

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**Minutes of Meeting of Board of Directors**  
**February 12, 2019**

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on February 12, 2019, 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 Mason Mueller, who entered later in the meeting as noted herein, and Bradley Jenkins 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"); Simon Vandyk of Touchstone District Services ("Touchstone"); Sergeant Hinkel and Lieutenant Medina of the Harris County Precinct Four Constable's Office ("HCP4"); Phillip Newsum, Lisa Newsum, and Jonathan Chau, 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 January 8, 2019, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the January 8, 2019, Board meeting be approved, as written. Director McKeand seconded the motion, which unanimously carried.

Mr. Mueller entered 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 January 2019, a copy of which is attached hereto as Exhibit A, and responded to questions from the Board and public.

Lieutenant Medina exited the meeting at this time.

## **COMMENTS FROM THE PUBLIC**

Mr. Newsum addressed the Board concerning the hardness level of water at her residence and within Deerbrook Estates. Following discussion, Director Buchanan moved that MOC be authorized to conduct water sampling and present the results of the test to the Board once available. Director McKeand seconded the motion, which unanimously carried.

Mr. Russell entered the meeting at this time.

Ms. Newsum next addressed the Board in connection with the Deerbrook Estates drainage channel improvement project, and advised that the contractors are tearing up landscaping in the area. Mr. Mueller requested that Ms. Newsum provide photos of any damaged areas so that Jones and Carter can address the issue with the contractor.

Ms. Newsum inquired about the possibility of adding additional deputies to the District's security patrol contract with HCP4. Director Wofford requested that HCP4 provide a summary comparing the District to other comparable districts in terms of crime statistics and the number of officers per capita assigned to the security contract. The Board noted that it would review the issue for consideration at a later date.

Additional questions were raised and responded to concerning the procedures for providing boil water notices to customers and meter reading within the District.

## **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.

## **TAX ASSESSOR-COLLECTOR REPORT**

Ms. Oliver then presented and reviewed the tax assessor-collector's report for January 2019, 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 McKeand seconded said motion, which carried unanimously.

Ms. Newsum, Mr. Chau, and Mr. Vandyk 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.

## **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. Nussa and Ms. Oliver 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 February 11, 2019, 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 engineer's report, it was moved by Director McKeand, seconded by Director Buchanan and unanimously carried that the engineering report and all action items therein be approved, including (i) approval of Pay Estimate No. 1 in the amount of \$47,894.99 to J.T. Vaughn Construction, LLC in connection with the Deerbrook Estates drainage channel improvement project, (ii) approval of the Bond Election Report, a copy of which has been previously provided to the Board, and (iii) authorization of Jones and Carter to perform inspections of the District's water plant facilities at a cost of approximately \$16,100.

## **STATUS OF APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") FOR APPROVAL OF PROJECT AND BONDS**

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. Mr. Mueller advised that the bond application report has been submitted to the TCEQ and that it is currently undergoing review. Mr. Creed noted that the report was declared administratively complete by the TCEQ on January 28, 2019.

## **ANNUAL REVIEW OF WAGE RATE SCALE**

Mr. Creed next presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit E**. He reviewed various provisions of the Resolution with the Board. Mr. Creed informed the Board that the District previously adopted the U.S. Department of Labor's wage rates, which have recently been updated as of January 2019. After discussion and consideration of the proposed Resolution, Director McKeand moved that the Board adopt the Resolution with Exhibit "A" to same reflecting the updated wage rates for the Department of Labor and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Wofford 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 objections to the proposed layout. He advised that T-Mobile responded to SPH's comments provided to the proposed form of lease agreement and that Jones & Carter forwarded T-Mobile's response to SPH for review. Mr. Creed advised that SPH has provided additional comments back to T-Mobile and is awaiting a response to same.

## **OPERATION AND MAINTENANCE REPORT**

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of January 2019, 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 \$2,796.78 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.

## **WATER CONSERVATION PLAN; DROUGHT CONTINGENCY PLAN**

Mr. Creed discussed with the Board the requirements of Title 30, Section 288.30 of the Texas Administrative Code for retail public water suppliers such as the District to review and, if appropriate, revise their Drought Contingency Plan (the "DCP") and Water Conservation Plan ("WCP") not later than May 1, 2019, and every five years thereafter. He requested that the Board consider authorizing MOC and Jones and Carter to review the District's DCP and WCP for any required updates. After discussion, Director McKeand moved that MOC and Jones and Carter be authorized to review the District's DCP and WCP for any required updates. Director Wofford seconded the motion, which unanimously carried.

Ms. Newsum and Mr. Vandyk re-entered 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 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 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 McKeand 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 H. 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 McKeand 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 Buchanan seconded said motion, which unanimously carried.

Mr. Newsum and Ms. Newsum exited the meeting at this time.

## **STATUS OF NEW UTILITY CONSTRUCTION BY FM 1960 AUTOPLEX, INC.**

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

## **RENEWAL OF DISTRICT INSURANCE COVERAGES**

There was a discussion concerning the renewal of the District's various insurance policies for the term expiring March 31, 2019. In that regard, the Board reviewed the renewal proposal received from Arthur J. Gallagher & Co., a copy of which is attached hereto as Exhibit I. After discussion on the matter, Director McKeand moved that the proposal from Arthur J. Gallagher & Co. for renewal of the District's insurance policies be accepted and that the President be authorized to execute such proposal on behalf of the Board and the District. Director Wofford seconded said motion, which unanimously carried.

## **ENGAGEMENT OF ARBITRAGE COMPLIANCE SERVICES**

The Board next considered engagement of Arbitrage Compliance Specialists, Inc. ("ACS") to prepare the 5<sup>th</sup> year computation period report in connection with the District's Series 2014A Unlimited Tax Bonds, the fee for such service being \$2,950. After discussion on the matter, it was moved by Director McKeand, seconded by Director Buchanan and unanimously carried, that ACS be engaged by the District to prepare the 5<sup>th</sup> year computation period report in connection with the District's Series 2014A Bonds, that the President be authorized to execute the engagement letter from ACS on behalf of the Board and the District, a copy of which is attached hereto as Exhibit J, and that SPH be authorized to acknowledge the associated Texas Ethics Commission Form 1205 provided by ACS.

## **ATTORNEY'S REPORT**

The Board next considered the attorney's report. Mr. Creed addressed the Board regarding the status of the District's agreement with Touchstone. He advised that the agreement may be executed at tonight's meeting and will be held until SPH's comments to same have been addressed.

## **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.

## **SUPPLEMENTAL AGENDA**

A discussion ensued regarding the District's Bond and Maintenance Tax Election and whether such election will be administered independently by the District, or jointly with Harris County. Following discussion on the matter, Director McKeand moved that the District's Bond and Maintenance Tax Election be administered independently by the District. Director Wofford seconded the motion, which unanimously carried.

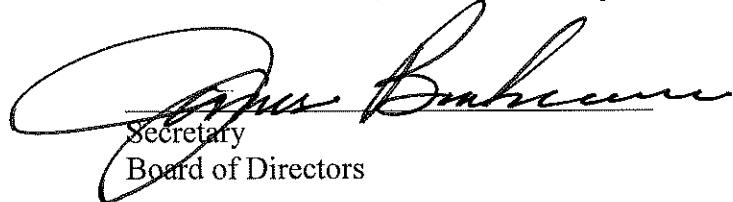
The Board considered the calling of the Bond and Maintenance Election in accordance with the requirements of the Texas Water Code and the Texas Elections Code. There was presented an Order Calling Bond and Maintenance Tax Election (the "Order"), attached hereto as **Exhibit K**, calling such election to be held on May 4, 2019. 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 Bond Election, and that the Order named Kristin Eddlemon as such agent (the "Election Agent"). He further advised the Board that notice of the Bond Election must be given in accordance with the requirements of the Texas Election Code. He advised the Board that notice of the Bond Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Mr. Creed further advised that, in addition to the above, notice must be posted at three public places within the District at least twenty-one (21) days before the election and prominently at the early voting and election day voting locations. He further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings, on the District's website, and in a public place within each election precinct of the District at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Bond and Maintenance Tax Election be given as specified in the Order, including by posting same at the locations where notice of meetings of the Board are posted, as well as two additional public locations within the District and on the District's website, as such posting meets all legal

requirements under the Texas Election Code. After discussion on the matter, Director McKeand 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 Bond and Maintenance Tax Election in accordance with the Order. Director Wofford seconded said motion, which unanimously carried.

The Board considered the establishment of fees to be paid to officials for the Bond and Maintenance Tax 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 Bond and Maintenance Tax Election, including early voting clerks, be paid \$15.00 per hour. Director McKeand seconded said motion, which unanimously carried.

#### **ADJOURNMENT OF MEETING**

There being no further business to come before the Board, the President adjourned the meeting.



James Buchanan  
Secretary  
Board of Directors

513150

## LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Security Report for the month of January 2019
- Exhibit B Customer Service Report provided by Republic Services, Inc.
- Exhibit C Tax Assessor-Collector's Report
- Exhibit D Engineering Report
- Exhibit E Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit F Operations and Maintenance Report
- Exhibit G Bookkeeper's Report
- Exhibit H Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit I Proposal from Arthur J. Gallagher & Co.
- Exhibit J Engagement letter from Arbitrage Compliance Specialists, Inc.
- Exhibit K Order Calling Bond and Maintenance Tax Election