

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

February 3, 2020

ACTIONS TAKEN

1. The Board approved the minutes of the January 6, 2020 meeting.
2. The Board adopted the Order Calling Election in connection with the May 2020 Director Election, approved that notice of the election be given by posting at a public place in the District and by posting at the location where notices of the meetings are posted.
3. 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.
4. The Board approved to pay election officers \$20.00 per hour in connection with the May 2020 Director Election.
5. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including the checks presented for payment.
6. 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 2020.
7. The Board approved the Operations and Maintenance Report presented by EDP.
8. The Board approved Pay Estimate No. 5 from CFG Industries in the amount of \$104,625.00 for improvements and painting at Water Plant No. 1.
9. The Board approved Pay Estimate No. 5 from R&B Group Inc. in the amount of \$142,380.00 for improvements and flood mitigation at the Wastewater Treatment Plant.
10. The Board approved Pay Estimate No. 9 from T&C Construction, Ltd. in the amount of \$33,268.00 for the lift station rehabilitation project.
11. The Board approved a proposal from Patriot Production in the amount of \$3,984 for replacement of the pulse card.
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 and adopted a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District.

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 3, 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 Lieutenant Garza, 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 January 6, 2020. After discussion, Director Theriot made a motion to approve the minutes of the January 6, 2020, 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) report of a theft at HP which included a cell phone being stolen and later returned.

Lieutenant Garza, Deputy Wright and Deputy Rodriguez exited the meeting at this time.

The Board next considered the status of security monitoring services. Director Theriot asked for an update on activity at the park. Director Rhodes stated that a camera was not functioning properly and has been repaired. He stated that there have 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.

CONSIDER CALLING DIRECTORS ELECTION

The Board next considered the calling of 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. Ms. Richardson presented the Order calling such election to be held on May 2, 2020, noting that the terms of office of Directors Geaslen, Rhodes and Campbell will expire in May 2020. Following discussion, Director Theriot 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. Director Garner 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 21, 2020, 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 Theriot made a motion to adopt the Notice of Appointed Agent appointing MRPC 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 Garner 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 Theriot made a motion to authorize the election officials to receive \$20.00 per hour to work the election. Director Garner seconded the motion, which carried unanimously.

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, 2020. The Board reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Garner made a motion to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Theriot seconded the motion, which carried unanimously.

STATUS OF IMPLEMENTATION OF SENATE BILL 2 REPORTING

The Board next considered the status of implementation of Senate Bill 2 reporting. Ms. Richardson discussed the requirements of the new bill which include public reporting of certain financial information on a publicly available internet website. She noted that the link on UTS's website is now live and that a link will be added to the District's website.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2020. 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 2020, 2) to grant a 20% residential homestead exemption for the year 2020, 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 the replacement of five (5) booster pump motors is now complete.

Mr. Thiry reported that the replacement of the well step up transformer is now in progress.

Mr. Thiry reported that the automatic transfer switch has been received and that the replacement is being scheduled.

Mr. Thiry reported that the NHCRWA officially adopted an increase in its surface water fee from \$4.30/1000 gallons to \$4.70/1000 gallons, with such increase to be effective as of April 1, 2020. Director Geaslen stated that residents have been complaining about the NHCRWA fees on Nextdoor. The Board then discussed the continual increases in costs.

Mr. Thiry reported that EDP televised the sanitary sewer line at Cypresswood and Cypresswood Crossing to identify the cause of a blockage and locate a missing manhole. He stated that the camera survey located a buried manhole that requires maintenance and needs to be raised approximately six inches (6"). Mr. Thiry stated that EDP is handling the repairs to the manhole.

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

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 the interior of one (1) tank and is now working on the exterior. He noted that work will begin on the second tank once the first tank is complete. Mr. Eby then presented Pay Application No. 5 in the amount of \$104,625.00 and recommended that the Board approve payment of same. After discussion, Director Rhodes made a motion to approve payment of Pay Application No. 5, as set out above. Director Campbell 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 completed construction of the new blower platform and the new conduit has been laid which connects to the motor control center, and he reviewed photos of same. He explained that there is a pull box that helps with replacing and pulling wires from the various lines if they need replacement. Mr. Eby then presented a photo of the future pad which is where the blowers will be located. He presented Pay Application No. 5 in the amount of \$142,380.00 and recommended that the Board approve payment of same. After discussion, Director Rhodes made a motion to approve payment of Pay Application No. 5, as set out above. Director Campbell 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 nearing completion of the project, has tested everything, and has removed the bypass pump. He stated that the only item remaining is to hook up the generator which needs to be done by CenterPoint Energy. Mr. Eby presented Pay Application No. 9 in the amount of \$33,268.00 and recommended that the Board approve payment of same. After discussion, Director Rhodes made a motion to approve payment of Pay Application No. 9, as set out above. Director Campbell seconded the motion, which carried unanimously.

Mr. Eby reported that there are some leaks in the roof of the WWTP control room. He stated that he would like a contractor to inspect the roof and provide a quote to replace the roof on the building.

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production and stated that two (2) invoices were received. Mr. Eby presented correspondence from Patriot recommending replacement of the pulse card which controls the pilot on the flare stack at a cost of \$3,984. Mr. Eby stated that the pulse card was last replaced in May 2019 and that he asked Patriot if the pulse card is still under warranty. He stated that he has not yet heard back from Patriot but recommends proceeding with the replacement. After discussion, Director

Theriot made a motion to approve replacement of the pulse card for \$3,984, pending receipt of warranty information. Director Campbell seconded the motion, which unanimously carried.

The Board next considered the status of a request from Malcomson Road Utility District ("MRUD") for a temporary supply of water. Mr. Eby reviewed correspondence from Mr. Jake Kocurek of Lockwood Andrews & Newman, Inc. ("LAN"), engineer for MRUD, a copy of which is attached hereto as (**Exhibit F**), requesting that the emergency interconnect valve connecting the District and MRUD remain open for the duration of MRUD's water well replacement project, which could be for a period of up to one (1) year. Director Geaslen reminded the Board that several years ago the District provided MRUD with water during a construction project and that MRUD refused to repay the District for the water usage. The Board agreed that it does not want to leave the interconnect open during the entire construction phase, but that they have no problem providing water to them during an emergency, as defined in the existing interconnect agreement between the parties. Director Theriot asked if providing the water to MRUD will cause water pressure issues in the District. Mr. Eby stated that the District has a lot of water capacity and booster pumps and suggested testing out the interconnect for a few days to see if it affects the District's water pressure. Director Geaslen expressed his concerns for the wear on the booster pumps because he was a director on another municipal utility district who was on an interconnect for a long time and it was quite expensive to repair the booster pumps afterwards. The Board agreed that it would like for MRUD to wait and see if it experiences problems with its water supply during construction, and then approach the District if and when such issues arise. Ms. Richardson suggested that the Board authorize EDP to keep the interconnect open beyond the temporary period defined in the agreement if MRUD experiences an emergency that extends longer than fifteen (15) days and the Board of Directors of the District has not had a meeting to approve an extension of same prior to the expiration of the temporary period. The Board agreed that any water provided to MRUD should be repaid monetarily rather than in-kind. Ms. Richardson suggested that Mr. Thiry and Mr. Eby evaluate the District's cost to provide the water to MRUD on a per 1,000 gallons basis. The Board requested that MRPC send correspondence to MRUD advising of the Board's decision.

Mr. Eby presented an invoice for payment from Pavement Constructors in the amount of \$4,152.75 for the repair of the miscellaneous cracks on the trails.

Mr. Eby reported that GC Multi-Family Development LLC ("GC") paid a deposit to the District for engineering costs associated with various upcoming projects, as well as money owed to the District for unpaid backcharges. He stated that GC is now current on all payments. Mr. Eby stated that he received plans from GC for a proposed mitigation project which involves digging the detention pond deeper and raising the adjacent land higher. He stated that once the project is complete, GC plans to sell the property to an apartment developer.

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

STATUS OF REQUEST FROM MALCOMSON ROAD UTILITY DISTRICT

The Board next deferred the status of a request from MRUD for an Amendment to the Emergency Water Supply Contract as same was previously discussed under the engineer's report.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit G**), including the checks presented for payment. She stated that she provided all required information to UTS for Senate Bill 2 reporting requirements. After discussion, Director Campbell 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

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 Theriot 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 institutions, brokers and dealers prepared by Claudia Redden (**Exhibit H**). Director Garner 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, 2020 until next month's meeting.

DISCUSS CHANGE OF MEETING PLACE

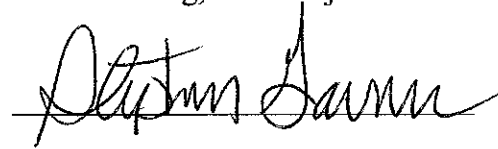
The Board next discussed a change in the office and meeting place for monthly meetings. Director Geaslen stated that he went by Rudy's Cantina, the proposed new meeting location, and they have sufficient meeting space. The Board discussed the costs of meeting space at the Springhill Suites. Ms. Richardson noted that the cost to publish the notice of designation of a new meeting place in The Houston Chronicle is approximately \$800. The Board then discussed other options for a meeting place. After discussion, Director Campbell made a motion to designate Rudy's Cantina as an office and meeting place outside the District, approve an Order Establishing Office and Meeting Place Outside the District, authorize the President and Secretary to execute and attest same, and authorize MRPC to public the notice of designation of same. The motion failed for lack of a second. The Board requested that MRPC investigate other options for publishing the notice of designation of office and meeting place.

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.

A handwritten signature in black ink, appearing to read "Stephen Lamm", written over a horizontal line.

Secretary, Board of Directors

LIST OF EXHIBITS

February 3, 2020

- | | |
|-----------|---|
| 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 | Engineering Report |
| Exhibit F | Correspondence from LAN |
| Exhibit G | Bookkeeping Report |
| Exhibit H | Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District |