

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
February 6, 2017

ACTIONS TAKEN

1. The Board approved the minutes of the January 2, 2017, meeting.
 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 and adopted a Resolution Concerning Exemptions from Taxation granting a \$250,000 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 2017.
 4. The Board approved a proposal from NTS for the repair of a blower at the Wastewater Treatment Plant.
 5. The Board approved the Operations and Maintenance Report presented by EDP.
 6. The Board approved a proposal from All-Tex for the roof repair at Water Plant 1.
 7. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 8. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 9. The Board approved amendment to the District's Rate Order.
 10. The Board approved the renewal proposal from AquaSurance, LLC relative to insurance coverage for the term expiring March 31, 2017.
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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 6, 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 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 Deputy Singh and 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"); Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); 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 2, 2017. After discussion, Director Theriot made a motion to approve the minutes of the January 2, 2017, Board of Directors meeting, as written. Director Campbell seconded the motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). Deputy Singh reviewed the report. She noted that an unlocked vehicle parked on Cypresswood Trail was burglarized and stressed the need to lock their car doors every night. She further noted that the neighborhood is doing a good job leaving house lights on at night and that it helps to deter crime.

Deputy Singh and Corporal Curry exited the meeting at this time.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services. No one present had anything new to report.

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

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

Mr. Drewes exited the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented the attached Tax Assessor-Collector Report (**Exhibit B**) dated January 31, 2017. The Board reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. Mr. Arterburn noted that he received a call from a tax agent regarding an improvement on an account that was left off the District's tax roll and that this account will add \$36,000,000.00 in value for 2013, with subsequent increases each year thereafter. He stated that this account will produce an additional \$265,000 in revenue and that said account will be reflected on the District's February supplemental roll. 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.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2017. 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 Theriot made a motion 1) to grant a \$250,000 exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older for the year 2017, 2) to grant that a 20% residential homestead exemption for the year 2017, and 3) to approve and adopt the Resolution relative to the granted exemptions (**Exhibit C**). Director Garner seconded the motion, which carried unanimously.

OPERATIONS REPORT

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

Mr. Thiry reviewed repairs EDP made during the month. He stated that Gen Solutions load tested and serviced all of the District generator. He noted that EDP billed MUD 468 for water used via the interconnect with the District.

Mr. Thiry next reported that EDP pulled one WWTP blower because it was leaking oil. He stated that the quote for NTS to repair the blower and lubricate the bearings is \$10,788 and presented an executed TEC Form 1295 in connection with the proposal. Director Geaslen recommended that Mr. Thiry obtain additional quotes for the repair. Mr. Thiry stated that the blower is already in the NTS shop and is disassembled. He noted that he could get additional quotes but that the blower would need to be moved if other companies were going to inspect it for purposes of providing a proposal. Mr. Thiry stated that this particular blower is a specialized blower and that a new blower of its kind would cost around \$50,000. He stated that another blower is currently making a noise and that it may need repair soon as well. After discussion, Director Garner made a motion to approve the repair proposal from NTS, as set out above. Director Garner seconded the motion, which carried unanimously.

Mr. Thiry next reported that the TCEQ inspected the District water plant and asked that an obsolete sprinkler system be removed. He stated that they also questioned whether certain equipment relating to the flare system was necessary. Director Geaslen asked that the flare equipment not be removed because, although the District is not currently flaring, the equipment is still used at the facility. Mr. Eby stated that he has a report from the District's prior engineer that may assist the TCEQ with respect to some question they wanted addressed.

Mr. Thiry next reported that the TCEQ inspector identified some heavy vegetation growing at Water Plant 2 and requested that the District cut it back, citing potential safety issues. Mr. Thiry stated that he will investigate pricing for the maintenance.

Mr. Thiry next reported that the power supply line serving the District's lift station located on the Lone Star campus was damaged causing power failure and that it is currently being powered by a rental generator at a cost of approximately \$1,050 per month. The Board discussed modifying the generator to turn on automatically in the event of power outage.

Mr. Thiry next reported that the District had a sanitary sewer overflow totaling approximately 900 gallons on January 19th. He stated that the overflow was caused by line blockage which was cleared using a hydraulic jet unit and that the information has been reported to the TCEQ. The Board concurred that if the incident happens again, that they will consider authorizing the televising of the line.

Mr. Thiry next reported that Lone Star was on the delinquent list last month due to a payment snafu. He presented a letter from Lone Star requesting a waiver of late fees totaling \$1,752.50. After discussion, the Board concurred to defer any decision on the request pending resolution of the lift station power issues with Lone Star.

Director Theriot next asked about the Nextdoor Neighbor system and ways to contact customers in the event of an emergency. After discussion, Mr. Thiry stated that he will look into it and report back.

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

ENGINEERING REPORT

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

Mr. Eby requested that the District hold the final payment to Pavement Constructors for the trail repairs. He noted that the project is substantially complete but that he wants to fully review the repair list and confirm that all repairs have been completed prior to releasing the check.

Mr. Eby next reported that the easements relative to the Lone Star construction have been received and recorded. He stated that he will take the plans to the City of Houston for approval this week. The Board discussed Lone Star's required deposit of construction costs. Ms. Richardson stated

that per the agreement, construction will not begin until 110% of the contract amount is received from Lone Star.

The Board next discussed the power issue with the Lift Station. Mr. Eby stated that the power line serving the lift station was damaged causing a power failure. He stated that he and Ms. Richardson have had numerous discussions with Lone Star to discuss options for making short term and long term repairs. He stated that Lone Star has agreed to make a temporary repair as long as the District will agree to pay any upcharges required to supply the power to the District.

Mr. Eby next reported that CES has agreed to honor the bid price for the contract but that both he and Ms. Richardson recommend that construction for the water and sanitary sewer for the proposed Lone Star science building should not start until there is a permanent resolution to the lift station power issue. Mr. Eby stated that he wants to arrange a meeting with all parties to discuss the matter.

The Board discussed an easement agreement wherein HP agreed to work with Centerpoint to get all the entities off of HP's power line. He noted that neither AT&T nor the District were ever set up with sub-meters per the requirements of that agreement. Director Garner suggested that Mr. Eby contact Mike Fiore or George Keller at Lone Star regarding the matter. After discussion, the Board instructed Mr. Eby and Ms. Richardson to set up a meeting and instruct Lone Star that the construction will not proceed and that plans for the building will not be approved without a meeting and permanent resolution for the power issue.

Mr. Eby next reviewed various repairs made by Brian Gardens during the month. He noted that the water fountain at the park has had lots of repairs and recommended that the Board consider replacing it. He noted that he will bring replacement options or the Board's review next month.

Mr. Eby next presented an executed TEC Form 1295 in connection with the proposal from All-Tex for the Water Plant Roof Repair. After discussion, Director Theriot made a motion to approve the proposal from All-Tex. Director Campbell seconded the motion which carried unanimously.

Mr. Eby next reported that he has been unable to get in touch with Mr. Terpstra. He stated that Mr. Howlett with Harris County informed him that the County has agreed to install fencing around the trail if the District pays for it. Mr. Eby stated that he will continue to coordinate with Mr. Terpstra, Harris County and the County's engineer.

Mr. Eby next presented a proposed map for the Greater Houston Off-Road Biking Association ("GHORBA") and discussed where to draw the map for the inclusion of new rough trails. He stated that he will revise the map to exclude any HCFCD easements on private property and forward the final map to Ms. Richardson, who will forward the map to the HCFCD.

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

REPAIR OF ELECTRICAL LINE

The Board next deferred discussing repair of electrical line servicing the District lift station, including authorization of extending utility lines as the matter was previously discussed.

TRAIL REPAIRS

The Board next deferred discussing trail repairs, including the proposed easement acquisition from Mr. Terpstra as the matter was previously discussed.

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.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit F**), including the checks presented for payment. Ms. Redden noted that she will hold check no. 3031 to Pavement Constructors, Inc. After discussion, Director Campbell made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Theriot seconded the motion, which carried unanimously.

AMENDMENT TO RATE ORDER

The Board next considered an amendment to the District's Rate Order. Ms. Richardson reviewed the proposed changes regarding customer service agreements (**Exhibit G**). After discussion, Director Rhodes made a motion to approve the amendment to the District's Rate Order and to authorize the President to execute and the Secretary to attest to same. Director Campbell seconded the motion, which carried unanimously.

RENEWAL OF INSURANCE

The Board next considered the renewal of the District's insurance coverage for the term scheduled to expire on March 31, 2017. 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, 2018, (**Exhibit H**). After discussion, Director Campbell 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 GHORBA

The Board next deferred considering a request from the GHORBA regarding trail maintenance, including approval of amendment to Interlocal Agreement with HCFCD as the matter had previously been discussed.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. After discussion, the Board concurred to move the March meeting to March 8th.

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 6, 2017

- Exhibit A. Patrol Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Tax Exempt Resolution
- Exhibit D. Operations and Maintenance Report
- Exhibit E. Engineering Report
- Exhibit F. Bookkeeping Report
- Exhibit G. Rate Order Revisions
- Exhibit H. Insurance Proposal