

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286**

Minutes of Board of Directors Meeting  
September 12, 2016

**ACTIONS TAKEN**

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1. The Board approved the minutes of the August 1, 2016, meeting.
  2. The Board authorized the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2016 maintenance and operations tax of \$0.13 per \$100 of valuation to be held at the District's next regular meeting.
  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 the Operations and Maintenance Report presented by EDP.
  5. The Board approved the Engineering Report presented by Eby Engineers, Inc.
  6. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
  7. The Board approved an operating budget for the fiscal year ending September 30, 2017.
  8. The Board approved a contribution of \$3,000 in connection with the Water Conservation Meeting that will take place in conjunction with National Night Out on October 4, 2016.
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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 September 12, 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, Deputy Singh and Sergeant Patino 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"); Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Nick Albers of Springhill Suites by Marriott ("Springhill"); Eric Holtz of TXU Energy; Matthew Dustin of RBC Capital Markets, LLC ("RBC"); 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 August 1, 2016. After discussion, Director Theriot made a motion to approve the minutes of the August 1, 2016, 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 and noted that robberies in Lakewood Forrest have been an issue lately. Sergeant Patino introduced himself to the Board and stated that he patrols Lakewood Forest. Deputy Singh stated that the patrols are working together to address the issue since the neighborhoods are adjacent to each other and noted that patrol officers are trying to be more visible in all neighborhoods.

The Board discussed National Night Out scheduled for October 4<sup>th</sup>. The Board concurred that they would like a constable presence with possibly a K-9 unit or other attractions that kids might be interested in.

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

#### **PRESENTATION FROM TXU ENERGY**

The Board next considered a presentation from TXU Energy ("TXU"). Mr. Holtz introduced himself to the Board and gave an overview of TXU (**Exhibit B**). He stated that electricity is at

historically low pricing and currently hovering around \$0.04/kwh. He stated that the District can lock in prices now even though its current contract doesn't expire until December 2017. He noted that there are no broker costs associated with TXU contracts. Mr. Holtz stated that he would need a letter of authorization from the District to pull the load numbers from CenterPoint if the District was interested in getting firm pricing from TXU. The Board thanked him for the presentation.

Mr. Holtz exited the meeting at this time.

### **SECURITY MONITORING SERVICES**

The Board next considered the status of security monitoring services. Director Rhodes stated that everything appears to be working well with the monitoring and that the reporting has been fairly thorough. Mr. Eby suggested testing the system periodically. Director Geaslen stated that he has seen the gate to the water plant open every time he drives by. Mr. Camp stated that the gate was broken has since been repaired.

### **2015 TAX RATE RECOMMENDATION**

The Board next received the Financial Advisor's recommendation concerning the establishment of the District's 2016 tax rate. Mr. Dustin introduced himself to the Board, distributed and reviewed financial schedules (**Exhibit C**), and recommended that the District levy a 2016 maintenance and operations tax of \$0.13 per \$100 of valuation. After discussion, Director Theriot made a motion to authorize the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2016 maintenance and operations tax of \$0.13 per \$100 of valuation to be held at the District's next regular meeting. Director Garner seconded the motion, which carried unanimously.

### **DEVELOPERS' REPORTS**

#### **SPRINGHILL SUITES**

The Board next considered issues related to flooding at Springhill Suites. Mr. Albers stated that there was flooding in the parking lot in April, May and August. He noted that the issue is the dirt and sand that the flooding brings into the lot, clogging the storm drains. He stated that Springhill has considered putting up a concrete barrier to keep the water out. Mr. Eby stated that he approved the construction plans on behalf of the District and noted that the law prohibits the obstruction of flood water. Mr. Albers stated that he has contacted HCFCD to inquire about assistance.

#### **GENESIS CAPITAL PARTNERS, L.L.C.**

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

## **LONE STAR**

The Board next considered the development in the District by Lone Star. Director Garner stated that Lone Star wants to withdraw its request for irrigation sub-meters.

## **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 D**) dated August 31, 2016. She reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. 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 Campbell seconded the motion, which carried unanimously.

Ms. Richardson next presented the attached list of delinquent accounts, dated September 12, 2016, as prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (**Exhibit E**).

## **PRESENTATION FROM TXU ENERGY**

The Board next discussed the presentation from Mr. Holtz with TXU. Director Geaslen asked if the Board would like to get pricing from TXU. After discussion, the Board concurred to take no action at this time.

## **OPERATIONS REPORT**

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

Mr. Thiry reviewed repairs EDP made during the month. He stated that the pump at the wastewater plant failed and recommended that the Board approve replacement rather than repair. He stated that the cost to replace is \$8,382 and presented an executed Form 1295 from Hann Equipment. After discussion, Director Garner made a motion to authorize Hann to replace the pump, as set out above. Director Rhodes seconded the motion, which carried unanimously.

Mr. Thiry next reported that EDP received two quotes for the roof repairs to the water plant building, in the amount of \$19,000 and \$23,000. Mr. Eby stated that he inspected the water plant facilities and that he plans to inspect the other District facilities. After completion, he will write a report that details all of the District's facilities. He stated that the District could authorized EDP to proceed with the roof repairs now or wait until the final inspection report is ready. Mr. Eby and Mr. Thiry concurred that waiting would not be problematic and noted that the leak is not causing additional damage. Mr. Eby stated that he will prepare some specs for Mr. Thiry to solicit bids for the work to present to the Board next month.

Mr. Thiry next reported that the installation of the gas detection system at the Water Plant is almost complete, but noted that the contractor needs to show EDP how to operate it.

Mr. Thiry next reported that the water plant tank repairs have not yet begun.

Mr. Thiry next requested that an item be added to the next agenda regarding electronic payment options for EDP customers.

Mr. Thiry next reported that the generator at Water Plant 1 has not been working for the past 10 days due to a circuit board malfunction. He stated that Cummins Southern Plains has been working on it and he expects them to be done with the repairs soon.

Mr. Thiry next reported that the District's interconnect meter with Malcomson shows usage but that the interconnect has been closed. He noted that it is likely a meter issue and that EDP will look into it.

The Board next discussed the Dwayne Hunt account. Mr. Thiry stated that he will check to see if the service has been reconnected or not.

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

#### **AMENDMENT TO RATE ORDER**

The Board next considered amending the District's Rate Order. The Board concurred to table the discussion since Lone Star withdrew its request for irrigation sub-meters.

#### **ENGINEERING REPORT**

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

Mr. Eby reported that the water line repair is complete but that he is holding the retainage fee. He noted that the contractor has done a good job but HCFCFCD has not accepted the project because the grass has not grown in. Mr. Eby recommended that the Board authorize him to release the retainage to the contractor. After discussion, Director Rhodes made a motion to authorize Mr. Eby to release the retainage for Crostex Construction. Director Theriot seconded the motion, which carried unanimously.

Mr. Eby next reported that the lift station rehabilitation project is currently on hold, pending the resolution of the CenterPoint meter issue. He noted that a new meter will cost approximately \$48,000 which is high given the amount of electricity used by the District. Mr. Eby suggested that the District work out a deal with the POA where the District can pay the POA a yearly cost for the District's estimated electricity usage. Mr. Eby stated that he would like to proceed with the project and its design and noted that the District's usage issue could be worked out later.

Mr. Eby next presented plans for the water and sanitary sewer to serve the new Lone Star Science Building. He stated that the plans have been submitted to the appropriate entities for approval and requested that the Board authorize him to advertise for bids to present at the November meeting. After discussion, Director Theriot made a motion to approve the plans and specifications and to

authorize advertisement for bids for the water and sanitary sewer to serve the new Lone Star Science Building. Director Campbell seconded the motion, which carried unanimously.

Mr. Eby noted that the District will need to acquire easements from Lone Star for the project.

The Board next discussed the District's interconnect with Lake Forest UD. Mr. Eby reported that the plans are currently under review by the appropriate entities.

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 Terpstra. Mr. Eby stated that the cost estimate for a fence behind Mr. Terpstra's property is approximately \$11,000. The Board discussed possibly installing a sign asking people to not trespass on Mr. Terpstra's property. Mr. Eby recommended that the Board offer to purchase the easement for \$5,000 and that Mr. Terpstra can build a fence with the funds if he chooses.

### **AMENDMENT TO BRIAN GARDENS CONTRACT**

The Board next considered approval of an Amendment to the District's Agreement with Brian Gardens. Ms. Richardson reviewed the proposed Maintenance Schedule (**Exhibit H**). After discussion, the Board concurred that ponds should not be listed on the schedule and asked that Ms. Richardson contact Brian Gardens to send revised information.

### **UTILITY COMMITMENT REQUESTS**

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

### **BOOKKEEPING REPORT**

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

### **ADOPTION OF BUDGET**

The Board next considered adoption of operating budget for fiscal year ending September 30, 2017 (**Exhibit J**). The Board discussed increasing the maintenance and operation tax revenue projection to \$790,000 on the budget. After discussion, Director Campbell made a motion to approve the budget, with the noted increase in maintenance and operating tax revenue. Director Garner seconded the motion, which carried unanimously.

**REQUEST FROM GHORBA**

The Board next considered a request from the Greater Houston Off-Road Biking Association (“GHORBA”) regarding trail maintenance, including approval of amendment to Interlocal Agreement with HCFCD. Ms. Richardson stated that she is working with HCFCD to prepare an amendment.

**WATER CONSERVATION MEETING**

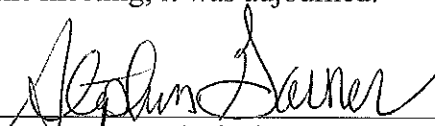
The Board next discussed the annual Water Conservation Meeting. Director Theriot reported that the meeting will take place in conjunction with National Night Out on October 4, 2016, at 6:00 p.m., within the District. She requested that the Board contribute \$3,000 for water conservation materials. After discussion, Director Rhodes made a motion to authorize a District contribution of \$3,000 towards the purchase and distribution of water conservation materials at the meeting. Director Garner seconded the motion, which carried unanimously.

**ITEMS FOR FUTURE AGENDAS**

The Board next considered matters for possible placement on future agendas. Ms. Arterburn stated that UTS is no longer using its current credit card processor because they increased their fees to 7%. Accordingly, credit card payments are currently not available on UTS’s website. She noted that UTS is in the process of looking for a new credit card processor. After discussion, the Board concurred to add an item to the next agenda regarding approval of a new credit card processor.

**ADJOURNMENT OF BOARD MEETING**

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

  
Secretary, Board of Directors

**LIST OF EXHIBITS**

September 12, 2016

- Exhibit A. Patrol Report
- Exhibit B. TXU Energy Presentation
- Exhibit C. Tax Rate Correspondence
- Exhibit D. Tax Assessor-Collector's Report Taxes
- Exhibit E. Delinquent Tax Report
- Exhibit F. Operations and Maintenance Report
- Exhibit G. Engineering Report
- Exhibit H. Proposed Maintenance Schedule
- Exhibit I. Bookkeeping Report
- Exhibit J. 2017 Budget