

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
August 1, 2016

ACTIONS TAKEN

1. The Board approved the minutes of the July 5, 2016, 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 documentation for tax payments in accordance with Payment Card Industry Data Security Standards.
 4. The Board approved the Operations and Maintenance Report presented by EDP.
 5. The Board approved a quote from NTS to repair the bar screen at the Wastewater Treatment Plant.
 6. The Board approved a quote from Electrical Field Services, Inc. for the replacement of the ventilation fans on top of each ground storage tank at the Water Plant.
 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.
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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 August 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, except Director Garner, therefore constituting a quorum.

Also present were Lieutenant Lowery 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 Jeff Cotton of Environmental Development Partners, L.L.C. ("EDP"); Mike 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 July 5, 2016. After discussion, Director Theriot made a motion to approve the minutes of the July 5, 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**). Lieutenant Lowery introduced himself and noted that he has taken over for Lieutenant Jolly who retired at the end of July. He also noted that Deputy Singh is out on vacation so he is giving the monthly report in her absence. He reviewed the report and noted that the Constable's office has reduced the number of traffic stops because they are now sending two patrol cars to each call as a cautionary measure in response to the recent police shootings. Director Theriot stated that Deputy Singh is doing a great job meeting with the citizens in the District.

Lieutenant Lowery exited the meeting at this time.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services. Director Rhodes stated that he changed the hours for park monitoring since it has been getting darker earlier. He stated that he has no issues to report with the service.

DEVELOPERS' REPORTS

The Board next deferred considering updates on the status of development in the District as no developers were present.

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 B**) dated July 31, 2016. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Campbell 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.

Mr. Arterburn next reported that all of the District's delinquent accounts have been turned over to the District's delinquent tax attorney. He stated that a law suit was filed for the 2013 and 2015 Nix account balances.

DOCUMENTATION FOR PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS

Mr. Arterburn next presented documentation related to Payment Card Industry Data Security Standards ("PCIDSS") and reported that the District, as an end user, is required to verify compliance with such standards by filling out a questionnaire. Ms. Richardson stated that she has reviewed all of the documentation and that she found no issues with the documentation. Mr. Arterburn stated that he completed the questionnaire on behalf of the District. After discussion, Director Campbell made a motion to approve the required documentation, as set out above, and authorize the President to execute the questionnaire on behalf of the Board. Director Theriot 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 EDP excavated and located a 2-inch blow-off under the sidewalk located at 14602 Oaks Crossing. He also noted that EDP completed the replacement of the defective 12-inch valve on Compaq Center Drive.

Mr. Thiry next requested that the Board approve a quote from NTS to repair the bar screen at a cost of \$5,070. He presented an executed Form 1295 from NTS in connection with same. After discussion, Director Theriot made a motion to approve the quote from NTS, as set out above. Director Campbell seconded the motion, which carried unanimously.

Mr. Thiry next reported that the District's insurance carrier has denied the claim relative to water damage sustained at the building at the Water Plant. He stated that the insurance carrier determined that the damage occurred from water coming into the building from the roof which was

attributable to a lack of maintenance. Mr. Thiry stated that EDP will work with Eby to initiate the repairs.

Mr. Thiry next reported that Fitch Services has begun the installation of the gas detection system at the Water Plant.

Mr. Thiry next presented two proposals for the replacement of the vent fans on top of each ground storage tank. He recommended that the Board approve the low bidder, Electrical Field Services, Inc., at a total cost of \$8,294.25 and presented an executed Form 1295 regarding same. After discussion, Director Theriot made a motion to approve the quote from Electrical Field Services, Inc., as set out above. Director Campbell seconded the motion, which carried unanimously.

The Board next discussed the increased flows at the Wastewater Treatment Plant. Mr. Thiry stated that it is due to the increased rainfall.

Director Theriot next asked about the account at 11406 Lakewood Cove. She stated that the account appears to have been disconnected and that service has not yet been restored. Mr. Thiry stated that EDP checked the meter for the home and noted that EDP is not sure if the home is vacant or occupied.

Mr. Thiry next reported that EDP and Eby are working on the comprehensive inspection of the District facilities to determine what District facilities need repair.

Director Theriot next asked about the reconfiguration of the gate at the WWTP. Mr. Cotton explained that it was needed to prevent contractors from bypassing the gate by driving on the adjacent grass.

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

PAYMENT SERVICES AGREEMENT

The Board next deferred considering approval of a Payment Services Agreement regarding new electronic payment options among EDP, First Billing Services, LLC, and the District. Mr. Thiry stated that EDP is piloting the program in a few other districts before implementing the system to all clients.

AMENDMENT TO RATE ORDER

The Board next considered amending the District's Rate Order. The Board discussed an email from Director Garner requesting a change in the District's Rate Order to provide for sub-metered irrigation meters. Mr. Thiry stated that Lone Star contacted EDP several months ago requesting a sub-meter for irrigation. He noted that the current Rate Order allows irrigation-only meters but not for sub-meters. Director Geaslen stated that he would like the Board to consider amending the Rate Order to provide for separate rate structures for non-taxable entities. After discussion, the Board asked Mr.

Thiry to try and estimate the amount of water used by Lone Star for irrigation purposes so that the Board can determine the financial effect of changing the Rate Order to accommodate the request.

GRAY WATER CONVERSION

The Board next considered gray water conversion, including authorizing a feasibility study relative to same. After discussion, the Board concurred to remove the item from the agenda.

ENGINEERING REPORT

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

Mr. Eby reported that the water line repair is complete but that the contractor still needs to rework the side banks of the ditch and reseed before HCFCD will accept it.

Mr. Eby next reported that he is working on the plans for the lift station rehabilitation. He stated that Centerpoint is not being responsive to his emails regarding the electricity feed to the lift station. He noted that he hopes to resolve the issue soon.

Mr. Eby next reported that he is still working on the drawings for the water and sanitary sewer to serve the new Lone Star Science Building. He noted that existing utility lines present a challenge for the placement of the new lines. He also noted that Lone Star is concerned with the timeframe because Lone Star's builder has started construction.

The Board next discussed the District's interconnect with Lake Forest UD. Director Geaslen asked if there is a valve located such that subdivisions on each side can be isolated. Mr. Thiry stated that EDP will check. Mr. Eby stated that the Lake Forest UD engineer has approved the plans. The Board next discussed plan approvals from the City of Houston, Harris County, and the TCEQ.

The Board next discussed a wash out on the trail at the bridge. Mr. Eby stated that Harris County has informed him that it is not the County's responsibility so he has contacted the HCFCD regarding the repair.

The Board next discussed the trail repairs and his discussion with Mr. Terpstra regarding acquiring the additional easement property. Mr. Eby stated that Mr. Terpstra did not seem receptive to the District's proposal when he last spoke with him. He noted that Mr. Terpstra wants to have a fence constructed all the way along his property line which is approximately 2,000 feet long. The Board asked Mr. Eby to price the cost to install a fence. Director Theriot suggested that the District offer Mr. Terpstra \$6,000 for the easement which he could then use to construct a fence. Mr. Eby stated that he will bring fence pricing to the next meeting.

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

UTILITY COMMITMENT REQUESTS

The Board next deferred consideration of the issuance of utility commitments, after noting that no requests had been received.

WASTE MANAGEMENT CPI ADJUSTMENT

The Board next considered the annual CPI adjustment by Waste Management. Ms. Richardson reviewed correspondence from Waste Management (**Exhibit E**) outlining that the monthly service fee will increase from \$18.55 to \$18.87 per connection beginning September 1, 2016. Ms. Richardson noted that because this CPI adjustment is allowed pursuant to Waste Management's existing agreement with the District, no action was necessary.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit F**), 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.

Ms. Redden presented the draft operating budget (**Exhibit G**) for the District's fiscal year ending September 30, 2017. She noted that the budget for the current year over-projected sales tax revenue for the District.

REQUEST FROM GHORBA

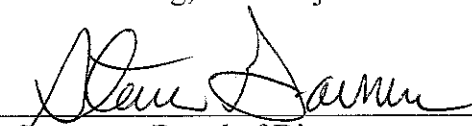
The Board next considered a request from the Greater Houston Off-Road Biking Association ("GHORBA") regarding trail maintenance, including approval of any agreements relative to same. Ms. Richardson stated that she will get with HCFCD to discuss adding the rough trails to the District's existing trail agreement with HCFCD.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. After discussion, the Board concurred to move the September meeting to Monday, September 12th due to the Labor Day holiday.

ADJOURNMENT OF BOARD MEETING

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


Secretary, Board of Directors

LIST OF EXHIBITS

August 1, 2016

- Exhibit A. Patrol Report
- Exhibit B. Tax Assessor-Collector's Report Taxes
- Exhibit C. Operations and Maintenance Report
- Exhibit D. Engineering Report
- Exhibit E. CPI Correspondence
- Exhibit F. Bookkeeping Report
- Exhibit G. Draft Budget