

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

Minutes of Board of Directors Meeting  
January 2, 2018

**ACTIONS TAKEN**

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1. The Board approved the minutes of the December 4, 2017, meeting.
  2. The Board approved the Interlocal Agreement for Law Enforcement Services with Harris County.
  3. The Board approved the audit report for the fiscal year ended September 30, 2017, 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.
  4. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including the checks presented for payment.
  5. The Board adopted a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of the District's 2018 delinquent personal property accounts, including the filing of lawsuits, as necessary.
  6. The Board approved the Operations and Maintenance Report presented by EDP.
  7. The Board authorized EDP to provide information to entities receiving water from the District in 2017 for purposes of Consumer Confidence Report reporting requirements.
  8. The Board approved the Engineering Report presented by Eby Engineers, Inc.
  9. 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 12779 Jones Road, Houston, Harris County, Texas 77070 on January 2, 2018, 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 Sergeant Gonzales 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 Cotten 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"); Curtis Brown of Residential Recycling and Refuse of Texas, Inc. ("RRRT"); Mark Eyring of Roth & Eyring, CPA; and Kara Richardson of Marks Richardson PC ("MRPC").

#### **APPROVAL OF MINUTES**

The Board first considered approval of the minutes of the Board of Directors meeting held on December 4, 2017. After discussion, Director Rhodes made a motion to approve the minutes of the December 4, 2017, Board of Directors meeting, as written. Director Garner 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 stated that there have been several motor vehicle burglaries in Chasewood. She also stated that she is keeping an eye on packages delivered to homes that are left in plain view on front porches.

#### **INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES**

The Board next considered the approval of the Interlocal Agreement for Law Enforcement Services with Harris County. Ms. Richardson reviewed the Agreement with the Board and noted that there is a 3% increase in cost for the same coverage as last year, and that the contract term will begin March 1st. After discussion, Director Theriot made a motion to approve the Agreement and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Rhodes seconded the motion, which carried unanimously.

## **APPROVAL OF AUDIT REPORT**

The Board next considered approval of an audit report for fiscal year ended September 30, 2017. Mr. Eyring presented a draft of the audit report and correspondence regarding the report (**Exhibit B**). After discussion, Director Rhodes made a motion to approve the audit report for the fiscal year ended September 30, 2017, as presented, 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 (“TCEQ”) and the Texas Comptroller of Public Accounts. Director Theriot seconded the motion, which carried unanimously.

## **SECURITY MONITORING SERVICES**

The Board next considered the status of security monitoring services. Director Rhodes stated that two (2) cameras in the park were not functioning properly but now appear to be working fine.

## **DEVELOPERS' REPORTS**

The Board next considered the status of development in the District. Mr. Drewes stated that Genesis is completing flood restoration within the District and is investigating options to mitigate damage from future flooding. He asked the Board whether the District has plans to perform any flood mitigation in the District. Director Geaslen stated that the District is replacing various equipment at the District’s facilities, but that the Board does not have any plans at this time to do any mitigation work throughout the District, as this type of work is typically performed by Harris County. The Board then discussed various flood mitigation plans proposed by Harris County. Director Campbell noted that there is a new residential neighborhood being developed upstream from Faulkey Gulley that will be discharging its stormwater into Faulkey Gulley. Mr. Drewes next stated that he heard that HP is abandoning its site and listing the property for sale for land value only.

## **TAX ASSESSOR-COLLECTOR REPORT**

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented the attached Tax Assessor-Collector Report (**Exhibit C**) dated December 31, 2017. The Board 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, to approve the checks identified in the report for payment, and to authorize moving the subject delinquent accounts to collections. Director Garner seconded the motion, which carried unanimously.

## **RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, (**Exhibit D**). Ms. Richardson advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal

property taxes due to the District that became delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion, Director Theriot made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and authorize that Perdue, Brandon, Fielder, Collins & Mott, LLP proceed with the collection of the District's 2018 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Rhodes seconded the motion, which carried unanimously.

## **OPERATIONS REPORT**

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

Mr. Thiry reported on the disaster recovery efforts at the WWTP and stated that Alvin Contracting is working to complete the additional staircases and safety rails. Director Geaslen asked whether the blower repairs were complete, and Mr. Thiry advised that the repairs are still pending.

Mr. Thiry reported that EDP is waiting on the Federal Emergency Management Agency ("FEMA") to schedule a site visit to the WWTP. Mr. Eby stated that he is meeting with FEMA this week at the park and the following week at the District's facilities.

Mr. Thiry reported that EDP is holding off on repairs to the building at the WWTP as Eby is in the process of preparing the design plans for the electrical work that will be needed at the building.

Mr. Thiry reported that the District accounted for 89.09% of the water pumped during the month of November. He stated that it may be time to test the commercial meters as they should be tested every couple of years.

Mr. Thiry reported that one (1) account was disconnected within the past month and remains disconnected and that the home is most likely vacant from the flooding.

Director Geaslen asked Mr. Thiry why the hose bib at the WWTP was disconnected and Mr. Thiry stated that it was disconnected in order to repair a leaking pipe.

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

## **CONSUMER CONFIDENCE REPORTS**

The Board next considered authorizing EDP to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. After discussion, Director Rhodes made a motion to authorize EDP to provide the required information. Director Theriot seconded the motion, which unanimously carried.

## **DISASTER RECOVERY EFFORTS**

The Board next noted that discussion on disaster recovery efforts had been discussed under the operator's report and would be discussed under the engineering report as well.

## ENGINEERING REPORT

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

Mr. Eby reported on the status of the contract with W.W. Payton Corporation (“Payton”) for the generator installation at the District’s two lift stations. He stated that he had a walk-through with the electrical engineer and is still waiting on CenterPoint to set the meter at the Jones Road lift station.

Mr. Eby next reported on the status of the lift station rehabilitation project. He stated that he spoke to Mr. Barry Parks of Lone Star College who advised him that Lone Star College is close to getting the easement conveyed to CenterPoint. He also stated that he is still waiting on CenterPoint to install the electrical service line and meter, and that once he knows the timing for the installation of the CenterPoint meter, he will bid the project.

Mr. Eby next reported on the electrical improvements at the WWTP. He stated that the building at the WWTP is very large, not used often, and houses only a few controls. He stated that it was originally intended to be used as a lab, but that it has not been utilized for such activity in years. Mr. Eby recommended that, since the District plans to relocate the control center because of the recent flooding, the control center be moved into the building as there would be no increased cost to do so and it would better protect the equipment. The Board then directed Eby to prepare design plans to locate the control center moved inside the building at the WWTP. Mr. Eby stated that after the control center has been moved, the sheetrock work will be completed. He also stated that a portion of the concrete driveway will need to be replaced as part of the mitigation project. Mr. Eby stated that Eby is hiring subconsultants to complete the electrical and structural design work, and, upon completion, he will combine those plans with the site plans and then bid the project. He stated that he will be coordinating with FEMA for possible funding for the mitigation work.

Mr. Eby stated that he will be meeting with FEMA at the park on January 4, 2018, to evaluate the damaged playground equipment, including the kiddie cushion that was replaced. He stated that the following week he has a meeting with FEMA to evaluate the damages at the Water Plant, WWTP, and lift stations.

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production (“Patriot”). He stated that Patriot repaired the flare and that the costs of the repairs came in lower than anticipated.

Mr. Eby reported that he reviewed the draft WWTP discharge permit received from the TCEQ on November 15, 2017 and found it acceptable. He stated that the Notice of Application would need to be published for a second time and that MRPC would be handling same. He also stated that the draft permit is issued to expire on February 1, 2023.

Ms. Richardson reported that MRPC received the Conveyance of Utility Facilities for the Lone Star College Science Building and that MRPC would forward an accounting of any legal fees attributable to the Lone Star project to Ms. Redden so that any remaining deposit may be issued to Lone Star College.

Mr. Eby next reported that the electrical wiring to the Lone Star lift station will be complicated. He stated that the lift station rehabilitation project cannot be completed until the electrical service line is set. He then discussed the logistics for getting adequate power to the lift station to convert it from single-phase power to three-phase power.

After discussion, Director Theriot made a motion to approve the Engineering Report. Director Garner 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. Director Geaslen asked about the invoices from Source Point and Mr. Thiry stated that those invoices relate to draining and cleaning the WWTP.

The Board next discussed the Hurricane Harvey expense summary contained in the report and noted that the expense line item from EDP dated January 2, 2018, is the total invoice amount from EDP for the month which includes EDP's normal operating expenses as well as expenses attributable to the hurricane. Ms. Redden stated that she would separate out the non-Hurricane related expenses from that line item. Mr. Thiry stated that EDP is also keeping track of the expenses related to Hurricane Harvey damages for purposes of the FEMA and insurance claims. Director Geaslen requested that Ms. Redden and Mr. Thiry coordinate to get the correct information on the Hurricane Harvey expenses report. Mr. Thiry stated that EDP would prepare a report of the expenses related to Hurricane Harvey damages for Ms. Redden to include in the bookkeeping report.

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.

### **RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS**

The Board next deferred adoption of a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District until next month's meeting.

### **REQUEST FROM GHORBA**

The Board next considered a request from the Greater Houston Off-Road Biking Association ("GHORBA") regarding trail maintenance. Ms. Richardson stated that she would coordinate with the Harris County Flood Control District ("HCFCD") and GHORBA regarding the preparation of draft agreements.

### **ITEMS FOR FUTURE AGENDAS**

The Board next considered matters for possible placement on future agendas. Ms. Richardson stated that the terms of office for Directors Garner and Theriot would expire in May 2018 and that

the District would need to call a Directors Election to be held May 5, 2018. She stated that a supplemental agenda would be prepared for the February meeting to handle same.

**ADJOURNMENT OF BOARD MEETING**

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

  
Secretary, Board of Directors

**LIST OF EXHIBITS**

January 2, 2018

- Exhibit A. Patrol Report
- Exhibit B. Audit Report for FYE September 30, 2017
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E. Operations and Maintenance Report
- Exhibit F. Engineering Report
- Exhibit G. Bookkeeping Report