

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
February 4, 2019

ACTIONS TAKEN

1. The Board approved the minutes of the January 7, 2019 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 2019.
 4. The Board authorized EDP to turn one (1) delinquent account over to Penn Credit.
 5. The Board approved the Operations and Maintenance Report presented by EDP.
 6. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 7. The Board approved the audit report for the fiscal year ended September 30, 2018, 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.
 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 the renewal proposal from Arthur J. Gallagher relative to insurance coverage for the term expiring March 31, 2019.
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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 4, 2019, 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 Campbell, therefore constituting a quorum.

Also present were Sergeant Gonzalez and Deputy Wright 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 of Environmental Development Partners, L.L.C. ("EDP"); Rashelle Arterburn of Utility Tax Service, L.L.C. ("UTS"); Mark Eyring of Roth & Eyring PLLC ("R&A"); and Kara Richardson of Marks Richardson PC ("MRPC").

The President called the meeting to order.

APPROVAL OF MINUTES

The Board first considered approval of the minutes of the Board of Directors meeting held on January 7, 2019. After discussion, Director Theriot made a motion to approve the minutes of the January 7, 2019, 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, a copy of which is attached hereto as (**Exhibit A**), and the status of security monitoring services within the District. Sergeant Gonzalez reviewed the report and discussed the activity within the District over the past month. He stated that a vehicle tailgate was stolen from a truck parked at the hotel and that all else was quiet within the District.

Director Rhodes next stated that there were no security issues to report at the park this past month.

DEVELOPERS' REPORTS

The Board next considered the status of development in the District. No one present had anything to report.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Ms. Arterburn presented the attached Tax Assessor-Collector Report (**Exhibit B**) dated January 31, 2019. 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 and to approve the checks identified in the report for payment. Director Rhodes seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2019. 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 2019, 2) to grant a 20% residential homestead exemption for the year 2019, and 3) to approve and adopt the Resolution relative to the granted exemptions (**Exhibit C**). Director Rhodes seconded the motion, which carried unanimously.

OPERATIONS REPORT

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

Mr. Thiry reported that EDP relocated the fire hydrant at 11445 Compaq Center Drive.

Mr. Thiry reported that EDP installed a hydro ranger pump controller at lift station no. 2.

Mr. Thiry reported that the automatic transfer switch is scheduled to be installed at the Wastewater Treatment Plant within the next couple of weeks.

Mr. Thiry reported that the annual fire hydrant survey is scheduled for the week of April 1, 2019. He then reviewed the notice that will be included in customer water bills advising of the survey.

Mr. Thiry reported that the Chasewood lift station sustained approximately \$12,000 in damage by flood waters during Hurricane Harvey. He stated that complete mitigation of the control panel is estimated to cost \$17,300 and will not be covered by the Federal Emergency Management Agency ("FEMA"). Mr. Eby asked whether FEMA denied the claim and Mr. Thiry stated that it was his understanding that you have to reach a certain dollar amount in order to be reimbursed for mitigation-related damages. Mr. Eby stated that he recommends raising the control panel more than a foot to prevent damage from future flooding. Director Theriot requested that Mr. Eby contact FEMA regarding reimbursement for same. The Board then requested that EDP obtain a cost estimate to raise the control panel two feet (2') above the flood level from Hurricane Harvey.

Mr. Thiry next requested that the Board authorize EDP to turn one (1) delinquent account (over \$25.00) in the total amount of \$296.08 over to Penn Credit ("Penn"), as shown on the list attached to the Operator's Report. After discussion, Director Theriot made a motion to authorize EDP to turn over the one (1) subject account to Penn, as set out above. Director Rhodes seconded the motion, which passed unanimously.

Mr. Thiry next reviewed correspondence from the Cypress Creek YMCA ("YMCA") requesting a waiver of the late fees assessed on the water bills from October and December. He reviewed the statement details for the YMCA from September 2018 to January 2019. After discussion, Director Rhodes made a motion to authorize EDP to waive 50% of the late fee for the month of October and December, respectively, as a one-time courtesy. Director Theriot seconded the motion, which unanimously carried.

Director Theriot next asked about the Slick Text messaging, and Mr. Thiry reported that sixty-seven (67) people have signed up for the Slick Text messaging since EDP started the program in October. He stated that EDP will send an additional notice to residents in the next water bill regarding the messaging system and the process for signing up for notifications. Director Theriot then recommended sending the notice as a separate mailing and also including the notice for the annual fire hydrant survey. After discussion, the Board agreed with Director Theriot's recommendation and authorized EDP to send a separate mailing to residents regarding the messaging system and the annual fire hydrant survey. Director Theriot next asked who sends the messages out to the residents. Mr. Thiry stated that one of the staff members with EDP is in charge of the Slick Text messages. Director Theriot requested that others be trained on sending the messages in case of an after-hours emergency.

Director Geaslen next asked about the status of communications with FEMA. Mr. Thiry stated that a representative of EDP has weekly update meetings with FEMA. He stated that FEMA has already paid the District \$38,000 and insurance has paid \$350,000 relative to the emergency response from Hurricane Harvey. Mr. Eby stated that FEMA has a new project manager assigned to the District who is reviewing the District's projects. Mr. Thiry then reviewed a FEMA Claim Summary (**Exhibit E**) and stated that EDP has submitted all of the documentation to FEMA. Director Geaslen then suggested that Mr. Eby have a meeting with the representative of EDP who is coordinating with FEMA so that they can contact FEMA together for an update. Director Geaslen also requested that the representative of EDP attend the next meeting to give the Board an update regarding same.

Mr. Thiry reported that EDP will be inspecting and disinfecting ground storage tank no. 2 at the Water Plant this month.

Mr. Thiry reminded the Board that it previously authorized EDP to replace the probes on the air pressure tanks. He stated that EDP's electrician recently quit and will not be able to complete the job. He stated that EDP will obtain additional bids for the Board to review next month.

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

ENGINEERING REPORT

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

Mr. Eby reported on the status of the lift station rehabilitation project. He stated that Eby issued the notice to proceed to the contractor, T&C Construction, Ltd. ("T&C"), on January 29, 2019. He stated that the rented generator can be hauled off once the bypass is complete.

Mr. Eby next reported on the electrical improvements at the WWTP. He stated that the design plans have been sent to the Texas Commission on Environmental Quality ("TCEQ") for review and approval. Mr. Eby stated that once he receives approval from the TCEQ, he will move forward with bidding the project. He also noted that he will follow-up with FEMA regarding same.

Mr. Eby reviewed an invoice received from Brian Gardens in the amount of \$164.00 for the removal of a tree from the trail at the Water Plant.

Mr. Eby reported that four of the new signs were installed on the trail and that he is waiting on the new pole for the sign on Cypresswood Drive that was damaged.

Director Garner reported that the parking lot of the park is always full, but the park remains empty. The Board discussed parking issues at the park.

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production ("Patriot"). He stated that he has not received a report or invoice from Patriot for the past three (3) months.

Director Garner asked whether Harris County commenced work on the trail by the Terpstra tract, and Director Geaslen stated that Harris County commenced the work on the trail.

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

Mr. Eyring entered the meeting at this time.

APPROVAL OF AUDIT REPORT

The Board next considered approval of an audit report for fiscal year ended September 30, 2018. Mr. Eyring presented a draft of the audit report and correspondence regarding the report (**Exhibit G**). After discussion, Director Theriot made a motion to approve the audit report for the fiscal year ended September 30, 2018, 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 TCEQ and the Texas

Comptroller of Public Accounts. Director Rhodes seconded the motion, which carried unanimously.

REVIEW OF DROUGHT CONTINGENCY PLAN

The Board next deferred consideration of the review of the Drought Contingency Plan and any updates in connection therewith until next month's meeting.

STATUS OF CYPRESS CREEK FLOOD CONTROL COALITION

The Board next considered the status of the Cypress Creek Flood Control Coalition. No one present had anything new to report.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit H**), including the checks presented for payment. She noted that the YMCA currently has a \$1,200 deposit credit with the District from design work performed several years ago. The Board agreed to wait until next month to see if the YMCA has paid its water bill and then the District will deduct the late fees owed by the YMCA against the current deposit due back to the YMCA. After discussion, Director Theriot made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes 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, 2019. Ms. Richardson distributed renewal proposals received from Arthur J. Gallagher 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, 2020 (**Exhibit I**). After discussion, Director Rhodes made a motion to approve the renewal proposal from Arthur J. Gallagher 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.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas.

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 4, 2019

- Exhibit A. Patrol Report
- Exhibit B Tax Assessor-Collector's Report
- Exhibit C Resolution Concerning Exemptions from Taxation
- Exhibit D Operations and Maintenance Report
- Exhibit E FEMA Claim Summary
- Exhibit F Engineering Report
- Exhibit G Draft Audit for FYE 9/30/2018
- Exhibit H Bookkeeping Report
- Exhibit I Insurance Proposal from Arthur J. Gallagher