

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

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

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

and all such persons were present, with the exception of Director Green, thus constituting a quorum.

Also present were Bradley Jenkins and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Bill Russell of Myrtle Cruz, Inc. ("MCI"), who entered later in the meeting as noted herein; Mike Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Dave Ciarella of Enhanced Energy Services of America, LLC ("EES"); Mary DuBois of Acclaim Energy Advisors ("Acclaim"); Sylvia Gonzalez and Norma Latham of Trinity Contractors ("Trinity"); Frank Ross, who entered later in the meeting as noted herein, Sarah Bara, and Dale Ferguson, all 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 September 11, 2018, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the September 11, 2018, Board meeting be approved, as written. Director Wofford seconded the motion, which unanimously carried.

PRESENTATIONS BY ENHANCED ENERGY SERVICES OF AMERICA, LLC AND ACCLAIM ENERGY ADVISORS

The Board next considered presentations by EES and Acclaim regarding electricity brokerage services and pricing. Ms. Dubois exited the meeting at this time. 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 a contract in place for electricity pricing through April 2019. He then briefly exited the meeting at this time.

Ms. DuBois and Mr. Ross entered the meeting at this time.

Ms. DuBois addressed the Board and reviewed a presentation prepared by Acclaim, a copy of which is attached hereto as **Exhibit B**. She then exited the meeting.

Mr. Russell entered the meeting at this time.

Mr. Ciarella re-entered the meeting at this time.

Discussions ensued regarding the presentation provided by EES and the approval of a new contract for electricity services. After discussion, Director McKeand moved that the President be authorized to work with EES on behalf of the District to secure a fixed priced electricity contract for a sixty (60) month term with an electricity supplier acceptable to EES, at a rate not to exceed \$0.04275 per kWh and with EES' included fee set at \$0.0015 per kWh, and that SPH be authorized to review the contract once available on behalf of the District. Director Buchanan seconded said motion, which carried unanimously.

Mr. Ciarella exited the meeting at this time.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2018 TAX RATE, LEVY OF THE DISTRICT'S 2018 TAX RATE AND ADOPTION OF AN ORDER CONCERNING SAME

The Board conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2018. It was noted that no taxpayers present at the meeting had any comments regarding the proposed tax rate. Upon motion made by Director McKeand, seconded by Director Buchanan and unanimously carried, the hearing was closed.

The Board then discussed the setting of the 2018 tax rate. After discussion on the matter, Director McKeand moved that: (i) the Board adopt the tax rate as proposed at the District's September 11, 2018, meeting and as reflected in the notice; (ii) the Board levy a 2018 debt service tax rate of \$0.44 per \$100 of valuation and a 2018 maintenance tax rate of \$0.25 per \$100 of valuation, resulting in a 2018 tax rate of \$0.69 per \$100 of valuation; and (iii) the Order Levying Taxes attached hereto as **Exhibit C** be adopted in connection therewith and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Buchanan seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Creed presented and discussed with the Board an Amendment to the Fifth Amended and Restated District Information Form ("DIF") relative to the District's tax rate. After discussion regarding said form, Director McKeand moved that the DIF be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Buchanan seconded said motion which carried unanimously.

Ms. Bara exited the meeting at this time.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

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

Sergeant Hinkel exited the meeting at this time.

COMMENTS FROM THE PUBLIC

Ms. Gonzalez and Ms. Latham advised that they were in attendance at today's meeting on behalf of Trinity to observe what type of construction projects the District engages in. 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 provided a verbal report. No action was taken by the Board at this time.

Director McKeand, Ms. Nussa, Ms. Gonzalez, and Ms. Latham exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for September 2018, a copy of which is attached hereto as **Exhibit E**, including the checks presented for payment. After discussion, Director Wofford moved that the tax assessor's report be approved as presented, including the listed disbursements. Director Buchanan seconded said motion, which carried unanimously.

Director McKeand re-entered 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.

DEVELOPER'S REPORT

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

UTILITY COMMITMENT REQUEST(S)

Mr. Creed next reported that the District has not received any new requests for utility commitments.

Ms. Oliver and Mr. Chau exited the meeting at this time.

ENGINEERING REPORT

As the next order of business, the Board considered the engineering report. Mr. Mueller presented to and reviewed with the Board a written engineering report dated October 9, 2018, 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 Buchanan, seconded by Director McKeand and unanimously carried that the engineering report be approved including: (i) approval and execution of a renewal form by the President in connection with renewal of the stormwater quality permit for the Deerbrook Estates drainage channel, as well as approval for Jones & Carter to conduct an inspection of the applicable stormwater quality feature, and (ii) award of a construction contract to J.T. Vaughn Construction, LLC in the amount of \$156,788.03 for the Deerbrook Estates Drainage Channel Improvement project.

Mr. Mueller next addressed the Board regarding the status of new utility construction by Mo's BBQ and FM 1960 Autoplex, Inc. He advised that construction of the private utilities for Mo's BBQ is complete, and that FM 1960 Autoplex, Inc.'s site contractor is proceeding with private site construction. No action was taken by the Board.

APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") FOR APPROVAL OF PROJECT AND BONDS; ADOPT ORDER AUTHORIZING APPLICATION TO TCEQ

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, Series 2019. Following discussion, Director McKeand moved that the Board adopt an Order Authorizing Application to the TCEQ for Approval of Project and Bonds, attached hereto as **Exhibit G**, and that SPH be authorized to submit same as part of the District's application to the TCEQ for approval of Bond Issue No. 18 upon completion of the associated report. Director Buchanan seconded said motion, which unanimously carried.

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Mueller reminded the Board that Jones & Carter has reviewed T-Mobile's site layout detailing the location of the proposed antenna and supporting equipment at Water Plant No. 3, and that they have no comments to the proposed layout. Mr. Creed reminded the Board that SPH provided T-Mobile with comments to their proposed form of lease agreement but have not received a response.

Mr. Ross exited the meeting 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 September 2018, a copy of which is attached hereto as **Exhibit H**.

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts in the total amount of \$1,701.02 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 McKeand, seconded by Director Buchanan and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

Mr. Williams advised that American-Darling fire hydrants that were manufactured from 2005 through 2011 have been recalled due to a nozzle malfunction. Mr. Williams stated that MOC has identified seventy-nine (79) such fire hydrants within the District that qualify for said recall. He stated that the fire hydrants are being repaired by the manufacturer at no cost to the District. No Board action was required.

BOOKKEEPING REPORT AND PAYMENT OF BILLS

As the next order of business, Mr. Russel presented to and reviewed with the Board the bookkeeping report prepared by MCI, 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 I**. After further discussion on the matter, Director McKeand moved that the Board approve the bookkeeping report and that the disbursements identified therein be approved for payment. Director Buchanan seconded the motion, which unanimously carried.

INVESTMENT POLICY

The Board considered the annual review of an Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order"), and the adoption of a Resolution in connection therewith, attached hereto as **Exhibit J**. Mr. Creed presented for the Board's consideration a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"). He then discussed the proposed changes with the Board. After discussion on the matter, Director Wofford moved that the revised Order be adopted to reflect the proposed changes, that the Board adopt the Resolution and that the President and Secretary be authorized to execute same. Director Buchanan seconded said motion, which unanimously carried.

STATUS OF COMPLIANCE BY THE DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2265

Mr. Creed advised the Board that, pursuant to the energy efficiency and reporting requirements set forth in Texas Government Code Chapter 2265, the District must (i) report its

annual electricity usage and costs in an electronic format, and (ii) make that report publicly accessible. Mr. Russell then presented for the Board's review an electricity utility usage and expense report in order to satisfy the requirements of Texas Government Code Chapter 2265, a copy of which is attached to the bookkeeping report.

STATUS OF NEW UTILITY CONSTRUCTION BY MO'S BBQ AND FM 1960 AUTOPLEX, INC.

It was noted that this matter was discussed earlier in the meeting, under the engineering report.

RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION FUNDS

The Board next considered the adoption of a Resolution Authorizing Use of Surplus Construction Funds (the "Resolution") in connection with the Deerbrook Estates Drainage Channel improvements project. Following discussion, Director Buchanan moved that the Board adopt the Resolution, attached hereto as **Exhibit K**, and that the President be authorized to execute same on behalf of the Board and the District. Director McKeand seconded the 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.

EXECUTIVE SESSION

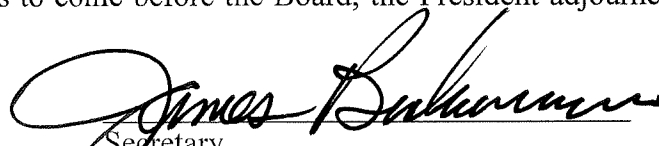
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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>	Proposal provided by Enhanced Energy Services of America, LLC
<u>Exhibit B</u>	Proposal provided by Acclaim Energy Advisors
<u>Exhibit C</u>	Order Levying Taxes
<u>Exhibit D</u>	Security Report for the month of September 2018
<u>Exhibit E</u>	Tax Assessor-Collector's Report
<u>Exhibit F</u>	Engineering Report
<u>Exhibit G</u>	Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds
<u>Exhibit H</u>	Operations and Maintenance Report
<u>Exhibit I</u>	Bookkeeper's Report
<u>Exhibit J</u>	Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer
<u>Exhibit K</u>	Resolution Authorizing Use of Surplus Construction Funds