

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

January 6, 2020

ACTIONS TAKEN

1. The Board approved the minutes of the December 2, 2019 meeting.
2. The Board approved the Interlocal Agreement for Law Enforcement Services with Harris County.
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 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 2020 delinquent personal property accounts, including the filing of lawsuits, as necessary.
5. The Board authorized EDP to televise the sanitary sewer line at a cost of \$3,500.
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 2019 for purposes of Consumer Confidence Report reporting requirements.
8. The Board approved Pay Estimate No. 4 from CFG Industries in the amount of \$41,625.00 for improvements and painting at Water Plant No. 1.
9. The Board approved Pay Estimate No. 4 from R&B Group Inc. in the amount of \$241,717.50 for improvements and flood mitigation at the Wastewater Treatment Plant.
10. The Board approved Pay Estimate No. 8 from T&C Construction, Ltd. in the amount of \$15,750.00 for the lift station rehabilitation project.
11. The Board approved a proposal from Pavement Constructors in the amount of \$4,152.75 for repairing cracks on the trails.
12. The Board approved the Engineering Report presented by Eby Engineers, Inc.
13. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.

14. The Board approved publishing notice of the District's intent to opt out of the use of electronic voting machines.
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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 6, 2020, 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 Wright and Deputy Rodriguez of the Harris County Constable's Office, Precinct No. 4 ("HCCO"); 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"); Roshell Arterburn of Utility Tax Service, L.L.C. ("UTS"); 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 December 2, 2019. After discussion, Director Campbell made a motion to approve the minutes of the December 2, 2019, Board of Directors meeting, as presented. 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. Deputy Wright reviewed the report and discussed the activity within the District. He stated that there was one (1) burglary of a motor vehicle at the Springhill Suites.

APPROVAL OF INTERLOCAL AGREEMENT

The Board next considered the review and approval of an Interlocal Agreement ("Agreement") for Law Enforcement Services between Harris County and the District. Ms. Richardson reviewed the Agreement with the Board, noting that it provides for the same coverage as the current agreement with a price increase of five percent (5%) 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 Garner seconded the motion, which carried unanimously.

The Board next considered the status of security monitoring services. Director Rhodes stated that there had been no issues at the park.

COMMENTS FROM THE PUBLIC

The Board deferred comments from the public, as no members of the public were present.

DEVELOPERS' REPORTS

The Board next considered the status of development in the District. Ms. Richardson reported on the Water Supply Contract between the District and SIR NE Houston, LLC ("SIR") dated December 4, 2012. She stated that SIR recently sold its building to SMBC Leasing and Financing, Inc. ("SMBC") and is requesting approval of the assignment of the Contract to SMBC and a waiver of the requirement to provide sixty (60) days written notice of same. She noted the Consent requires SMBC to enter into a new water supply agreement with the District in order for the Assignment to be effective. After discussion, Director Theriot made a motion to approve the Consent to Assignment of Water Supply Contract to SMBC, waiver of the requirement for a sixty (60) day written notice of same, and authorize the President to execute same on behalf of the Board and the District. Director Campbell seconded the motion, which unanimously carried.

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 December 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 Campbell 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 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 C**). 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 Garner made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of the District's 2020 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Campbell seconded the motion, which carried unanimously.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit D**). Mr. Thiry reviewed the summary report on the status of reimbursement from the Federal Emergency Management Agency and insurance claim status.

Mr. Thiry reported that on December 22, 2019, there was an unauthorized discharge from a manhole at 11415 N. Creekwood Hills. He stated that the discharge was caused a blockage in the sewer line and that EDP removed the blockage. He noted that EDP sent a Water Quality Noncompliance Notification to the Texas Commission on Environmental Quality on December 23, 2019 regarding the matter. Mr. Thiry recommended that the sanitary sewer line be televised to identify the cause of the blockage for a cost of approximately \$3,500. He noted that, while crews were out working on the blocked line, EDP was not able to locate one of the manholes. Mr. Thiry noted that televising the line would not only help identify the cause of the blockage, but could also help locate the manhole. After discussion, Director Theriot made a motion to authorize EDP to televise the sanitary sewer line at a cost of \$3,500. Director Rhodes seconded the motion, which unanimously carried.

After discussion, Director Theriot 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.

IMPROVEMENTS AND PAINTING AT WATER PLANT NO. 1

The Board next considered the status of the construction contract with CFG Industries ("CFG") for improvements and painting at Water Plant No. 1. Mr. Eby reported that CFG has completed blasting and primer but still needs to paint the tank. He then presented Pay Application No. 4 in the amount of \$41,625.00 and recommended that the Board approve payment of same. After discussion, Director Rhodes made a motion to approve payment of Pay Application No. 4, as set out above. Director Garner seconded the motion, which carried unanimously.

IMPROVEMENTS AND FLOOD MITIGATION AT THE WWTP

The Board next considered the status of the construction contract with R&B Group Inc. ("R&B") for improvements and flood mitigation at the WWTP. Mr. Eby reported that R&B is still working on the concrete foundation for the new blowers and working on the concrete for the first generator. He noted that R&B is starting to work on the control panel inside the building. Director Rhodes asked whether the contractor is testing the concrete, and Mr. Eby stated that R&B is testing the concrete at three (3) days, seven (7) days, and twenty-eight (28) days post pouring.

He noted that R&B is using Tolunay-Wong for the testing. Mr. Eby presented Pay Application No. 4 in the amount of \$241,717.50 and recommended that the Board approve payment of same. After discussion, Director Campbell made a motion to approve payment of Pay Application No. 4, as set out above. Director Rhodes seconded the motion, which carried unanimously.

ENGINEERING REPORT

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

Mr. Eby reported on the status of the lift station rehabilitation project. He stated that the project is ninety-nine percent (99%) complete. He stated that the contractor is working with Lone Star to have the power disconnected from the old equipment prior to its removal. Mr. Eby presented Pay Application No. 8 in the amount of \$15,750.00 and recommended that the Board approve payment of same. After discussion, Director Theriot made a motion to approve payment of Pay Application No. 8, as set out above. Director Rhodes seconded the motion, which carried unanimously.

Mr. Eby reported that the controller for the irrigation system at the park was replaced.

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production and stated that no monthly invoice was received.

Mr. Eby presented a proposal from Pavement Constructors to repair the miscellaneous cracks that remain on the trails for \$4,152.75. He noted that Pavement Constructors completed the trail rehabilitation work a couple of years ago. Mr. Eby presented an executed TEC Form 1295 from Pavement Constructors. After discussion, Director Campbell made a motion to approve the proposal from Pavement Constructors for \$4,152.75, as discussed above. Director Theriot seconded the motion, which unanimously carried.

The Board next considered a request from Malcomson Road Utility District ("MRUD") for a temporary supply of water. Mr. Eby reminded the Board that MRUD made a request a couple of months ago to purchase water through the interconnect with the District for a period of up to one (1) year while MRUD completes a Water Plant rehabilitation and Water Well replacement project. Mr. Eby stated that the Board previously denied the request since it did not want to allow the valve to remain open on an ongoing basis since the District has plans to complete work on the water plant in a couple months. He stated that he will discuss the matter with MRUD's engineer. Ms. Richardson stated that she will contact the attorney for MRUD to discuss same. She stated that an item will be added to the agenda for the next meeting.

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

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit F**), including the checks presented for payment. After discussion,

Director Garner made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes 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.

AUTHORIZE IMPLEMENTATION OF SENATE BILL 2 REPORTING

The Board next considered authorizing implementation of Senate Bill 2 reporting. Ms. Richardson discussed the requirements of the new bill which includes public reporting of certain financial information on a publicly available internet website. She noted that MRPC is working with UTS to implement the required reporting which will be available via a link on UTS's website.

CONSIDER CALLING DIRECTORS ELECTION

The Board next considered calling a Directors Election to be held on May 2, 2020, 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. Following discussion, Director Campbell made a motion 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.

CONSIDER APPOINTMENT OF AN AGENT

The Board next deferred consideration of the appointment of an agent for the District.

CONSIDER COMPENSATION TO BE PAID

The Board next deferred consideration of the compensation to be paid to the election officials.

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

January 6, 2020

- Exhibit A Patrol Report
- Exhibit B Tax Assessor-Collector's Report
- Exhibit C Resolution Authorizing an Additional Penalty on Delinquent Personal
Property Taxes
- Exhibit D Operations and Maintenance Report
- Exhibit E Engineering Report
- Exhibit F Bookkeeping Report