with Willowbend FM 1960, Ltd., that the President be authorized to execute same on behalf of the Board and the District, and that the associated Texas Ethics Commission ("TEC") Form 1295 be accepted and acknowledged by SPH. Director Green seconded the motion, which unanimously carried.

The Board next considered the approval of a Consent to Encroachment and Indemnity Agreement between the District and Ajitanatha, LLC. Mr. Creed advised that the paving for the developer's hotel projects will encroach upon certain District easements. After discussion on the matter, Director Buchanan moved that the Board approve entering into a Consent to Encroachment and Indemnity Agreement with Ajitanatha, LLC, that the President be authorized to execute same on behalf of the Board and the District, and that the associated TEC Form 1295 be accepted and acknowledged by SPH. Director Green seconded the motion, which unanimously carried.

UTILITY COMMITMENT REQUEST(S)

The Board next considered the approval of the issuance of utility commitments. Mr. Stacy introduced himself on behalf of Dynamic Engineering and discussed the request of Primax Properties, LLC for the issuance of a utility commitment for water and sanitary sewer service to serve a gun range facility located along FM 1960 Bypass Road West. Mr. Jenkins addressed the Board with regard to the request, 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. Following discussion, Director Wofford moved that the utility commitment by the District to Primax Properties, LLC be approved, and that the associated TEC Form 1295 be accepted and acknowledged by SPH. Director Boudreaux seconded the motion, which carried with Directors Boudreaux, Buchanan, Wofford, and McKeand voting in favor of such motion, and Director Green abstaining.

Mr. Russell entered the meeting at this time.

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 June 12, 2018, a copy of which is attached hereto as **Exhibit D**, relative to the status of various projects within the District, and reported as reflected therein. Following discussion of the engineering report, it was moved by Director Buchanan, seconded by Director Green and unanimously carried that the engineering report be approved, including (i) the approval of a Water Meter Easement to serve the hotel projects, and (ii) authorization of Jones & Carter to prepare and send correspondence to Mo's BBQ and FM 1960 Autoplex to request an update as to when they will move forward with utility construction to serve their tracts and to make proper connections to the District's system.

Mr. Jenkins requested that the Board review the alternative cost estimates for updated scopes of work on the wastewater treatment plant and lift station rehabilitation projects, for further discussion next month.

SUBMISSION OF CRITICAL LOAD STATUS INFORMATION TO RETAIL ELECTRIC PROVIDER

Mr. Creed advised that Section 13.1396 of the Texas Water Code, as amended, requires the District to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District and (b) immediately upon any change in the information to the above entities, as well as to the office of emergency management of Harris County, the Public Utility Commission of Texas, and the division of emergency management of the governor. Mr. Jenkins advised that Jones & Carter would provide the annual update and, if required, any changes to the information to the appropriate entities. Following discussion, Director Wofford moved to authorize Jones & Carter to make such submissions on behalf of the District, as and if necessary. The motion was seconded by Director Buchanan and carried by unanimous vote.

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Jenkins advised that T-Mobile has recently provided a copy of its proposed lease agreement for review, and that Jones & Carter and SPH are in the process of reviewing same. 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 May 2018, a copy of which is attached hereto as **Exhibit E**.

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts, in the total amount of \$637.65 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 Green and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

Mr. Williams advised that the sanitary sewer line repair along Vistadale Drive has been completed.

Mr. Ross entered the meeting at this time.

Mr. Williams reported that an appeal of charges was received from a customer who resides at 7923 Barnhill Drive. He reported that there was a leak on the customer's side of the line that has been subsequently repaired, and advised that the customer has a history of timely payment of their water bills. He then discussed the customer's historical water usage and advised that the customer is requesting some financial relief of their high water bill related to the leak. Following discussion of the specific facts and circumstances of such appeal, Director Green moved that MOC utilize the customer's historical average bill amount and bill them based on that amount for the relevant month and waive the balance of the billed amount on a one time basis. Director Wofford seconded the motion. The motion carried with Directors Buchanan, Boudreaux, Green, and Wofford voting in favor of the motion and Director McKeand being opposed.

Mr. Ross was recognized by the Board at this time and he thanked the Board and the consultants for their services provided to the District. He then exited the meeting.

Mr. Williams advised that he will look into the status of the filing of the District's water conservation plan annual implementation report with the Texas Water Development Board and will forward a copy of the report to the Board.

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

The Board considered approval of an Amended Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District ("Waste Order"), attached hereto as **Exhibit F**. Mr. Jenkins then reviewed the provisions of the Waste Order with the Board. Mr.

Williams reviewed with the Board a comparison of average billing to customers under the old order versus the proposed new order, a copy of which is included with **Exhibit F**. Mr. Creed advised that the Texas Water Code requires that notice of the adoption of the Waste Order be published in a newspaper of general circulation within the District for two (2) consecutive weeks. After discussion on the matter, Director Buchanan moved that the Waste Order be adopted, as presented, and that SPH be authorized to publish a notice in the *Houston Chronicle* in accordance with the applicable legal requirements. Director Green seconded said motion, which unanimously carried.

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 Wofford seconded the motion, which unanimously carried.

VOTING SYSTEM ANNUAL FILING FORM

The Board next considered approval of a Voting System Annual Filing Form. Mr. Creed advised the Board that under the Texas Election Code, the District is required to complete and file a form provided by the Secretary of State regarding information related to District elections. After discussion, Director Buchanan moved that the District's attorneys be authorized to complete the Voting System Annual Filing Form and to file same with the Secretary of State's office. Director Green seconded the motion, which unanimously carried.

REQUEST OF RECORDS MANAGEMENT OFFICER

The Board next considered a request from the District's Records Management Officer to destroy SPH's handwritten notes of Board meetings from February 7, 2017, to February 14, 2018, a copy of which is attached hereto as **Exhibit H**. After discussion of the request, Director Buchanan moved that the destruction of SPH's handwritten notes of Board meetings be authorized as requested in accordance with the provisions of the District's Records Management Program. Director Wofford seconded the motion, which unanimously carried.

RESIGNATION OF NORTON ROSE FULBRIGHT US LLP

Mr. Creed presented to and reviewed with the Board a resignation letter from Norton Rose Fulbright US LLP, as the District's Disclosure Counsel. Following discussion, Director Buchanan moved to authorize the President to acknowledge such resignation letter on behalf of the District. Director Wofford seconded said motion, which carried unanimously.

ENGAGEMENT OF MCCALL, PARKHURST & HORTON, L.L.P.

The Board considered the engagement of McCall, Parkhurst & Horton L.L.P. ("MPH") as the District's Disclosure Counsel. In connection therewith, Mr. Creed reviewed with the Board

an engagement letter from MPH proposing that MPH serve in the capacity of Disclosure Counsel to the District. After discussion on the matter, Director Buchanan moved that the Board approve the engagement letter provided by MPH and authorize the engagement of MPH as the District's Disclosure Counsel, subject to SPH's final review and approval of the engagement letter, and that SPH be authorized to acknowledge the District's receipt of the associated TEC Form 1295 provided by MPH. Director Wofford seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Creed reminded the Board that the District previously received a payment from the Texas Department of Public Safety with no supporting documentation, although it was believed to be in connection with certain state and/or federal grant funds awarded in connection with storm relief. He advised that the auditor has inquired about the supporting documentation for the payment.

EXECUTIVE SESSION

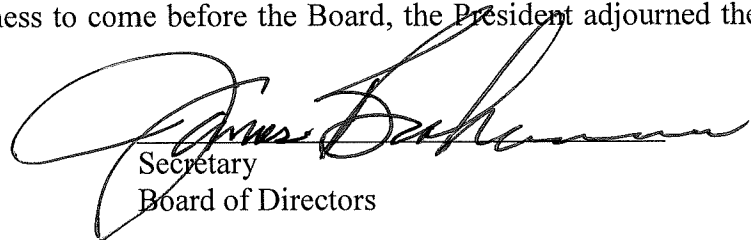
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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

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LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of May 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>	Engineering Report
<u>Exhibit E</u>	Operations and Maintenance Report
<u>Exhibit F</u>	Amended Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District
<u>Exhibit G</u>	Bookkeeper's Report
<u>Exhibit H</u>	Request from the District's Records Management Officer