

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
September 10, 2019

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on September 10, 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 McKeand, who entered later in the meeting as noted herein, and Director Green, thus constituting a quorum.

Also present were Mason Mueller and Bradley Jenkins of Jones & Carter, Inc. ("Jones & 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; Mike Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Anthea Moran of Masterson Advisors LLC ("Masterson"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Benjamin Moore, resident of the District, who 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.

COMMENTS FROM THE PUBLIC

There were no comments from the public at this time.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the August 13, 2019, Board of Directors meeting. Following discussion, Director Wofford moved that the minutes of the August 13, 2019, Board meeting be approved, as written. Director Buchanan seconded the 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 August 2019, a copy of which is attached hereto as **Exhibit A**, and responded to questions from the Board and public. No action was taken by the Board at this time.

Mr. Moore entered the meeting at this time.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2019 TAX RATE

Ms. Moran then presented the Board with her recommendation regarding the proposed 2019 debt service tax rate and maintenance tax rate, a copy of which is attached hereto as **Exhibit B**. She advised that Masterson is recommending a proposed 2019 debt service tax rate of \$0.42. The Board then discussed the proposed 2019 maintenance tax.

There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2019 tax rate. Mr. Creed advised that, pursuant to §49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Creed further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting.

Director McKeand entered the meeting at this time.

After further discussion on the matter, Director Buchanan moved that the Board accept the financial advisor's recommendation of a proposed 2019 debt service tax rate of \$0.42 and proposed maintenance tax rate of \$0.26, and that the District's tax assessor-collector be authorized to publish notice of the District's intention to adopt a 2019 tax rate at its next meeting in the form and at the time required by law. Director Boudreaux seconded the motion, which unanimously carried. The Board concurred that the notice should be published by the tax assessor-collector in *The Houston Chronicle*.

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 future Republic reports group the listed customer service calls by category. Ms. Nussa advised that she would prepare the report accordingly.

Mr. Russell entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver Winksi then presented and reviewed the tax assessor-collector's report for August 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. Moran, Ms. Oliver Winski, and Ms. Nussa 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 September 10, 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 McKeand, seconded by Director Buchanan and unanimously carried that the engineering report be approved, as presented.

A discussion ensued concerning the maintenance being provided by the vendor for the backup generators installed at Water Plant No. 3. The Board requested Jones & Carter contact the vendor and request that, going forward, the District be provided with copies of any reports generated from the performance of maintenance on the generators as well as the load bank tests.

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. ("Autoplex"). A discussion ensued regarding which services Autoplex are currently being billed for by the District and when Autoplex anticipates disconnecting its existing private facilities (water and sewer) and connecting to the District's public systems. Following discussion, Director Buchanan moved that MOC be authorized to confirm (i) which District services Autoplex is currently being billed for and (ii) what the source is for the water and sanitary sewer services currently being provided to their property. Director McKeand seconded the motion, which unanimously carried.

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Creed advised that SPH is waiting for T-Mobile to return the executed lease agreement so that it may be approved by the District.

OPERATION AND MAINTENANCE REPORT

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

A discussion ensued regarding Senate Bill No. 239, which requires a statement to be included on all water bills effective as of September 1, 2019. Mr. Williams provided an example of such language, which is attached as part of the Operations and Maintenance Report. He advised that MOC will also include a link to the District's website. No action was taken by the Board at this time.

Mr. Williams next advised that the bar screen located at the Wastewater Treatment Plant ("WWTP") has been damaged, a photo of which is included with the operations and maintenance report. He stated that MOC originally believed the screen would need to be replaced at a cost of approximately \$35,000, but has since determined that it can be repaired for a lesser amount. Following discussion, Director Buchanan moved that MOC be authorized to repair the bar screen located at the WWTP, as discussed. Director McKeand seconded the 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 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 Wofford 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.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In that regard, Mr. Creed discussed recent legislative updates concerning S.B. 944, H.B. 2840, S.B. 239, and H.B. 305, and provided the Board with a memorandum prepared by SPH regarding the implementation of same, which he then discussed in detail. A copy of said memorandum is attached hereto as **Exhibit H**.

EXECUTIVE SESSION

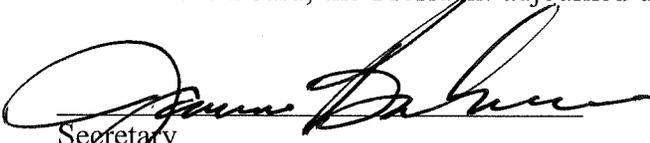
The Board determined it would not be necessary to enter into Closed Session pursuant to Texas Government Code, Section 551.071.

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

531359

LIST OF ATTACHMENTS TO MINUTES

<u>Exhibit A</u>	Security Report for the month of August 2019
<u>Exhibit B</u>	2019 Tax Rate Recommendation
<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>	Operations and Maintenance Report
<u>Exhibit G</u>	Bookkeeper's Report
<u>Exhibit H</u>	Memorandum provided by Schwartz, Page & Harding, L.L.P.