

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
November 7, 2016

ACTIONS TAKEN

1. The Board approved the minutes of the October 3, 2016, and October 4, 2016, meetings.
 2. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including the checks presented for payment.
 3. The Board approved a Payment Services Agreement regarding new electronic payment options among Utility Tax Service, L.L.C., First Billing Services, LLC, and the District.
 4. The Board approved the Operations and Maintenance Report presented by EDP.
 5. The Board approved the award of contract for the water and sanitary sewer to serve the new Lone Star Science Building to CES Utilities Inc., contingent upon the receipt of the executed Utility Development Agreement from Lone Star.
 6. The Board approved a proposal from Pavement Constructors regarding the trail repairs.
 7. The Board approved a proposal from Brian Gardens to add mulch to the trees along Cypresswood Drive
 8. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 9. The Board approved an amendment to the District's Rate Order to bill commercial customers the NHCRWA fee plus 10%, effective as of January 1st.
 10. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 11. The Board approved a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer.
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The Board of Harris County Municipal Utility District No. 286 ("District") met in regular session at the Board's regular meeting place, 20303 Chasewood Park Drive, Houston, Harris, County, Texas 77070 on November 7, 2016, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

David Geaslen, President
Michael Rhodes, Vice President
Steve Garner, Secretary
Rosalind Theriot, Assistant Secretary
Becky Campbell, Assistant Secretary

All of said persons were present, therefore constituting a quorum.

Also present were Corporal Curry of the Harris County Constable's Office, Precinct No. 4; Claudia Redden of Claudia Redden & Associates L.L.C.; Dennis Eby of Eby Engineers, Inc. ("Eby"); Eric Thiry and Greg Camp of Environmental Development Partners, L.L.C. ("EDP"); Roshell Arterburn of Utility Tax Service, L.L.C. ("UTS"); and Kara Richardson of Marks Richardson PC ("MRPC").

APPROVAL OF MINUTES

As the first order of business, the Board considered approval of the minutes of the Board of Directors meeting held on October 3, 2016, and October 4, 2016. After discussion, Director Theriot made a motion to approve the minutes of the October 3, 2016, Board of Directors meeting, as written. Director Rhodes seconded the motion, which carried unanimously. Director Campbell next made a motion to approve the minutes of the October 4, 2016, Board of Directors meeting, as written. Director Rhodes seconded the motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). Corporal Curry reviewed the report. Director Theriot thanked the Constables for attending the District's Water Conservation meeting.

Corporal Curry exited the meeting at this time.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services. Director Rhodes stated that everything is going well and noted that, due to the time change, the park now closes at 5:30 p.m.

DEVELOPERS' REPORTS

LONE STAR

The Board next considered the development in the District by Lone Star. Director Garner stated that Mr. Eby will present an update when he arrives.

HEWLETT PACKARD

The Board next considered the development in the District by Hewlett Packard (“HP”). Director Geaslen reported that there are rumors that a division of HP is relocating out of the District.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Ms. Arterburn presented and reviewed the attached Tax Assessor-Collector Report (**Exhibit B**) dated October 31, 2016. She reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. She noted that tax statements have gone out to District residents. After discussion of the report, Director Rhodes made a motion to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Theriot seconded the motion, which carried unanimously.

THIRD PARTY CREDIT CARD MERCHANT OPTIONS

The Board next discussed third party credit card merchant options for tax payments. Ms. Arterburn stated that UTS has provided the District with a Payment Services Agreement between UTS, First Billing Services, LLC (“First Billing”) and the District. See presented an executed TEC Form 1295 from First Billing, and Ms. Richardson noted that she has reviewed the agreement and has no objections. After discussion, Director Garner made a motion to approve the Payment Services Agreement and to authorize the President to execute same on behalf of the Board and District. Director Rhodes seconded the motion, which carried unanimously.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit C**).

Mr. Thiry reviewed repairs EDP made during the month. He stated that the flood damage repairs to the Wastewater Treatment Plant building are complete and noted that the District’s insurance paid the associated claim. He noted that he is working with Mr. Eby to get specifications together to solicit bids for the repair of the water plant roof.

Mr. Thiry next reported that the new generator at the water plant has been installed and is operational. The Board discussed options for disposal of the old generator.

Mr. Thiry next presented a proposal from World Wide Power and a proposal from Gen Solutions relative to generator maintenance. He noted that he did not have executed TEC Form 1295s from either entity but recommended that the Board approve the generator maintenance agreement

with Gen Solutions next month. After discussion, the Board concurred to add an item to the next agenda to consider approval of the generator maintenance agreement with Gen Solutions.

Mr. Thiry next reported that EDP mistakenly performed meter testing on the District's non-residential meters, noting that the District's contract with EDP provides for meter testing every other year and the meters were just tested last year and, accordingly, should not have been tested this year. Mr. Thiry noted that EDP is offering to provide a 25% discount for the erroneous testing. He stated that the test results reflected that three meters registered below the recommended levels and that the estimate to make said repairs was approximately \$1500. Director Geaslen noted that one of the meters noted for repair serves the childcare center at Lone Star and that Mr. Eby has identified that meter as one that will be torn out so there is no need to repair it. After discussion, the Board concurred to pay 50% of the cost of the meter testing.

Mr. Thiry next stated that all of the plans for the interconnect installation with LFMUD have been submitted to Harris County for review.

Mr. Thiry next reported that EDP recently purchased new GPS equipment and noted that they will use the new equipment to get better coordinates on the District's valves.

After discussion, Director Theriot made a motion to approve the Operations and Maintenance Report as presented. Director Campbell seconded the motion, which carried unanimously.

REPLACEMENT OR REPAIR OF GENERATOR AT WATER PLANT

The Board next deferred considering the status of the generator at the water plant as the matter had previously been discussed.

ENGINEERING REPORT

The Board next considered the Engineering Report (**Exhibit D**).

Mr. Eby reported that the plans for the lift station rehabilitation project are with Harris County for review. He noted that Eby will advertise for bids once Harris County issues approval.

Mr. Eby next recommended that the Board approve the award of a contract for the water and sanitary sewer to serve the new Lone Star Science Building to the low bidder, CES Utilities Inc. ("CES"), in the amount of \$141,315.00. He presented an executed TEC Form 1295 from CES. Ms. Richardson discussed the status of the District's Utility Development Agreement with Lone Star as well as easement acquisition related to the project. After discussion, Director Rhodes made a motion to approve the award of a contract to CES, contingent upon the receipt of the fully executed Utility Development Agreement from Lone Star and receipt of easements related to the project. Director Theriot seconded the motion, which carried unanimously.

Mr. Eby next presented a proposal and executed TEC Form 1295 from Pavement Constructors regarding rehabilitation of the trails in the amount of \$22,061.28. After discussion, Director Rhodes made a motion to approve the proposal from Pavement Constructors, as set out above. Director Garner seconded the motion, which carried unanimously.

Mr. Eby next presented a proposal from Brian Gardens in the amount of \$470.90 to add mulch to the trees along Cypresswood Drive. After discussion, Director Theriot made a motion to approve the proposal from Brian Gardens. Director Garner seconded the motion, which carried unanimously.

Mr. Eby next reviewed correspondence to Lone Star regarding his review of Lone Star's latest submittals. He stated that some small revisions are required and noted that this will hopefully be the last plan review. He stated that he expects construction to begin mid-December.

Mr. Eby next reported that he is still working on the District's facilities inspections with Mr. Thiry.

After discussion, Director Rhodes made a motion to approve the Engineering Report and the invoices set forth therein. Director Campbell seconded the motion, which carried unanimously.

TRAIL REPAIRS

The Board next discussed trail repairs, including proposed easement acquisition from Mr. Terpstra. Director Campbell stated that she spoke with Mr. Terpstra and that he informed her that he is concerned about the potential for trash and mattress accumulation on his property. She noted that Mr. Terpstra will get back to the District with a quote from a fence company. Director Geaslen stated that he has requested Mr. Eby to contact the Precinct 4 parks department to see if they could help fund a portion of the project.

The Board next discussed the paved trail that HP has proposed to construct.

AMENDMENT TO RATE ORDER

The Board next considered approval of an amendment to the District's Rate Order. Director Geaslen stated that the District's monthly revenue from its Strategic Partnership Agreement has decreased by approximately \$30,000 - \$35,000 per month. He also noted that HP's rumored departure will add to this decrease in revenue. He suggested that, in order to recoup some of this lost revenue, the District consider amending the Rate Order to add the North Harris County Regional Water Authority ("NHCRWA") surface water fee to invoices of the District's commercial customers. He noted that the current NHCRWA surface water fee is \$2.85 per each 1,000 gallons of water used. The Board discussed the matter including notifying customers of this change in the upcoming water bill. After discussion, Director Campbell made a motion to amend the District's Rate Order to add the NCHRWA fee plus 10% of said fee to invoices of the District's commercial customers, effective as of January 1st, and to include information about the increase in the District's water bill for commercial customers. Director Rhodes seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper’s Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit E**), including the checks presented for payment. After discussion, Director Theriot made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Campbell seconded the motion, which carried unanimously.

The Board next discussed balances owed to the District by certain developers and reviewed a breakdown of such fees which had been prepared by Ms. Redden. Mr. Eby stated that he will get with Ms. Redden to come up with a plan to address these outstanding fees owed by developer.

REVIEW OF INVESTMENT POLICY

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (“Order”) and the adoption of a Resolution relative thereto. Ms. Richardson advised that there are no proposed changes to the Order at this time and recommended that the current Order remain in effect. After discussion, Director Theriot made a motion to adopt the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (**Exhibit F**), and to authorize the President to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Garner seconded the motion, which carried unanimously.

WATER CONSERVATION MEETING

The Board next discussed the annual Water Conservation Meeting held on October 4, 2016.

REQUEST FROM GHORBA

The Board next considered a request from the Greater Houston Off-Road Biking Association regarding trail maintenance, including approval of amendment to Interlocal Agreement with HCFCD. Ms. Richardson noted that she is working with HCFCD to draft an agreement adding these trails to the existing agreement.

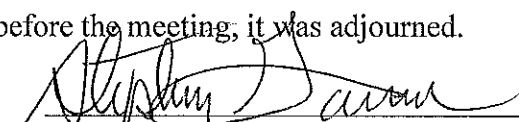
Director Campbell stated that the GHORBA would like to install a kiosk next to the park with information about the entity, and that such kiosk could also be used for community announcements. The Board agreed that they were not in favor of a kiosk at the park.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas.

ADJOURNMENT OF BOARD MEETING

There being no further business to come before the meeting, it was adjourned.


Secretary, Board of Directors

LIST OF EXHIBITS

November 7, 2016

- Exhibit A. Patrol Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Operations and Maintenance Report
- Exhibit D. Engineering Report
- Exhibit E. Bookkeeping Report
- Exhibit F. Resolution Regarding Review of Investment Policy