

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

March 1, 2021

ACTIONS TAKEN

1. The Board approved the minutes of the February 1, 2021 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 the Operations and Maintenance Report presented by EDP.
4. The Board approved the Engineering Report presented by Eby Engineers, Inc.
5. The Board adopted the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects.
6. The Board approved sending the thank you letter to Harris County Precinct 4 Commissioner Cagle.
7. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
8. The Board authorized the Bookkeeper and Tax Assessor Collector to prepare and file 2020 Unclaimed Property Reports prior to the July 1, 2021, deadline.
9. The Board approved the renewal proposal from Gallagher relative to insurance coverage for the term expiring March 31, 2021.

The Board of Harris County Municipal Utility District No. 286 ("District") met in regular session by teleconference on March 1, 2021, in accordance with the duly posted notice of meeting, and the roll was called of the 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 via teleconference were 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"); Roshell Arterburn of Utility Tax Service, L.L.C. ("UTS"); Corporal Jernagan of the Harris County Constable's Office Precinct Four ("HCCO"); 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 February 1, 2021. After discussion, Director Rhodes made a motion to approve the minutes of the February 1, 2021, Board of Directors meeting, as presented. Director Garner 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. Corporal Jernagan reviewed the report and discussed the activity within the past month. He stated that there was one (1) burglary of a motor vehicle and two (2) criminal mischiefs reported within the past month.

The Board next considered the status of security monitoring services. Director Rhodes stated that he had nothing new to report. The Board requested that HCCO monitor activity at the park, especially during the upcoming Spring Break.

Corporal Jernagan disconnected from the call at this time.

COMMENTS FROM THE PUBLIC

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

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 February 28, 2021. 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.

The Board next reviewed the attached list of delinquent accounts, dated March 1, 2021, as prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (**Exhibit C**).

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit D**). Mr. Thiry reviewed the significant utility repairs within the past month.

Mr. Thiry reported that EDP jet-cleaned the sewer main in order to clear a blockage at 11415 Creekwood Hills. Director Geaslen asked what caused the blockage, and Mr. Thiry stated that the blockage was caused by debris and as long the blockages are not repeat blockages, he would not recommend televising the sanitary sewer system unless absolutely necessary. He stated that the most common blockages are the wipes that do not break down in the sanitary sewer system.

Mr. Thiry reported that EDP submitted documents to the Federal Emergency Management Agency ("FEMA") requesting payment for the WWTP project. He stated that EDP received a payment of \$305,775 from the Texas Department of Emergency Management. Mr. Thiry stated that a rule change occurred after the District's initial submission that disallowed certain amounts to be reimbursed to the District. Director Geaslen asked for an update once all information for the WWTP project has been submitted to FEMA. Mr. Thiry then reviewed the spreadsheet with information related to the FEMA projects which includes the total costs spent on Harvey-related projects, amounts filed and/or paid with insurance, amounts filed with and approved by FEMA and the amounts that are currently pending approval by FEMA.

Mr. Thiry reported that the annual testing of the fire hydrants is scheduled for the week of March 29, 2021.

Mr. Thiry next reported on the status of District facilities following Winter Storm Uri. He stated that the District's facilities fared pretty well during the storm and operated on generator power for intermittent periods during the storm. Mr. Thiry stated that the generator for the remote water well on Compaq Center Drive ran for approximately forty-eight (48) hours due to a power shortage. He also stated that a twelve-inch (12") valve cracked and had to be replaced. Mr. Thiry stated that the District provided water to Malcomson Road Utility District during the storm. He also stated that the District attempted to provide water to Harris County MUD No. 468 but found that the District could not keep up with its own water demands and had to turn off the interconnect.

Mr. Thiry next reported on mass communication with customers. The Board requested that a notice be included in water bills reminding customers how to sign up for the mass communication system. Mr. Thiry agreed to include a notice in upcoming water bills advising how to sign up for the mass communication system.

Mr. Thiry next reported that EDP failed to deliver the water bills for the month of February. He stated that the bills will be going out the first week of March and will reflect two (2) months of charges. He noted that EDP will include a bill insert with an explanation about the error. Director Geaslen asked that EDP's internal procedures for water bills be reviewed and enforced to ensure that the error does not occur again.

Mr. Thiry reviewed correspondence received from the North Harris County Regional Water Authority ("NHCRWA") dated February 2, 2021 regarding its adoption of an increase in well pumpage fees from \$4.25 per 1,000 gallons of water to \$4.60 per 1,000 gallons of water and surface water fees from \$4.70 per 1,000 gallons of water to \$5.05 per 1,000 gallons of water effective as of April 1, 2021.

Mr. Thiry discussed the disinfection monitoring and the increase in average HPC over the past few months.

Ms. Richardson next discussed the recent order from the Public Utility Commission ("PUC") prohibiting certain water suppliers from terminating service and imposing late fees for a month as a result of Winter Storm Uri. She stated that the PUC has made a clarification that such order does not apply to municipal utility districts. Ms. Richardson recommended that, for the time being, the Board follow the same procedures it has implemented for covid-related appeals. The Board then had a lengthy discussion and decided to discuss same at the next meeting which will occur after residents receive their water bills covering the Winter Storm.

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

DISCUSS ISSUES WITH GENERATOR AT WATER PLANT

The Board next discussed issues with the generator at the Water Plant. Mr. Eby stated that the Water Plant has a 600-kw diesel generator. He stated that he would like to see how long the generator will run during an event and then project the run time for various events. Director Geaslen stated that he had concerns regarding whether diesel was a viable option and requested that Eby and EDP coordinate to research the matter. Mr. Eby stated that he asked EDP to run a generator test and report to the Board next month regarding the findings. He stated that having both a natural gas and diesel generator is beneficial to the District. Mr. Eby stated that he received a preliminary estimate to install a natural gas generator at the Water Plant for approximately \$300,000. He recommended to defer any action on the matter until after the generator test has been conducted. Director Rhodes asked about the diesel fuel sitting in the generator for an extended period time. Mr. Thiry discussed EDP's process for testing the fuel.

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 the project is substantially complete. He stated that the electrical inspection was conducted last week and a punchlist of items was prepared. Mr. Eby stated that once all punchlist items have been addressed, Eby will certify the project and recommend approval of the final pay estimate. He then reviewed various photos of the project. Mr. Eby stated that once the final pay estimate has been approved by the Board, the remaining information will be submitted to the insurance company and FEMA for reimbursement.

ENGINEERING REPORT

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

Mr. Eby reported on the monthly inspection and maintenance of the flare by Patriot Production and stated that the District received a report and an invoice for the month of February.

Mr. Eby next reviewed photos of the newly installed valves for the CCM-3 building.

Mr. Eby reported that he is currently reviewing site plans for the Lone Star College Visual Performing Arts Building. He stated that he anticipates construction to begin on the project in the next few months. Director Geaslen asked about the straight pass-through tap fee charges and charging additional repair costs. Ms. Richardson stated that she will review the District’s Rate Order and report to the Board at next month’s meeting.

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

RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE

The Board next considered the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects and consideration of authorizing a survey of wages. Ms. Richardson presented a spreadsheet reflecting Prevailing Wage Rates for Construction Projects for the Harris County Department of Labor (**Exhibit F**) and reviewed the Resolution with the Board. After discussion, Director Rhodes made a motion to adopt the Resolution Adopting Prevailing Wage Rate Scale For Construction Projects based on the Department of Labor rates. Director Garner seconded the motion, which carried unanimously.

DISCUSS HIKE AND BIKE TRAIL ALONG CYPRESS CREEK

The Board next discussed the hike and bike trail along Cypress Creek. Director Geaslen reviewed a thank you letter to Harris County Precinct 4 Commissioner Cagle, a copy of which is attached hereto as (**Exhibit G**), extending the District’s appreciation to Precinct 4 for the recent resurfacing of the trails between Lakewood Forest Drive and Jones Road and Jones Road to Cypresswood Drive and the repairs made to the trails along Faulkey Gully and Anderson Ditch.

He stated that the letter also states that it is the Board's understanding that Harris County has agreed to take over maintenance of the District's trail system and requests written confirmation of the County's agreement to perform same. Director Geaslen noted that the County is in the process of preparing an Interlocal Agreement relative to the maintenance duties. Ms. Richardson next stated that she has been looking for a deed to the detention pond owned by the District as Harris County has been requesting same in order to prepare the Interlocal Agreement. She asked whether Mr. Eby has any survey documentation that may have recording information for the deed. Mr. Eby agreed to research the survey information. After discussion, Director Campbell made a motion to approve the letter to Harris County Precinct 4 Commissioner Cagle, to authorize the President to execute same on behalf of the Board and the District, and to authorize MRPC to send the letter to Harris County Precinct 4. Director Garner seconded the motion, which unanimously carried.

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 stated that check no. 5447 issued to Arther J. Gallagher has been voided and re-issued as check no. 5455 to Arthur J. Gallagher. Ms. Redden also noted that check no. 5455 issued for payment to Comcast in the amount of \$108.92 did not make it on this month's report but will be reflected on next month's report.

Director Rhodes next asked about the blank check issued for payment to Hartford Insurance Company. Ms. Redden stated that there are options for flood insurance coverage for the term expiring March 31, 2021. The Board discussed in detail the flood insurance policy and coverages and the costs for same. The Board requested an in-depth review of the flood insurance coverages prior to next year's insurance renewal.

After discussion, Director Garner made a motion to approve the Bookkeeper's Report, including the checks presented for payment, and approval of check nos. 5455 and 5456 for the minimum flood insurance amounts. Director Rhodes seconded the motion, which carried unanimously.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the bookkeeper and tax assessor to prepare a 2020 Unclaimed Property Report and the filing of same with the State Comptroller prior to the July 1, 2021 deadline. After discussion, Director Campbell 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, 2021. Director Theriot seconded the motion, which carried unanimously.

RENEWAL OF DISTRICT’S INSURANCE

The Board next considered the renewal of the District’s insurance coverage for term expiring March 31, 2021. Ms. Richardson reviewed the renewal proposals received from 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, business travel and flood coverage scheduled to expire on March 31, 2022. After discussion, Director Rhodes made a motion to approve the renewal proposals from Gallagher for the coverage’s set out above, and to authorize the President to execute same on behalf of the Board and District. Director Garner seconded the motion, which carried unanimously.

DISCUSSION REGARDING PROCEDURES FOR APRIL BOARD MEETING

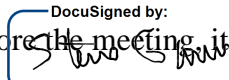
The Board next discussed procedures for the April Board meeting. After discussion, the Board concurred to hold the next Board meeting via teleconference on April 5, 2021 at 6:10 p.m.

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.

DocuSigned by:

6AF64FC10F4849F...

Secretary, Board of Directors

LIST OF EXHIBITS

March 1, 2021

- | | |
|-----------|--|
| Exhibit A | Patrol Report |
| Exhibit B | Tax Assessor-Collector's Report |
| Exhibit C | Delinquent Tax Report |
| Exhibit D | Operations and Maintenance Report |
| Exhibit E | Engineering Report |
| Exhibit F | Resolution Adopting Prevailing Wage Rate Scale for Construction Projects |
| Exhibit G | Draft Thank you Letter to Harris County Precinct 4 Commissioner Cagle |
| Exhibit H | Bookkeeping Report |