

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
March 5, 2018

ACTIONS TAKEN

1. The Board approved the minutes of the February 5, 2018, 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 a proposal from Magna Flow to clean out the aeration basin and clarifier at the Wastewater Treatment Plant.
 4. The Board approved a proposal from NTS for the repair of the electrical conduit and conductor at the Wastewater Treatment Plant.
 5. The Board approved a proposal from EFS to replace the guide rails at the Wastewater Treatment Plant.
 6. The Board approved a proposal from EFS to replace lift pump no. 3 at the Wastewater Treatment Plant.
 7. The Board approved a proposal from EDP to replace two (2) valves on the air header at the Wastewater Treatment Plant.
 8. The Board approved the Operations and Maintenance Report presented by EDP.
 9. The Board approved the Order Declaring Candidates Elected declaring Directors Garner and Theriot re-elected for an additional term expiring in May 2022.
 10. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 11. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 12. The Board approved the renewal proposal from AquaSurance, LLC relative to insurance coverage for the term expiring March 31, 2018.
 13. The Board authorized the Bookkeeper and Tax Assessor Collector to prepare and file 2018 Unclaimed Property Reports prior to the July 1, 2018, deadline.
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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 March 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, except Director Garner, therefore constituting a quorum.

Also present were Sergeant Westmoreland 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"); Rashelle Arterburn of Utility Tax Service, L.L.C. ("UTS"); Paul Vangrieken of Genesis Capital Advisors, L.L.C. ("Genesis"); Jerry Thompson of Centre of Cypress Creek; Becky Burns of Transwestern; 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 February 5, 2018. After discussion, Director Rhodes made a motion to approve the minutes of the February 5, 2018, Board of Directors meeting, as written. Director Theriot seconded the motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). Sergeant Westmoreland 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 Advantage Security Integration has not had an opportunity to place the camera wire in conduit and bury it underground because of the recent rain.

DEVELOPERS' REPORTS

The Board next considered the status of development in the District. Mr. Vangrieken introduced Ms. Becky Burns and stated that she will be taking over the management of Chasewood Park for Mr. Kevin Drewes. He then discussed Chasewood Park's proposed plans for flood mitigation. Mr. Vangrieken then presented and reviewed a Proposed Flood Remediation for Chasewood Park handout (**Exhibit B**). He discussed the difficulties in leasing space in the

buildings because they have flooded on several occasions, and he noted that fewer tenants could have a negative financial impact on the District due to decreasing property values and sales tax revenues. He stated that he would gather more specific information regarding the potential financial impact to the District and would report to the Board at next month's meeting.

Mr. Thompson next reported that the Centre at Cypress Creek is also working on flood mitigation and that he met with a civil engineer to discuss various options for same. He stated that he anticipates leasing the large assembly building to a new tenant soon and that they are investigating options for flood-proofing the buildings. Mr. Thompson next discussed Hewlett-Packard ("HP") moving out of the district and the potential impact it may have on the District.

Mr. Eby entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Ms. Arterburn presented the attached Tax Assessor-Collector Report (**Exhibit C**) dated February 28, 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 Rhodes seconded the motion, which carried unanimously.

Ms. Richardson next presented the delinquent tax report (**Exhibit D**) dated March 5, 2018, by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, LLP.

APPROVE ANNEXATION FEASIBILITY STUDY

The Board next considered the approval of an annexation feasibility study for HP and authorizing the District's consultants to proceed with the annexation of property into the District. Mr. Eby stated that he sent HP a proposal for a feasibility study and that HP advised him that they would like to hold off until further notice.

OPERATIONS REPORT

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

Mr. Thiry reported on the disaster recovery efforts at the Water Plant and stated that all repairs are now complete. He next reported regarding the WWTP and stated that Alvin Contracting is nearing completion of the installation of the additional staircases and safety rails.

Mr. Thiry next stated that EDP received three (3) proposals to clean out the aeration basin and clarifier at the WWTP and recommended that the Board approve the proposal from the low bidder, Magna Flow, in the amount of \$25,380.00. He presented an executed TEC Form 1295 from Magna Flow in connection with the proposal. After discussion, Director Rhodes made a

motion to approve the proposal from Magna Flow, as set out above. Director Theriot seconded the motion, which carried unanimously.

Mr. Thiry next stated that EDP received two (2) proposals to repair the electrical conduit and conductor at the WWTP that were damaged during Hurricane Harvey. and recommended that the Board approve the proposal from NTS, in the amount of \$11,745.00. He presented an executed TEC Form 1295 from NTS in connection with the proposal. After discussion, Director Rhodes made a motion to approve the proposal from NTS, as set out above. Director Theriot seconded the motion, which carried unanimously.

Mr. Thiry presented a proposal from EFS in the amount of \$2,850.00 to replace the lift pump guide rails at the WWTP. He presented an executed TEC Form 1295 from EFS in connection with the proposal. After discussion, Director Rhodes made a motion to approve the proposal from EFS in the amount of \$2,850.00. Director Theriot seconded the motion, which unanimously carried.

Mr. Thiry presented a proposal from EFS in the amount of \$10,059.00 to replace lift pump no. 3 at the WWTP. He presented an executed TEC Form 1295 from EFS in connection with the proposal. After discussion, Director Theriot made a motion to approve the proposal from EFS in the amount of \$10,059.00. Director Campbell seconded the motion, which unanimously carried. Mr. Thiry stated that EDP will inspect the lift pump to determine whether the damage is due to Hurricane Harvey.

Mr. Thiry stated that two (2) valves on the air header at the WWTP need to be replaced and that EDP could replace same for an estimated total of \$2,151.00. After discussion, the Board concurred that EDP replace the valves on the air header in an amount not to exceed \$2,151.00.

Mr. Thiry next reported that EDP is moving forward with the insurance claims and FEMA claims for Hurricane Harvey damages.

Mr. Thiry presented and reviewed the Homeland Security Annual Report which was submitted to the TCEQ.

Mr. Thiry next discussed a request received from the Centre at Cypress Creek ("Centre") for a bill adjustment. Mr. Thiry stated that the Centre experienced two (2) significant water line breaks in October 2017, and EDP estimated that the amount of water that leaked was approximately 974,000 gallons of water. He stated that while reviewing Centre's account, EDP discovered that they had been underbilling Centre for several months and that the underbilled amount owed by Centre approximately equaled the amount for which the District would credit Centre for the water lost from the leaks. The Board concurred to deny the appeal based on the foregoing facts.

Mr. Thiry reported that collections are low this month which may be attributable to late payments by two (2) high-volume users.

The Board next asked Mr. Thiry if EDP identifies potential usage issues when water meters are read and notifies customers prior to their receipt of the water bills. Mr. Thiry stated that EDP makes an effort to notify customers when and if they see anomalies. He stated that he is not sure whether EDP noticed the high-volume usage for the Centre.

Mr. Thiry stated that Harris County Municipal Utility District No. 468 is on emergency interconnect with the District as of this past weekend. He stated that the District is currently utilizing 100% well water due to a repair being made to a transmission line from the North Harris County Regional Water Authority ("NHCRWA").

Mr. Thiry reported that the inspection portion of the valve survey is now complete and that he will bring a written report of the survey to the next meeting. Director Geaslen requested that Mr. Thiry send the report to the Board prior to the next meeting.

Mr. Thiry reported that water accountability for the month of January was 89.3% and stated that the commercial meters will need to be tested soon.

Mr. Thiry discussed a potential mass notifications system for the District and stated that he is gathering information about a new program that EDP is currently using and will report to the Board in a couple months.

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

SUPPLEMENTAL AGENDA - CANCEL DIRECTOR ELECTION

The Board next considered the adoption of an Order Declaring Candidates Elected and the cancellation of the May 5, 2018, Director Election. Ms. Richardson advised that in accordance with Subchapter C, Chapter 2 of the Election Code and Section 2.052 of the Election Code, after 5:00 p.m. on February 23, 2018, the District may cancel the election if each candidate whose name appears on the ballot and/or has registered as a write-in candidate is unopposed in such election, and the Board of Directors of the District can declare such unopposed candidates to be re-elected for an additional term. Ms. Richardson presented a certificate declaring all candidates unopposed and the Order Declaring Candidates Elected. After discussion, Director Rhodes made a motion to adopt the Order declaring Directors Garner and Theriot re-elected for an additional term expiring in May 2022 and to authorize the President to execute and the Secretary to attest same on behalf of the Board and the District. Director Campbell seconded the motion, which carried unanimously.

Ms. Redden entered the meeting at this time.

DISASTER RECOVERY EFFORTS

The Board next deferred a discussion regarding disaster recovery efforts as same was discussed under the operator's report and will also be addressed under the engineer's report.

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 has a meeting with CenterPoint tomorrow to inspect the line and that a final walk-through will be conducted after the lines are connected.

Mr. Eby next reported on the status of the lift station rehabilitation project. He stated that he met with CenterPoint in February who advised that they will have all the necessary easements ready for HP in a couple of weeks and will begin building the line once the easements are recorded.

Mr. Eby next reported on the electrical improvements at the WWTP. He stated that he is finishing the design plans for raising the blowers at the WWTP and anticipates completing the plans in approximately four (4) to six (6) weeks. Mr. Eby presented and reviewed the cost estimate of damages and required repairs which was submitted to the Federal Emergency Management Agency on February 25, 2018. He reviewed the various projects and stated that he anticipates bidding the projects in a couple months.

The Board discussed the rehabilitation of blowers at the WWTP and FEMA's possible payment for replacement of the blowers. Mr. Eby stated that he has discussed the issue with FEMA and submitted for the replacement of the blowers instead of rehabilitation of the blowers as he believes rehabilitation is only a temporary solution. Director Rhodes asked whether there will be any noise issue with raising the blowers and Mr. Eby advised that it should not be an issue.

The Board next discussed the installation of waterproof doors and recommended adding a protective coating on the walls of the WWTP to ensure water does not penetrate the walls.

Mr. Eby reported that the FEMA project manager would like the District's submittal package completed by the end of March.

After discussion, Director Campbell made a motion to approve the Engineering Report. Director Rhodes 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 G**), 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 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, 2018. 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, 2019 (**Exhibit H**). After discussion, Director Rhodes 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.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the bookkeeper and tax assessor to prepare a 2018 Unclaimed Property Report and the filing of same with the State Comptroller prior to the July 1, 2018 deadline. After discussion, Director Theriot made a motion to authorize the District's consultants to research the District's accounts to determine the necessity of preparing an Unclaimed Property Report, and, if such report is necessary, authorize the District's Bookkeeper to file same with the State Comptroller prior to July 1, 2018. Director Campbell seconded the motion, which carried unanimously.

REQUEST FROM GHORBA

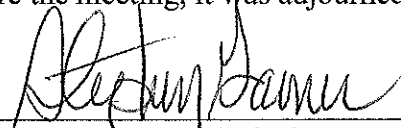
The Board next considered a request from the Greater Houston Off-Road Biking Association ("GHORBA") regarding trail maintenance. Ms. Richardson reported regarding her discussions with the Harris County Flood Control District ("HCFCD") and GHORBA regarding the preparation of draft agreements. She stated that Ms. Musgrove from HCFCD sent an email saying that the matter has been forwarded to Mr. Orlando at HCFCD for further review.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. Director Theriot reported regarding her attendance at the Flood Coalition meeting.

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. Proposed Flood Remediation for Chasewood Park
- Exhibit D. Tax Assessor-Collector's Report
- Exhibit E. Delinquent Tax Report
- Exhibit F. Operations and Maintenance Report
- Exhibit I. Engineering Report
- Exhibit J. Bookkeeping Report
- Exhibit K. Insurance Renewal Proposal from AquaSurance LLC