

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
June 11, 2019

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on June 11, 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 and Bradley Jenkins of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver Winski of Equi-Tax, Inc. ("Equi-Tax"); Bill Russell of Myrtle Cruz, Inc. ("MCI"), who entered later in the meeting as noted herein; Lonnie Wright 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"); Frank Ross, Sara Bara, 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 May 14, 2019, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the May 14, 2019, Board meeting be approved, as written. Director McKeand seconded the motion, which unanimously carried.

INTERNAL REVENUE SERVICE FORM 8038-G

The Board next considered authorizing the execution and filing of Internal Revenue Service Reporting Form 8038-G (the "Form") relative to the issuance of the District's \$1,630,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"). After discussion on the matter, it was moved by Director Buchanan, seconded by Director McKeand and unanimously carried, that the President be authorized to execute said Form on behalf of the Board and the District and that the Form be filed as required.

CORRESPONDENCE FROM BOND COUNSEL REGARDING EXPENDITURE AND INVESTMENT OF BOND PROCEEDS

Mr. Creed next presented correspondence from SPH, as Bond Counsel for the issuance of the Bonds, addressed to the Board regarding certain provisions of the federal tax law and regulations of the Internal Revenue Service pertaining to the expenditure and investment of proceeds of the Bonds and reviewed same in detail, a copy of which is attached hereto as **Exhibit A**. He advised the Board that certain periodic reviews and reports would be required to monitor compliance with the requirements set forth therein and that arbitrage rebate or yield reduction payments could be required to be made based on said review and reports. Mr. Creed also advised the Board that the District's Bookkeeper would monitor investment rates and that the District's Financial Advisor would review the debt service fund balance and coverage in connection with the annual tax rate recommendation. He advised the Board, however, that compliance with the requirements is ultimately the responsibility of the Board.

DISTRICT INFORMATION FORM RELATIVE TO THE BONDS

Mr. Creed next presented and discussed with the Board an amendment to the District's Fifth Amended and Restated District Information Form in connection with the issuance of the Bonds. After discussion regarding said form, Director Buchanan moved that the Amendment to the District's Fifth Amended and Restated District Information Form be approved and that the Board members present be authorized to execute same on behalf of the Board and the District, effective upon closing on the sale of the Bonds. Director McKeand seconded said motion, which unanimously carried.

OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

There was next discussion regarding the approval of various documents to be utilized at the closing on the Bonds. Mr. Creed reviewed the various closing documents with the Board. After discussion on the matter, Director Buchanan moved that such closing documents be approved and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director McKeand seconded said motion, which unanimously carried.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Sergeant Hinkel then presented and reviewed the HCP4 security report for the month of May 2019, a copy of which is attached hereto as **Exhibit B**, and responded to questions from the Board and public. No action was taken by the Board at this time.

Sergeant Hinkel exited the meeting at this time.

COMMENTS FROM THE PUBLIC

Mr. Ross addressed the Board at this time and advised that the Kenswick Meadows homeowners association (the "HOA") is looking into options to increase the number of heavy trash pickup days within the Kenswick Meadows subdivision. Discussions ensued regarding

obtaining a proposal from Republic for the additional heavy trash pickup day in Kenswick Meadows and the costs associated with the addition of such service by Republic. No action was taken by the Board at this time.

Mr. Russell entered the meeting at this time.

The Board next discussed its current policies relative to public communications. Mr. Creed presented a sample resolution adopting public comment policies and procedures and discussed same with the Board. Following discussion on the matter, no action was taken by the Board at this time. The Board requested that the item concerning the adoption of a Resolution Adopting Public Comment Policies and Procedures remain on the agenda for the Board's consideration at the next meeting.

Mr. Ross, Mr. Ferguson, and Ms. Bara 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 C**. No action was taken by the Board at this time.

Director McKeand requested that Ms. Nussa break out the various categories of customer calls received over the last twelve months and reflect those categories in her monthly report. Ms. Nussa advised that she would do so.

Ms. Nussa exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver Winksi then presented and reviewed the tax assessor-collector's report for May 2019, a copy of which is attached hereto as **Exhibit D**, 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.

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 Winski 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 June 11, 2019, 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. Following discussion of the engineer's report, it was moved by Director Buchanan, seconded by Director McKeand and unanimously carried that the engineering report and all action items therein be approved, including approval of Pay Estimate No. 5 and Final in the amount of \$19,551.08 to J.T. Vaughn Construction, LLC in connection with the Deerbrook Estates drainage channel improvement project.

Mr. Mueller next discussed the report prepared by Jones & Carter concerning inspection of the District's water plant facilities, a copy of which was provided to the Board at the previous meeting. A discussion ensued regarding the scheduling of an inspection of District facilities by Board members. No action was taken at this time.

Mr. Mueller addressed the Board regarding the status of design of the wastewater treatment plant and lift station rehabilitation project. He noted that a copy of the preliminary cost estimate of the proposed scope of sanitary sewer rehabilitation that was previously presented to the Board is included with the engineering report. Mr. Mueller advised that the District has approximately \$350,000 remaining in surplus funds that can be allocated towards this project, and that a future bond issue will be required to fund the remainder of the project.

Mr. Mueller next addressed the Board regarding Texas Flood Awareness Week and the subject of flash flooding. He noted that a blog post regarding flash flooding from Jones & Carter's website is included with the engineering report, along with information from Harris County's Flood Warning System at stations along Spring Creek. Discussions ensued regarding the level of water within the streets following rain events in the last month and the current condition of the District's storm sewer system. Following discussion on the matter, no action was taken by the Board at this time.

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

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Creed advised that the District has received additional lease comments from T-Mobile and SPH is currently reviewing same. The Board deferred approval of the lease until its next meeting.

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 F**. 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.

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.

OPERATION AND MAINTENANCE REPORT

Mr. Wright then presented to and reviewed with the Board the operations and maintenance report for the month of May 2019, a copy of which is attached hereto as **Exhibit G**.

Mr. Wright recommended that the Board consider authorizing MOC to move certain delinquent accounts in the total amount of \$3,105.99 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. Wright next advised that a resident of the District made an illegal connection to the District's water supply system to fill their pool. He noted that the resident was contacted and has since paid for the water that was used.

Mr. Wright next advised that the belt press located at the wastewater treatment plant is in need of being repaired or replaced. He noted that a new belt press would cost approximately \$300,000. Following discussion on the matter, Director McKeand moved that MOC be authorized to coordinate with the President regarding repair of the existing belt press at the wastewater treatment plant, subject to the cost for same not exceeding \$25,000. Director Buchanan seconded the motion, which unanimously carried.

The Board requested that Jones and Carter prepare a list of projects and costs that might be included in the next bond issue for review next month.

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 Wofford 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 Buchanan 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 14, 2018, to February 13, 2019, a copy of which is attached hereto as **Exhibit H**. After discussion of the request, Director Wofford 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 Buchanan seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In that regard, Mr. Creed addressed the Board on behalf of Touchstone District Services and inquired whether the Board is interested in receiving a proposal for additional community outreach services. Following discussion, the Board indicated that it is not interested in such proposal at this time.

Mr. Creed next advised that he will provide the Board with a summary of the 86th Texas Legislative Session at the July Board meeting.

Mr. Ross exited the meeting 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>	SPH Correspondence regarding Series 2019 Bonds
<u>Exhibit B</u>	Security Report for the month of May 2019
<u>Exhibit C</u>	Customer Service Report provided by Republic Services, Inc.
<u>Exhibit D</u>	Tax Assessor-Collector's Report
<u>Exhibit E</u>	Engineering Report
<u>Exhibit F</u>	Bookkeeper's Report
<u>Exhibit G</u>	Operations and Maintenance Report
<u>Exhibit H</u>	Records Destruction Request