

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
February 5, 2018

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 \$300,000 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 2018.
 4. The Board approved a proposal from NTS for the repair of the clarifier 1 gear box at the Wastewater Treatment Plant.
 5. The Board approved the FEMA Terms and Conditions.
 6. The Board approved the Operations and Maintenance Report presented by EDP.
 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 and adopted a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District.
 10. The Board adopted the Order Calling Election in connection with the May 2018 Director Election, approved that notice of the election be given by posting at a public place in the District, by posting at the location where notices of the meetings are posted and to publish notice of the District's intent to opt out of the use of electronic voting machines.
 11. 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.
 12. The Board approved to pay election officers \$20.00 per hour in connection with the May 2018 Director Election.
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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 February 5, 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 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 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"); Jerry Thompson of Center of Cypress Creek; Ed Jones of Hewlett-Packard Enterprise ("HP"); 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 January 2, 2018. After discussion, Director Theriot made a motion to approve the minutes of the January 2, 2018, 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**). Corporal Curry reviewed the report and discussed the activity within the District the past month.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services. Director Rhodes stated that all of the cameras in the park were functioning properly except for one (1) camera. He next presented and reviewed a price quote from Advantage Security Integration in the amount of \$5,536.80 (**Exhibit B**) to place the wire from the camera in conduit and bury it underground to prevent the wire from future breakage. After discussion, Director Rhodes made a motion to approve the price quote from Advantage Security Integration in the amount of \$5,536.80, as discussed above. Director Garner seconded the motion, which unanimously carried.

DEVELOPERS' REPORTS

The Board next considered the status of development in the District. Mr. Drewes stated that he did not have anything new to report.

Mr. Thompson next reported that he is the current General Manager of the Center at Cypress Creek and that his company has three (3) buildings in the complex. He stated that he is interested in learning about the operation of the District. Mr. Eby asked what the occupancy is in the buildings, and Mr. Thompson stated that the industrial building is vacant, and the office building is 94% leased.

Mr. Jones next addressed the Board and stated that Hewlett-Packard ("HP") is exiting the existing site in the District and looking for options to relocate. He stated that one of the sites is located across Highway 249 at Cutten Road and Cypresswood Drive, a map of which is attached hereto as **(Exhibit C)**. Ms. Richardson gave a summary of her discussions with representatives of HP and stated that HP would like the District to authorize the preparation of an annexation feasibility study to determine whether annexing the property into the District would be a viable option for both the District and HP. Director Geaslen stated that most municipal utility districts will fund reimbursement for facilities, but that the District does not have any outstanding bond debt and would not like to incur any future debt for the District or its taxpayers. Ms. Richardson stated that the property could not be included in the District's existing Strategic Partnership Agreement because there is no remaining sales tax with respect to the subject property. Mr. Jones stated that HP contacted Harris County Municipal Utility District No. 486 to request a feasibility study as well. The Board discussed various options for the current HP building within the District. Mr. Eby stated that the deposit for the preparation of a feasibility study is \$7,500. After discussion, Director Rhodes made a motion to authorize Eby to prepare an annexation feasibility study for HP, subject to receipt of a deposit from HP in the amount of \$7,500. Director Theriot seconded the motion, which unanimously carried.

Mr. Jones next reported that HP has a force main located on the south side of Compaq Center Drive. He stated that HP would like to convey the lift station to the District. Mr. Eby stated that EDP should inspect the lift station prior to him making any recommendation regarding conveyance of the lift station to the District.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented the attached Tax Assessor-Collector Report **(Exhibit D)** dated January 31, 2018. 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 Campbell seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2018. 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 Garner made a motion 1) to grant a \$300,000 exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older for the year 2018, 2) to grant that a 20% residential homestead exemption for the year 2018, and 3) to approve and adopt the Resolution relative to the granted exemptions (Exhibit E). Director Geaslen seconded the motion, which carried unanimously.

OPERATIONS REPORT

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

Mr. Thiry reported on the disaster recovery efforts at the WWTP and stated that Alvin Contracting has completed installation of the additional staircases and safety rails.

Mr. Thiry reported that Meadowbrook Insurance Company issued an insurance payment to the District in the amount of \$175,000. He then presented and reviewed a Summary of Harvey-related Costs (Exhibit G) and stated that the District has spent approximately \$130,000 to date. He also stated that the generator and motor control center will be included once the costs for each are known.

Mr. Thiry presented a proposal from NTS in the amount of \$2,810.00 to repair the clarifier 1 gear box at the WWTP. After discussion, Director Rhodes made a motion to approve the proposal from NTS in the amount of \$2,810.00. Director Garner seconded the motion, which unanimously carried.

Mr. Thiry next reviewed correspondence from Mr. Mark Hollobaugh who resides at 11503 Fualkey Gully Circle requesting assistance with his water bill from December which reflects a high-water usage of 171,000 gallons. Mr. Thiry stated that the home has been vacant since the flood. He stated that EDP found a small water leak but that such leak, was not significant enough to account for the high usage. The Board discussed waiving the penalties and the appropriate amount to charge for the water usage. After discussion, Director Rhodes made a motion to average the water usage for the months of September, October and November and charge the customer the average for water usage for those months, and to waive any penalties incurred. Director Theriot seconded the motion, which unanimously carried.

Mr. Thiry next discussed a request received from the Center at Cypress Creek for a bill adjustment and stated that, when he researched the account, he found that EDP has been underbilling the customer for the past six (6) months. He stated that EDP would be investigating the matter and that he would report to the Board next month regarding his findings.

Mr. Thiry next presented and reviewed Terms and Conditions from the Federal Emergency Management Agency (“FEMA”) relative to the District’s claim for damage assistance from Hurricane Harvey. After discussion, Director Rhodes made a motion to approve the Terms and Conditions and to authorize the President to execute same on behalf of the Board and the District. Director Garner seconded the motion, which unanimously carried.

Director Geaslen next requested that EDP verify the location of the valves and confirm that they are operational as he believes they could have been affected by the flooding. Mr. Thiry stated that he anticipates having an inspection report for the Board's review at the April meeting.

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

DISASTER RECOVERY EFFORTS

The Board next discussed disaster recovery efforts. Director Rhodes reported that he attended a seminar at the Association of Water Board Directors ("AWBD") winter conference regarding disaster planning. He presented and reviewed correspondence that he would send out to residents regarding communication preferences (**Exhibit H**). Mr. Thiry discussed options offered by third-party vendors that provide mass notifications systems to residents. Mr. Thiry stated that he would obtain more information regarding a mass notifications system for the District for the Board's next meeting.

ENGINEERING REPORT

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

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 CenterPoint advised him that the service line was full of water so Eby had the line drained and re-scheduled a meeting with CenterPoint to come and inspect same, but that CenterPoint did not make the scheduled meeting.

Mr. Eby next reported on the status of the lift station rehabilitation project. He stated that he is still waiting on CenterPoint to install the electrical service line and meter, and that CenterPoint has set-up a meeting with all stakeholders for February 16, 2018.

Mr. Eby next reported on the electrical improvements at the WWTP. He presented and reviewed a drawing of the location of the new generator and supporting structure, a copy of which is attached to the engineering report. He stated that FEMA breaks the project into two parts; repair and mitigation. Mr. Eby stated that he is in the process of preparing a cost estimate for the repairs and mitigation. He stated that FEMA seemed to indicate that they would cover the costs for the blower mitigation, and he suggested that the District move forward with the preparation of design plans for raising the blowers. After discussion, the Board authorized Eby to proceed with preparation of design plans for raising the blowers at the WWTP.

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production ("Patriot"). He stated that Patriot inspected the flare and that all is functioning properly.

Mr. Eby reported that the Notice of Application for the WWTP permit renewal would be published for a second time within the next week. He reminded the Board that the draft permit is issued to expire on February 1, 2023.

After discussion, Director Rhodes made a motion to approve the Engineering Report. Director Garner seconded the motion, which carried unanimously.

ANNUAL REVIEW OF RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board next deferred consideration of the annual review of a 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 J**), including the checks presented for payment. She discussed the remaining deposit that is owed back to Lone Star College.

After discussion, Director Rhodes made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Campbell 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 a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers prepared by Claudia Redden. Ms. Richardson recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the lists that could create a conflict of interest, that such institution(s) should be deleted from the list that the Board adopts or that any affected Director should execute a conflicts disclosure statement relative to same. After discussion, Director Rhodes made a motion to adopt the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District and the list of financial institution, brokers and dealers prepared by Claudia Redden (**Exhibit K**). Director Theriot seconded the motion, which carried unanimously.

RENEWAL OF INSURANCE

The Board next deferred consideration of the renewal of the District's insurance coverage for the term scheduled to expire on March 31, 2018, 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 reported regarding her discussions 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. Director Rhodes presented and reviewed various options for logos for the new Board member t-shirts.

CONSIDER CALLING DIRECTORS ELECTION

The Board next considered the calling of a Directors Election to be held on May 5, 2018, determining the procedure for giving notice of same, and the adoption of an Order in connection therewith, including the appointment of an agent for the District in connection therewith, and the approval of any joint election agreements among the District, Harris County and other participating entities as authorized by the Texas Election Code, if necessary. Ms. Richardson presented the Order calling such election to be held on May 5, 2018, noting that the terms of office of Directors Garner and Theriot will expire in May 2018. Following discussion, Director Rhodes made a motion to adopt the Order calling the election to give notice of the election by posting the notice at a public place in the District and by posting such notice at the location where notices of the meetings are posted, and to publish notice of the District's intent to opt out of the use of electronic voting machines. Director Campbell seconded the motion, which carried unanimously. Ms. Richardson then advised the Board that, in accordance with Subchapter C of Chapter 2 of the Election Code, after 5:00 p.m. on February 23, 2018, the District may cancel the election if each candidate whose name is to appear on the ballot is unopposed, and the Board of Directors of the District can then declare such unopposed candidates to be elected.

CONSIDER APPOINTMENT OF AN AGENT

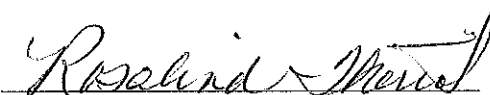
Ms. Richardson next advised the Board that an agent should be appointed to perform election duties in connection with the Director Election. After discussion on the matter, Director Rhodes made a motion to adopt the Notice of Appointed Agent appointing Miranda Rajevac as election agent for the District and to authorize the President and Secretary to execute the Notice on behalf of the Board and the District. Director Campbell seconded said motion, which unanimously carried.

CONSIDER COMPENSATION TO BE PAID

The Board next considered the compensation to be paid to the election officials. After discussion on the matter, Director Rhodes made a motion to authorize the election officials to receive \$20.00 per hour to work the election. Director Campbell 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 5, 2018

- Exhibit A. Patrol Report
- Exhibit B. Quote from Advantage Security Integration
- Exhibit C. Map of Proposed HP Location
- Exhibit D. Tax Assessor-Collector's Report
- Exhibit E. Resolution Concerning Exemptions from Taxation
- Exhibit F. Operations and Maintenance Report
- Exhibit G. Harvey Related Expenses
- Exhibit H. Correspondence from Director Rhodes
- Exhibit I. Engineering Report
- Exhibit J. Bookkeeping Report
- Exhibit K. Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District