

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26
Minutes of Meeting of Board of Directors
August 14, 2018

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on August 14, 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, who entered later in the meeting as noted herein, and Mason Mueller of Jones & Carter, Inc. ("Jones and Carter"); Cindi Oliver of Equi-Tax, Inc. ("Equi-Tax"); Bill Russell, who entered later in the meeting as noted herein, of Myrtle Cruz, Inc. ("MCI"); Mike Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Mark Eyring, who entered later in the meeting as noted herein, of Roth & Eyring, PLLC ("Roth & Eyring"); Sergeant Hinkel and Corporal Medina of the Harris County Precinct Four Constable's Office ("HCP4"); Sarah Bara, Jonathan Chau, and Claude Baumfield, Jr., 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 July 10, 2018, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the July 10, 2018, Board meeting be approved, as written. Director McKeand seconded the motion, which unanimously carried.

HARRIS COUNTY PRECINCT FOUR CONSTABLE'S OFFICE SECURITY REPORT

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

Ms. Bara stated that she had recently been questioned by HCP4 as to why she was calling to report suspicious persons in the neighborhood. Following discussion, Corporal Medina advised that he would investigate the matter and report back to the Board.

Director McKeand exited the meeting at this time.

Mr. Jenkins and Mr. Russell entered the meeting during the presentation of the security report.

COMMENTS FROM THE PUBLIC

Discussions ensued concerning the status of the potential hotel project in the District, recent utility work associated with the Willowbend apartment project, and meter reading procedures utilized by MOC. No actions were taken by the Board at this time. However, Mr. Jenkins advised that Jones and Carter and MOC will investigate the utility construction near the apartments to determine whether it might be causing water leaks in the area.

Director McKeand re-entered the meeting at this time.

Mr. Eyring entered the meeting at this time.

AUDIT REPORT FOR FISCAL YEAR ENDED APRIL 30, 2018

The Board next reviewed a draft of the District's Audit Report prepared by Roth & Eyring, for the District's fiscal year ending April 30, 2018. Mr. Eyring discussed with the Board in detail the Management's Discussion and Analysis Section contained in the draft Audit Report. After discussion concerning the draft Audit Report, it was moved by Director McKeand, seconded by Director Buchanan and unanimously carried, that the Audit Report for the fiscal year ending April 30, 2018, be approved, subject to SPH's final review and approval of same, that the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District and the Representation Letter, attached hereto as **Exhibit B**, and that such Audit Report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

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.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Oliver then presented and reviewed the tax assessor-collector's report for July 2018, 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.

Ms. Nussa, Ms. Oliver, and Mr. Eyring exited the meeting at this time.

DEVELOPER'S REPORT

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

Mr. Creed advised that Duke Realty Corporation ("Duke") has purchased some property in the District from Walhof Properties, L.L.C. In connection therewith, Mr. Creed and Mr. Jenkins addressed the Board regarding a recent request received from Duke that the District accept an existing private detention pond facility for maintenance that serves the tract as well as others, and to reimburse them the associated pond construction costs. It was noted that the detention pond was designed as a private facility and there was no Utility Development Agreement entered into with Duke or its predecessor in title. Following discussion on the matter, Director Buchanan moved that the District not accept the detention pond facility for ownership and maintenance and not reimburse Duke for the associated construction costs. Director Boudreaux seconded the motion, which unanimously carried.

UTILITY COMMITMENT REQUEST(S)

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

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 14, 2018, 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.

Mr. Jenkins addressed the Board regarding the status of design of the wastewater treatment plant (the "Plant") and lift station rehabilitation project, including expanded scopes of work. He advised that he and Directors Boudreaux and Buchanan toured the Plant to review the additional recommended repair items discussed at the previous meeting. Mr. Jenkins stated that the original cost estimate and alternative cost estimate, including the cost of additional improvement items identified in the recent site inspection, are attached to the engineering report. He recommended that the Board authorize Jones & Carter to proceed with the design of the improvements shown in Estimate 2, to include the updated scope of work and conversion of the Mill Creek lift station. Discussions ensued concerning the scope of work associated with the sanitary sewer rehabilitation project, a proposed future bond election, and the preparation of a Bond Application Report to fund these projects. Following discussion, the Board concurred to defer taking action pending further discussion later in the meeting.

Mr. Jenkins 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 scheduled to proceed with private site construction next week. No action was taken by the Board.

Mr. Chau and Mr. Baumfield exited the meeting at this time.

LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE

Mr. Jenkins 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.

OPERATION AND MAINTENANCE REPORT

Mr. Williams then presented to and reviewed with the Board the operations and maintenance report for the month of July 2018, 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 \$1,734.09 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.

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 Myrtle Cruz, Inc., 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 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 MO'S BBQ AND FM 1960 AUTOPLEX, INC.

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

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Creed presented and reviewed with the Board a draft Annual Financial and Operating Report Pursuant to SEC Rule 15c2-12 (the "Report") prepared by McCall, Parkhurst and Horton, L.L.P., the District's continuing disclosure

counsel, a copy which is attached hereto as **Exhibit H**. He advised that an item related to approval of the Report will be included on the agenda for the September meeting.

Mr. Creed next presented to and reviewed with the Board correspondence from the Eastex Fire Department, a copy of which is attached hereto as **Exhibit I**, regarding their Insurance Services Office rating.

A discussion ensued regarding potential 2019 legislation that may impact future bond elections. No action was taken by the Board at this time.

EXECUTIVE SESSION

The Board entered into closed session pursuant to Texas Government Code Section 551.071 at 9:09 p.m., with only Mr. Creed also in attendance. All others present exited the meeting at this time. The Board re-convened in regular session at 9:40 p.m.

A discussion re-ensued regarding the expanded scope of work at the Plant and the lift station rehabilitation project (the "Project"). Following discussion, Director Buchanan moved that the District move forward with such Project and that Jones & Carter be authorized to prepare a Bond Application Report for submittal to the TCEQ to fund the Project. Director Wofford seconded the motion, which unanimously carried. The Board noted that it will defer the sanitary sewer rehabilitation project at this time, pending the results of a future Bond Election.

A discussion next ensued regarding the scheduling of a future Bond Election. Following discussion, Director McKeand moved that the District schedule a Bond Election to be held in May of 2019 and that Jones and Carter finalize its preparation of a bond authorization report for same. Director Wofford seconded the motion, which unanimously carried.

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>	Security Report for the month of July 2018
<u>Exhibit B</u>	Representation letter (Roth & Eyring, PLLC)
<u>Exhibit C</u>	Customer Service Report prepared 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>	Draft Annual Financial and Operating Report Pursuant to SEC Rule 15c2-12 prepared by McCall, Parkhurst and Horton, L.L.P.
<u>Exhibit I</u>	Correspondence from Eastex Fire Department