

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

February 7, 2022

ACTIONS TAKEN

1. The Board approved the minutes of the January 3, 2022, meeting.
2. The Board approved the audit report for the fiscal year ended September 30, 2021, 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.
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 approved the Interlocal Agreement for Law Enforcement Services with Harris County.
5. The Board approved the Operations and Maintenance Report presented by EDP.
6. The Board authorized Eby to begin preparation of the permit renewal application for the WWTP discharge permit.
7. The Board approved the Engineering Report presented by Eby Engineers, Inc.
8. The Board approved a Waiver and Consent to Assignment of Water Supply Contract from SMBC Leasing and Finance, Inc. to Chevron U.S.A, and authorized the President to execute same on behalf of the Board and the District.
9. The Board approved a proposal from Cypress Creek Pest Control for mosquito spraying for \$35 per application, plus \$15 per month for Cypress Creek Pest Control to maintain the District's TCEQ log for a three (3) year term.
10. The Board approved a proposal from Brian Gardens for a price increase for an annual total of \$44,805.84 effective April 1, 2022.
11. The Board approved a fee increase from MRPC effective March 1, 2022.
12. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
13. The Board approved and adopted a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District.

14. The Board adopted the Order Calling Election in connection with the May 2022 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.
15. 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.

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 7, 2022, 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 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"); Mark Eyring of Mark C. Eyring, CPA, PLLC ("Eyring"); Sergeant Westmoreland of 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

As the first order of business, the Board considered approval of the minutes of the Board of Directors meeting held on January 3, 2022. After discussion, Director Garner made a motion to approve the minutes of the January 3, 2022, Board of Directors meeting, as presented. Director Theriot seconded the motion, which carried unanimously.

COMMENTS FROM THE PUBLIC

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

APPROVE AUDIT REPORT

The Board next considered approval of an audit report for fiscal year ended September 30, 2021. Mr. Eyring presented a draft of the audit report and correspondence regarding the report (**Exhibit A**). After discussion, Director Theriot made a motion to approve the audit report for the fiscal year ended September 30, 2021, subject to review by MRPC, 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.

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, 2022. 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 Garner seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2022. 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. The Board discussed increasing the residential homestead exemption for the year 2022. Ms. Arterburn agreed to prepare an analysis of the effect of a twenty-five percent (25%) residential homestead exemption. The Board deferred action on the matter until next month's meeting.

STATUS OF INSURANCE AND FEMA CLAIMS RELATIVE TO HURRICANE HARVEY DAMAGES

The Board next considered the status of insurance and Federal Emergency Management Agency ("FEMA") claims relative to Hurricane Harvey damages. Mr. Thiry discussed the attached correspondence received from Sedgwick, Inc., the insurance adjuster working on behalf of the District's insurer, State National Insurance Company. Mr. Thiry noted that the correspondence states that the insurer is denying a total of \$1,653,152.07 in costs submitted by the District since those costs relate to measures taken by the District to comply with "Ordinance or Law and FEMA requirements" rather than repairs to direct physical damage. He stated that EDP is reviewing the claims and submitting the amounts denied by the insurance company to FEMA. He stated that EDP should hear from FEMA in a couple of months. Director Geaslen suggested scheduling a telephone conference with FEMA at the end of February to discuss the status of the claim.

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 C**), and the status of security monitoring services within the District. Sergeant Westmoreland reviewed the report and discussed the activity within the past month. He stated that there was one (1) theft of a vehicle within the past month.

The Board next considered the status of security monitoring services. Director Rhodes stated that he had nothing new to report.

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 and that the contract term will begin March 1st. After discussion, Director Rhodes 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 Theriot seconded the motion, which carried unanimously.

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 the repair work to the automatic bar screen at the WWTP is complete.

Mr. Thiry reported that EDP witnessed all six (6) generators running under load in January.

Mr. Thiry next requested that the Board consider authorizing EDP to write-off one (1) account in the total amount of \$25.02, as outlined in the attached Write Off Report. After discussion, Director Rhodes made a motion to authorize EDP to write-off one (1) account, as set out above. Director Garner seconded the motion, which unanimously carried.

Mr. Thiry next presented the attached information sheet related to the new Environmental Protection Agency’s Lead and Copper Rule.

Director Rhodes next asked about whether the emergency interconnect with Malcolmson Road Utility District (“MRUD”) has been opened during MRUD’s well project. Mr. Thiry stated that the valve has been closed for most of the duration of the project and reminded the Board that the agreement with MRUD states that the valve can only be opened when and if MRUD’s ability to supply water to its customers is severely limited.

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

ENGINEERING REPORT

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

The Board next discussed the Chasewood Park mitigation project. Mr. Eby stated that the project is nearing completion and that he has been in frequent communication with the contractor to ensure that the construction does not adversely affect the District’s facilities.

Mr. Eby reported that the replacement slide has been installed at the park.

Mr. Eby reported that two (2) new cameras were installed at the park. He stated that he would like to review video footage to determine the quality of the video.

Mr. Eby reported that he will conduct an inspection of the work completed by The R&B Group at the WWTP on February 8, 2022 prior to the warranty expiration in March. He also stated that R&B owes the District approximately \$2,500 for work performed by EDP. Mr. Eby stated that he will discuss the matter with R&B at the inspection.

Mr. Eby next reported that the WWTP discharge permit will expire on January 1, 2023 and requested authorization to begin preparation of the permit renewal application. After discussion, Director Rhodes made a motion to authorize Eby to begin preparation of the permit renewal application for the WWTP discharge permit. Director Theriot seconded the motion, which unanimously carried.

Director Theriot stated that she went by the park today and saw a seat on the playground equipment that is damaged. She stated that there is also a cracked seat on one of the spring-action seats. Director Theriot stated that some of the picnic tables and benches are beginning to rust, and some of the benches are loose. Mr. Eby suggested that he complete a full inventory of the park equipment to assess all of the repairs that are needed. Director Campbell stated that she will meet with Mr. Eby to complete the inventory of the equipment.

Director Theriot then asked about the status of the proposed apartment development and if there is an actual apartment developer who intends to develop the property. Mr. Eby noted that he will inquire regarding same.

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

REVIEW AND APPROVAL OF WAIVER AND CONSENT TO ASSIGNMENT OF WATER SUPPLY CONTRACT FROM SMBC LEASING AND FINANCE, INC. TO CHEVRON U.S.A.

The Board next considered the review and approval of a Waiver and Consent to Assignment of Water Supply Contract from SMBC Leasing and Finance, Inc. ("SMBC") to Chevron U.S.A. ("Chevron"). Ms. Richardson explained that the District and SMBC entered into a Water Supply Contract dated September 11, 2020 (the "Contract"). She stated that the Contract requires a Waiver and Consent to Assignment (**Exhibit F**) and advised that Chevron requested same since Chevron purchased the property from SMBC on December 20, 2021 and SMBC failed to give the District proper notice of the sale and also failed to get the District's prior approval to assign its interest in the Contract to Chevron, all as required by the Contract. After discussion, Director Rhodes made a motion to approve the Waiver and Consent to Assignment of Water Supply Contract from SMBC to Chevron, and to authorize the President to execute same on behalf of the Board and the District. Director Garner seconded the motion, which unanimously carried.

REVIEW AND APPROVE MOSQUITO CONTROL AGREEMENT BETWEEN THE DISTRICT AND CYPRESS CREEK MOSQUITO CONTROL, INC.

The Board next considered the review and approval of a Mosquito Control Agreement between the District and Cypress Creek Mosquito Control, Inc. (“CCMC”) The Board reviewed the Agreement from CCMC for mosquito treatments in the District for \$35.00 per application (**Exhibit G**), and noted that the Agreement is for a three (3) year term from January 2022 to December 2024. The Board also discussed whether it would like CCMC to maintain the District’s TCEQ log for \$15.00 per month. After discussion, Director Theriot made a motion to approve the Agreement from CCMC for mosquito spraying for \$35 per application, plus \$15.00 per month to maintain the District’s TCEQ log for a three (3) year term. Director Rhodes seconded the motion, which unanimously carried.

REVIEW AND APPROVAL OF RATE INCREASE BY BRIAN GARDENS LANDSCAPE

The Board next considered the review and approval of a rate increase by Brian Gardens Landscape for landscape maintenance services. Ms. Richardson presented a proposal from Brian Gardens for landscape maintenance services for an annual total of \$44,805.84 and reviewed same with the Board (**Exhibit H**). After discussion, Director Theriot made a motion to approve the proposal from Brian Gardens for a price increase for an annual total of \$44,805.84 effective April 1, 2022. Director Rhodes seconded the motion, which unanimously carried.

REVIEW AND APPROVAL OF FEE INCREASE BY MARKS RICHARDSON PC

The Board next considered the review and approval of a fee increase by MRPC. Ms. Richardson reviewed the proposed MRPC Rates (**Exhibit I**) with the Board and noted that the increase will become effective March 1, 2022. After discussion, Director Theriot made a motion to approve the fee increases from MRPC as set out above, effective March 1, 2022. Director Campbell seconded the motion, which unanimously carried.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper’s Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit J**), including the checks presented for payment. Director Geaslen noted the District’s balances in the operating and capital projects funds accounts. 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.

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 K). Director Garner seconded the motion, which carried unanimously.

CONSIDER PROPOSAL RELATIVE TO RENEWAL OF THE DISTRICT'S INSURANCE COVERAGE

The Board next deferred consideration of a proposal relative to renewal of the District's insurance coverage for term expiring March 31, 2022 until next month's meeting.

CONSIDER CALLING DIRECTORS ELECTION

The Board next considered the calling of a Directors Election to be held on May 7, 2022, 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 7, 2022, noting that the terms of office of Directors Garner and Theriot will expire in May 2022. Following discussion, Director Campbell 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 Rhodes 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 18, 2022, 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 Campbell 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 Rhodes seconded said motion, which unanimously carried.

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.

Rosalind Thwait

ASSISTANT Secretary, Board of Directors

LIST OF EXHIBITS

February 7, 2022

- Exhibit A Draft Audit for FYE September 30, 2021
- Exhibit B Tax Assessor-Collector's Report
- Exhibit C Patrol Report
- Exhibit D Operations and Maintenance Report
- Exhibit E Engineering Report
- Exhibit F Waiver and Consent to Assignment of Water Supply Contract
- Exhibit G Mosquito Control Agreement with Cypress Creek Mosquito Control, Inc.
- Exhibit H Proposal from Brian Gardens Landscape
- Exhibit I MRPC Rates
- Exhibit J Bookkeeping Report
- Exhibit K Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District