

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
February 1, 2016

ACTIONS TAKEN

1. The Board approved the minutes of the January 4, 2016, meeting.
2. The Board approved the audit report for the fiscal year ended September 30, 2015, authorized the President to execute the Annual Filing Affidavit, and authorized the filing of the audit report and Annual Filing Affidavit with the appropriate governmental authorities.
3. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including the checks presented for payment.
4. The Board approved and adopted a Resolution Concerning Exemptions from Taxation granting an exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older and a 20% general residential homestead exemption for the year 2016.
5. The Board accepted a quote from Fitch Services for the installation of a gas detector, contingent upon receipt of a fully executed Form 1295.
6. The Board approved the replacement of a lift pump at the WWTP contingent upon receipt of a fully executed Form 1295.
7. The Board approved a letter to the North Harris County Regional Water Authority requesting a credit on the water lost during the water line break.
8. The Board approved the Operations and Maintenance Report presented by EDP.
9. The Board approved the bid from Crostex to repair the water line break contingent upon review by MRPC and receipt of a fully executed Form 1295.
10. The Board approved the Engineering Report presented by Eby Engineers, Inc.
11. The Board ratified the utility commitment letter with Lone Star.
12. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
13. The Board approved the Resolution Adopting List of Qualified Brokers.
14. The Board approved the renewal proposal from AquaSurance, LLC relative to insurance coverage for the term expiring March 31, 2016.

15. The Board adopted the Order Calling Election in connection with the May 2016 Director Election and approved that notice of the election be given by posting at a public place in the District and by posting at the location where notices of the meetings are posted.
 16. The Board adopted the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents and approved that the attorneys of the District be instructed to handle the mechanics of the election.
 17. The Board approved to pay election officers \$20.00 per hour in connection with the May 2016 Director Election.
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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 February 1, 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 Gregory Camp of Environmental Development Partners, L.L.C. ("EDP"); Joanne Ramos of Utility Tax Service, L.L.C. ("UTS"); Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Mark Roth of Roth & Eyring, CPA; 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 January 4, 2016. After discussion, Director Rhodes made a motion to approve the minutes of the January 4, 2016, Board of Directors meeting, as written. Director Theriot 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 and noted that it has been a quiet month. Director Geaslen stated that he got a report from a neighbor stating that Deputy Singh is doing a great job.

Corporal Curry exited the meeting at this time.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services. Mr. Eby reported that there have been several instances at the park over the month where the Constables were called. He noted that the system was down for a couple of weeks with what appeared to be a Comcast issue and stated that the issue has been fixed.

APPROVAL OF AUDIT REPORT

The Board next considered approval of an audit report for fiscal year ended September 30, 2015. Mr. Roth presented a draft of the audit report and correspondence regarding the report (**Exhibit**

B). He stated that he reduced the District's fee from \$10,600 to \$9,000 since the District has paid off all outstanding debt and there are fewer accounts to audit as a result. Mr. Roth noted that he found a few duplicate billings from the operator and that these billings have already been credited back to the District. After discussion, Director Theriot made a motion to approve the audit report for the fiscal year ended September 30, 2015, to authorize the President to execute the Annual Filing Affidavit on behalf of the Board and District, and to file the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Cronin seconded the motion, which carried unanimously.

Mr. Roth exited the meeting at this time.

DEVELOPERS' REPORTS **GENESIS CAPITAL PARTNER, L.L.C.**

The Board next considered the status of development in the District by Genesis. Mr. Drew stated that he had nothing new to report.

LONE STAR

The Board next considered the development in the District by Lone Star. Director Garner reported that Lone Star has tentatively agreed to the line routing proposed by the District's engineer.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented and reviewed the attached Tax Assessor-Collector Report (**Exhibit C**) dated February 1, 2016. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. He noted that collections for 2015 are at 77.90%. After discussion of the report, Director Theriot made a motion to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Rhodes seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2016. Ms. Richardson outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Sections 11.13 and 11.184 of the Property Tax Code. After discussion, Director Rhodes made a motion 1) to grant a \$200,000 exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older for the year 2016, 2) to grant that a 20% residential homestead exemption for the year 2016, and 3) to approve and adopt the Resolution relative to the granted exemptions (**Exhibit D**). Director Theriot seconded the motion, which carried unanimously.

OPERATIONS REPORT

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

Mr. Thiry discussed valve locations and documenting the locations to avoid the problem experienced last month with the water line break. He recommended assigning GPS coordinates to each valve and purchasing a GPS system to keep at the sewer plant.

Mr. Thiry next discussed the installation of valves related to the water line break last month.

Mr. Thiry next reported that there are still 9 valves that either need to be located or repaired. Director Geaslen asked about the necessity of locating the valves. Mr. Thiry stated it would be helpful to locate them in order to avoid a situation like the one that occurred last month. He suggested that EDP could locate the missing valves and make repairs over a period of time with perhaps locating and/or repairing 2 valves per month. Director Geaslen asked if EDP could repair and/or locate 3 per month or possibly get a different company to locate and repair the water valves. Mr. Thiry stated he will do his best to repair and/or locate 3 each month.

Mr. Thiry next reported that Detcon is not interested in installing the gas detector and recommended that the Board accept the quote from Fitch Services for \$17,635. After discussion, Director Theriot made a motion to accept the quote from Fitch Services as set out above and contingent upon receipt of a fully executed Form 1295. Director Rhodes seconded the motion, which carried unanimously.

Mr. Thiry next requested authorization to add language to the next water bill regarding EDP seeking volunteers for the required Lead/Copper sampling program. After discussion, the Board concurred to authorize inclusion of same in the next water bill.

Mr. Thiry next reported that next month EDP will have the final total amount of water supplied to HC MUD 468 via the interconnect and noted that he will forward an invoice to HC MUD 468 accordingly.

Mr. Thiry next reported that one of the lift pumps at the WWTP broke and requires a rewind and rebuild. He stated that he received a quote from Hahn for \$5,595 to rebuild or \$8,382 to purchase a new pump. Mr. Thiry noted that there is another pump that needs to be pulled and inspected because it is showing wear. After discussion, Director Theriot made a motion to authorize the replacement of the lift pump as set out above and contingent upon receipt of a fully executed Form 1295. Director Rhodes seconded the motion, which carried unanimously.

Mr. Thiry next stated that the accountability for the month of December is 85.5%. He stated that he will check the meter reads on the interconnect to verify accuracy.

The Board next discussed sending correspondence to the North Harris County Regional Water Authority (the "NHCRWA") asking for a credit on the water lost during the water line break last month. Ms. Richardson presented a draft letter regarding same. After discussion, Director Theriot made a motion to approve the letter to the NHCRWA requesting the credit. Director Garner seconded the motion, which carried unanimously.

After discussion, Director Garner made a motion to approve the Operations and Maintenance Report as presented. Director Rhodes seconded the motion, which carried unanimously. The Board further concurred to add an item to the next agenda to amend the Operator's report.

WATER SMART PROGRAM

The Board next considered adoption of water conservations goals in connection with participation in Water Smart Program. After discussion, the Board declined to participate in the program.

ENGINEERING REPORT

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

Mr. Eby reported that he received a letter from the Compaq Center Drive West Owners Association, Inc. ("C.O.A.") regarding the proposed lift station rehabilitation and some questions to clarify with the C.O.A. He stated that he will research if it is viable to coordinate with CenterPoint to set a meter and re-feed the power supply directly from CenterPoint. Mr. Eby stated that the District may need to enter into an agreement with Lone Star regarding the metering and payment of the bill for the lift station electricity. The Board discussed the need for a permanent generator at the lift station since the District owns a portable generator. Mr. Eby stated that he will prepare a response to the C.O.A.

Mr. Eby next presented a proposal to repair the broken spring riders at the playground. He stated that he will discuss the matter further with Director Geaslen.

Mr. Eby presented a preliminary cost estimate for the Lone Star construction costs related to facilities required to serve its new building. The Board discussed its preference to have Lone Star enter into the contract directly with the contractor. After discussion, the Board authorized Ms. Richardson to begin work on an agreement between Lone Star and the District regarding the construction of these facilities.

Mr. Eby next reported that he must get approval from the HCFCD for the water line repair since the water line is on HCFCD property. He noted that this repair will be done on an emergency basis and therefore the contract does not need to be bid. He stated that Crostex submitted a proposal for \$68,000 and noted that this cost does not include the costs of bonds, haul off, import of fill and possible dewatering. After discussion, Director Campbell made a motion to award the contract to Crostex contingent upon review by MRPC and receipt of a fully executed Form 1295. Director Rhodes seconded the motion, which carried unanimously. Mr. Eby stated that he will prepare a short form contract with bonds and insurance.

Director Geaslen next discussed a broken fence by the bridge that is in need of repair.

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

RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE

The Board next deferred consideration of the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.

UTILITY COMMITMENT REQUESTS

The Board next considered the issuance of utility commitments, including ratification of commitment letter with Lone Star. After discussion, Director Rhodes made a motion to ratify the commitment letter with Lone Star, as approved last month. Director Theriot seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit G**), including the checks presented for payment. The Board discussed the District's large payment to the NHCRWA. Mr. Thiry stated that the District supplied a lot of water to HC MUD 468 which accounts for the increased fees paid to the NHCRWA. He noted that the District will send an invoice to HC MUD 468 for the usage which will recoup the associated NHCRWA fees. After discussion, Director Campbell made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes seconded the motion, which carried unanimously.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

Ms. Richardson next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. She reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A", (**Exhibit I**). Ms. Richardson noted that the list of brokers was provided by the District bookkeeper, and recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Rhodes made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Theriot seconded the motion, which carried unanimously.

DISTRICT WEBSITE

The Board next considered the status of the District's website. Director Theriot discussed a seminar she attended at AWBD regarding the legal aspects of maintaining a website.

RENEWAL OF INSURANCE

The Board next considered the renewal of the District's insurance coverage for the term scheduled to expire on March 31, 2016. Ms. Richardson distributed renewal proposals received from

AquaSurance, LLC relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers' liability, umbrella, public employee blanket crime, directors position schedule bond, tax assessor/collector bond, worker's compensation, and business travel coverage scheduled to expire on March 31, 2017 (**Exhibit J**). After discussion, Director Rhodes made a motion to approve the renewal proposal from AquaSurance, LLC for all coverages set out above, and to authorize the President to execute the proposal on behalf of the Board and District. Director Theriot seconded the motion, which carried unanimously.

REQUEST FROM LAKEWOOD CROSSING

The Board next considered a request from Lakewood Crossing for the donation of trees along a fence line. The Board discussed the request and expressed concern about the water line that runs in that area and the potential for tree roots to affect the line. After discussion, the Board concurred to decline the donation request.

CYPRESS CREEK GREENWAY PARKS AND TRAILS MASTER PLAN

The Board next considered ratification of approval of a one-year extension to the Interlocal Agreement for the Study of Cypress Creek Greenway Parks and Trails Master Plan. After discussion, Director Rhodes made a motion to ratify the approval. Director Theriot seconded the motion, which carried unanimously.

FORM 1295

The Board next considered a report on the status of implementation of requirements relating to HB 1295 and the status of filing with the Comptroller relating to eminent domain authority. Ms. Richardson reviewed the new filing requirements and procedures with the Board

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. Ms. Richardson reported that MRPC is increasing its rates, effective March 1, and presented correspondence outlining the new fee schedule (**Exhibit K**) as required by MRPC's contract for legal services.

SUPPLEMENTAL AGENDA **CALL DIRECTOR ELECTION**

The Board next considered the calling of a Directors Election to be held on May 7, 2016, determining the procedure for giving notice of the election, and the adoption of an Order in connection therewith. Ms. Richardson presented the Order calling such election to be held on May 7, 2016, noting that the terms of office of Directors Geaslen, Rhodes, and Campbell will expire in May 2016. Ms. Richardson advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21)

days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10) days before the election. Ms. Richardson further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. After discussion, Director Theriot made a motion to: adopt the Order Calling Director Election as set forth above and to give notice of the election by posting at a public place in the District and by posting at the location where notices of the meetings are posted. Director Rhodes seconded the motion which carried unanimously.

APPOINTMENT OF AGENT

Ms. Richardson next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion on the matter, Director Theriot made a motion to adopt the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents, to authorize the President and Secretary to execute the Notice on behalf of the Board and the District, and to instruct the attorneys of the District to handle the mechanics of the election. Director Rhodes seconded the motion which carried unanimously.

COMPENSATION

The Board next considered the compensation to be paid to the election officials. After discussion on the matter, Director Theriot made a motion to authorize the election officials to receive \$20.00 per hour to work the election. Director Rhodes seconded the motion, which carried unanimously.

ADJOURNMENT OF BOARD MEETING

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


Secretary, Board of Directors

LIST OF EXHIBITS

February 1, 2016

- Exhibit A. Patrol Report
- Exhibit B. Auditor Correspondence
- Exhibit C. Tax Assessor-Collector's Report Taxes
- Exhibit D. Tak Exempt Resolution
- Exhibit E. Operations and Maintenance Report
- Exhibit F. Engineering Report
- Exhibit G. NHCRWA Correspondence
- Exhibit H. Bookkeeping Report
- Exhibit I. Qualified Brokers List
- Exhibit J. Insurance Proposal
- Exhibit K. MRPC Correspondence