

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**Minutes of Meeting of Board of Directors**  
**August 13, 2019**

The Board of Directors of Harris County Municipal Utility District No. 26 met at 20810 Lee Road, Humble, Harris County, Texas on August 13, 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; Mike Williams of Municipal Operations and Consulting, Inc. ("MOC"); Barbara Nussa of Republic Services, Inc. ("Republic"); Mark Eyring of Mark C. Eyring, CPA, PLLC ("Eyring"); Sergeant Hinkel of the Harris County Precinct Four Constable's Office ("HCP4"); Frank Ross, who entered later in the meeting as noted herein, Dale Ferguson, Sara Bara, and Lisa Newsum, all residents of the District; and Kate Henderson 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 9, 2019, Board of Directors meeting. Following discussion, Director Buchanan moved that the minutes of the July 9, 2019, Board meeting be approved, as written. Director McKeand seconded the motion, which unanimously carried.

Mr. Ross 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 July 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.

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

The Board deferred consideration of the Financial Advisor's recommendation concerning the District's proposed 2019 tax rate until the next Board meeting.

## **AUDIT REPORT FOR FISCAL YEAR ENDED APRIL 30, 2019**

The Board next reviewed a draft of the District's Audit Report prepared by Eyring, for the District's fiscal year ending April 30, 2019. 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, 2019, 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").

## **CONTINUING DISCLOSURE REPORT FOR FISCAL YEAR ENDED APRIL 30, 2019**

Ms. Henderson next presented for the Board's review an annual Continuing Disclosure Report ("Report") for the fiscal year ended April 30, 2019, prepared by McCall, Parkhurst & Horton, LLP ("MPH"), 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 McKeand, seconded by Director Buchanan and unanimously carried, that the Report, attached hereto as **Exhibit C**, be approved and that MPH be authorized to file same with the Municipal Securities Rulemaking Board.

## **COMMENTS FROM THE PUBLIC**

The Board next considered comments from the public. Ms. Bara addressed the Board regarding the District's current water rates charged to customers pursuant to the Rate Order. Ms. Newsum next addressed the Board regarding street repairs and solid waste collection services provided by Republic. She stated that a representative of Republic advised that homeowners associations have the option of purchasing a 95 gallon cart for servicing by Republic. Ms. Nussa advised that, according to the District's contract with Republic, the maximum weight that can be picked up may not exceed fifty (50) pounds. Director Buchanan requested that Ms. Nussa direct Republic's representatives to advise any future callers that they need to contact the District and/or Ms. Nussa prior to purchasing carts. Ms. Nussa agreed to do so.

## **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.

Mr. Eyring, Sergeant Hinkel, Ms. Bara, and Mr. Ross exited the meeting at this time.

### **TAX ASSESSOR-COLLECTOR REPORT**

Ms. Oliver Winski then presented and reviewed the tax assessor-collector's report for July 2019, a copy of which is attached hereto as **Exhibit E**, including the checks presented for payment. After discussion, Director McKeand moved that the tax assessor's report be approved as presented, including the listed disbursements. Director Buchanan seconded said motion, which carried unanimously.

Ms. Oliver Winski next presented a List of Candidates for Write-Off from the Delinquent Tax Roll ("List"), a copy of which is attached hereto as **Exhibit F**. She recommended that the personal property accounts reflected on the List be moved to the uncollectible roll. After review and discussion, it was moved by Director McKeand, seconded by Director Buchanan and unanimously carried, that the personal property accounts reflected on the List be moved to the uncollectible roll, as recommended by Equi-Tax.

Mr. Russell entered the meeting at this time.

Ms. Nussa 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"), Ms. Henderson 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)**

Ms. Henderson next reported that the District has not received any new requests for utility commitments.

Ms. Oliver Winski and Ms. Newsum 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 August 13, 2019, 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.

In connection with the wastewater treatment plant and lift station rehabilitation project, Mr. Mueller advised that Jones and Carter expects to complete the design phase of the project and submit plans for approval later this month.

Mr. Mueller next addressed the Board regarding the status of design of the motor control center replacements at Water Plant Nos. 1 and 2. He advised that a memo describing the scope of this project is attached to the engineering report. Following discussion, Director Buchanan moved that Jones and Carter be authorized to advertise for bids for replacement of the motor control centers at Water Plant Nos. 1 and 2. Director McKeand seconded the motion, which carried with Directors Boudreaux, Buchanan, and McKeand voting in favor of such motion, and Director Wofford being opposed. Ms. Henderson noted that the Board has previously indicated its intent to apply approximately \$550,000 in surplus construction funds to this project, whereas the current project cost estimate is \$592,000, which means any difference would need to be funded through operating funds.

Mr. Mueller next advised that an updated preliminary summary of costs for the next bond application report is attached to the engineering report. He noted that the proposed projects to be funded include the sanitary sewer rehabilitation project and dewatering system improvements. Following discussion, Director Buchanan moved that Jones & Carter be authorized to prepare a Bond Application Report for submittal to the TCEQ to fund these projects. Director McKeand seconded the motion, which unanimously carried.

Mr. Ferguson exited the meeting at this time.

Mr. Williams next advised that the automatic transfer switch ("ATS") for the generator at Water Plant No. 1 is in need of being replaced at a cost of approximately \$25,000. Following discussion, Director Buchanan moved that MOC be authorized to replace the ATS at Water Plant No. 1, subject to receipt of confirmation from Jones and Carter that the ATS can be utilized with the new motor control centers. Director McKeand seconded the motion, which unanimously carried.

### **ORDER AUTHORIZING APPLICATION TO THE TCEQ FOR APPROVAL OF PROJECT AND BONDS**

The Board next considered the adoption of an Order Authorizing Application to the TCEQ for Approval of Project and Bonds (the "Order"). Following discussion, Director Buchanan moved that the Board adopt the Order, attached hereto as **Exhibit H**, and that SPH be authorized to submit same as part of the District's application to the TCEQ for approval of Bond Issue No. 19 upon completion of the associated report. Director McKeand seconded said motion, which unanimously carried.

### **LEASE AGREEMENT BETWEEN THE DISTRICT AND T-MOBILE**

Ms. Henderson advised that T-Mobile's inspection of the District's elevated storage tank site has been completed, and that she anticipates that the agreement will be ready to be executed at the next Board meeting.

## **OPERATION AND MAINTENANCE REPORT**

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

Mr. Williams recommended that the Board consider authorizing MOC to move certain delinquent accounts in the total amount of \$2,324.74 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 Wofford and unanimously carried, that such accounts be moved to the uncollectible roll as recommended by MOC.

A discussion ensued regarding the proposed purchase of a used generator to utilize as a source of backup power at Water Plant No. 2. Following discussion on the matter, Director Buchanan moved that Jones and Carter be authorized to obtain cost estimates for the purchase of a used generator at Water Plant No. 2. Director Wofford seconded the motion, which unanimously carried. Director Buchanan requested that SPH research the current status of the District's existing generator services agreement utilized for Water Plant No. 3 and determine if a similar agreement may be available for Water Plant No. 2.

A discussion next ensued regarding Senate Bill No. 239, which requires a statement to be included on all water bills beginning in September 1, 2019. Mr. Williams provided an example of such language, which is attached as part of the Operations and Maintenance Report. No action was taken by the Board 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 J**. 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.

## **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. No action was taken by the Board.

## **RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION FUNDS**

The Board next considered the adoption of a Resolution Authorizing Use of Surplus Construction Funds (the "Resolution") in connection with the installation of the motor control centers at Water Plant Nos. 1 and 2. Following discussion, Director McKeand moved that the Board adopt the Resolution, attached hereto as **Exhibit K**, and that the President be authorized to execute same on behalf of the Board and the District. Director Buchanan seconded the motion, which unanimously carried.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. In that regard, Ms. Henderson presented and reviewed with the Board a website analytics report prepared by Off Cinco, L.L.C., a copy of which is attached hereto as **Exhibit L**. No action was taken by the Board at this time.

Ms. Henderson next advised the Board that SPH is in the process of preparing a memorandum to the Board regarding new legal requirements for the District's website, and that a copy same will be provided to the Board at the next meeting. She briefly reviewed the new requirements with the Board.

**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>	Security Report for the month of July 2019
<u>Exhibit B</u>	Representation letter (Mark C. Eyring, CPA, PLLC)
<u>Exhibit C</u>	Continuing Disclosure Report
<u>Exhibit D</u>	Customer Service Report provided by Republic Services, Inc.
<u>Exhibit E</u>	Tax Assessor-Collector's Report
<u>Exhibit F</u>	List of Candidates for Write-Off from the Delinquent Tax Roll
<u>Exhibit G</u>	Engineering Report
<u>Exhibit H</u>	Order Authorizing Application to the TCEQ for Approval of Project and Bonds
<u>Exhibit I</u>	Operations and Maintenance Report
<u>Exhibit J</u>	Bookkeeper's Report
<u>Exhibit K</u>	Resolution Authorizing Use of Surplus Construction Funds
<u>Exhibit L</u>	Website analytic report prepared by Off Cinco, L.L.C.