

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
August 8, 2017

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on August 8, 2017, 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:

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

and all such persons were present, thus constituting a quorum.

Also present were Tina Kelsey of Myrtle Cruz, Inc. ("MCI"); Bradley Jenkins and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Michael Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbra Nussa of Republic Services, Inc. ("Republic"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Larry Posey, Jr. of Posey Construction & Development, Inc. ("Posey Construction"); Wayne Ramshire and Chuck Jackson, affiliated with Ramshire Construction and Mo's BBQ and Catering, L.P. ("Mo's"), respectively, who each entered later in the meeting as noted herein; Eric Holsopple, Willetta Collier, and David Cobin, 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.

Mr. Posey addressed the Board regarding Posey Construction's request for annexation into the District of the land located within the Serenity Estates subdivision, and presented and reviewed such request to the Board, a copy of which is attached hereto as Exhibit A. Mr. Jenkins addressed the Board and discussed the preparation of a feasibility study by Jones & Carter relative to the proposed annexation of the tract of land discussed herein, subject to the receipt of a deposit from Posey Construction for engineering fees to be incurred in connection with the preparation of the study. The Board concurred that Jones & Carter be authorized to begin preparation of the study, subject to receipt of the cost deposit from Posey Construction for same. Mr. Jenkins and Mr. Creed noted that annexation of this land would likely trigger the need for another bond authorization election and that the costs to annex the property and hold such election would be in addition to the costs of the feasibility study.

Mr. Ramshire and Mr. Jackson entered the meeting during the above discussion.

A discussion ensued regarding the proposed widening of Lee Road due to the amount of growth in the area. Mr. Jenkins advised that he would review what the County's anticipated timeframe is for widening the road and report back concerning same. The Board requested that

an item be included on the next agenda to consider authoring preparation and transmittal of a letter to the Harris County Commissioner to request widening of the road.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of the July 11, 2017, and August 1, 2017, Board of Directors meetings. Following discussion, Director Buchanan moved that the minutes of the July 11, 2017, Board meeting be approved, as written. Director Boudreaux seconded the motion, which unanimously carried. The Board deferred approval of the minutes of the August 1, 2017, Board meeting until the next meeting.

UNLIMITED TAX REFUNDING BONDS, SERIES 2017

The Board next considered the status of the issuance of the District's Unlimited Tax Refunding Bonds, Series 2017. Mr. Creed stated that pricing is scheduled to occur later this month with closing to take place in September.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

Sergeant Hinkel presented and reviewed the Harris County Precinct 4 Constable's Office security report for the month of July 2017, a copy of which is attached hereto as **Exhibit B**. Several questions were raised by residents concerning security related issues, to which Sergeant Hinkel responded. No action was taken by the Board at this time.

CONTINUING DISCLOSURE REPORT

Mr. Creed next presented for the Board's review an annual Continuing Disclosure Report ("Report") for the fiscal year ended April 30, 2017, prepared by Ms. Jana Cogburn of Norton Rose Fulbright US LLP, the District's Continuing Disclosure Counsel, as required by Rule 15c2-12 of the Securities and Exchange Commission in connection with the District's outstanding bonds. After discussion on the matter, it was moved by Director Buchanan, seconded by Director McKeand and unanimously carried, that the Report be approved and that the Resolution attached hereto as **Exhibit C** approving the Report and authorizing the filing of same with the Municipal Securities Rulemaking Board be adopted by the Board.

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 D**. No action was taken by the Board at this time.

Ms. Nussa exited the meeting at this time.

REPORT CONCERNING MO'S BARBEQUE ("MO'S") TRACT

A discussion ensued with regard to the status of compliance by the owner of the Mo's tract with various outstanding engineering items, including installation of a grease trap and establishing the required distances between the tract's internal water and sewer lines. Mr. Ramshire and Mr. Jackson addressed the Board regarding the status of the various items. The Board deferred a hearing concerning Mo's violation of the Rate Order and imposition of fines and penalties until the next meeting.

Mr. Ramshire and Mr. Jackson exited the meeting at this time.

COMMENTS FROM THE PUBLIC

Ms. Collier, resident of the District, addressed the Board and advised that water was recently seeping into her yard and that, after inspection by MOC, she was advised the cause was an internal leak on her line. She noted she then hired a plumber who determined the cause was a leak on the District's line. She stated that she was billed for and paid approximately \$425 for the services performed by the plumber. Mr. Williams addressed the Board and discussed the history of this matter. Following discussion, Director Buchanan moved that the District reimburse Ms. Collier for the charges associated with the plumber, in the amount of \$425. The motion carried with Directors McKeand, Green, Buchanan, and Boudreaux being in favor of such motion, and Director Wofford being opposed.

BOOKKEEPING REPORT AND PAYMENT OF BILLS

As the next order of business, Ms. Kelsey 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 E**. After further discussion on the matter, Director Buchanan moved that the Board approve the bookkeeping report and that the checks identified therein be approved for payment. Director Boudreaux seconded the motion, which unanimously carried. Director Wofford inquired about the service charges imposed by Compass Bank, and whether the District has the option to move the District's accounts to another bank. Ms. Kelsey stated that she will investigate the District's options and will report back to the Board next month.

Director Wofford exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for July 2017, a copy of which is attached hereto as **Exhibit F**, 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 Boudreaux seconded said motion, which carried unanimously.

Ms. Oliver distributed an Active Installment Agreements Report, a copy of which is attached as part of **Exhibit F**.

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 that no report was received for the current period.

DEVELOPER'S REPORT

As the next order of business, the Board considered the Developer's report. The Board noted that there were no developers present at the meeting.

Director Wofford reentered the meeting at this time.

UTILITY COMMITMENT REQUEST(S)

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

Ms. Oliver and Ms. Kelsey exited 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 August 8, 2017, a copy of which is attached hereto as **Exhibit G**, 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 Boudreaux and unanimously carried that the engineering report be approved including (i) approval of the construction contract between the District and CleanServe, LLC for the cleaning and televising of the sanitary sewer system within Jesse Jones Park, subject to the review of the associated bonds and workers compensation insurance by SPH, (ii) approval of Pay Estimate No. 1 in the amount of \$101,921.40 to T Construction, LLC in connection with the 48-inch public storm sewer extension project, and (iii) approval of the renewal application for the District's wastewater treatment plant permit.

STATUS OF DISTRICT'S 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 2017, including a change in use of funds for the water well no. 2 rework project (\$385,825). Mr. Jenkins advised that Jones & Carter is in the process of addressing comments to the application and expect to complete the final report this month. Mr. Creed reminded the Board that the request for change in use of bond proceeds is being included in the application to the TCEQ for approval of Bond Issue No. 17 in order to reduce the size of the bond issue.

STATUS OF RESOLUTION REQUESTING RELEASE OF ESCROWED FUNDS

A discussion ensued regarding the status of the Resolution Requesting Release of Escrowed Funds (\$242,000 for Deerbrook Commons 48" public storm sewer extension). Mr. Creed advised that the application was declared administratively complete by the TCEQ on August 2, 2017, and that it is currently undergoing review by the TCEQ.

OPERATION AND MAINTENANCE REPORT

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of June 2017, 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 \$2,074.91, 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 Boudreaux and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

The Board determined that it would not be necessary to amend MOC's contract with the District to adjust the emergency repair authorization level.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Creed presented to and reviewed with the Board a brochure received from McCall Gibson Swedlund Barfoot PLLC regarding Investment Training to be held October 21, 2017.

PRESIDENT'S REPORT

Director McKeand then presented and reviewed a copy of the President's Report for July 2017, a copy of which is attached hereto as **Exhibit I**. Director McKeand requested that MOC include a message on customer water bills with regard to the District's website. No action was taken by the Board at this time.

STATUS OF WEBSITE FOR DISTRICT

The Board next considered the status of the website for the District, and considered the (i) addition of email accounts for directors and (ii) implementation of mass messaging options for the District, as well as an amendment to the Service Agreement between the District and Off Cinco, L.L.C. ("Off Cinco") concerning same. Mr. Creed distributed options and pricing information provided by Off Cinco, copies of which are attached hereto as **Exhibit J**. Following discussion, the Board concurred to defer taking action on these matters at this time, but requested that they be kept on the agenda.

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>	Request from Posey Construction & Development, Inc.
<u>Exhibit B</u>	Security Report for the month of July 2017
<u>Exhibit C</u>	Resolution Approving Continuing Disclosure Report for Fiscal Year Ended April 30, 2017
<u>Exhibit D</u>	Customer Service Report prepared by Republic Services, Inc.
<u>Exhibit E</u>	Bookkeeper's Report
<u>Exhibit F</u>	Tax Assessor-Collector's Report
<u>Exhibit G</u>	Engineering Report
<u>Exhibit H</u>	Operations and Maintenance Report
<u>Exhibit I</u>	President's Report for July 2017
<u>Exhibit J</u>	Information provided by Off Cinco, L.L.C. in connection with the addition of email accounts for directors and implementation of mass messaging for the District