

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

December 5, 2022

ACTIONS TAKEN

1. The Board approved the minutes of the November 7, 2022, meeting.
2. The Board approved a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District.
3. The Board approved entering into a contract with Direct Energy Business, LLC for a rate of \$0.06734 for forty-eight (48) months.
4. The Board approved entering into a contract with Dawson Financial Services subject to the negotiation of the contract and authorized the District's bookkeeper to move funds as directed.
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 rescinding Stage 1 of the District's Drought Contingency Plan.
7. The Board approved a proposal from Touchstone District Services for mass communication services.
8. The Board approved the Operations and Maintenance Report presented by EDP.
9. The Board authorized EDP to deliver the required notice pursuant to Texas Administrative Code §24.173.
10. The Board approved payment of Pay Application No. 2 to CFG in the amount of \$126,190 for clarifier repairs at the Wastewater Treatment Plant.
11. The Board approved the Engineering Report presented by Eby Engineers, Inc.
12. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.

The Board of Harris County Municipal Utility District No. 286 ("District") met in regular session at 13850 Cutten Road, Houston, Harris County, Texas 77069 on December 5, 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"); Deputy Jones of Harris County Constable's Office Precinct Four ("HCCO"); Mike Harrington of American Enerpower ("AE"); Robin Pacholder of Dawson Financial Services ("Dawson"); Kara Richardson of Marks Richardson PC ("MRPC") and Jay Geaslen of GK Capital Advisors LLC, via video conference..

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 November 7, 2022. After discussion, Director Theriot made a motion to approve the minutes of the November 7, 2022, Board of Directors meeting, as presented. Director Campbell 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 Jones reviewed the report and discussed the activity within the past month.

Director Rhodes stated that he had nothing new to report regarding security monitoring services.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

Ms. Richardson next stated that one of the investment firms that the Board will be interviewing is not currently on the District's approved list of qualified brokers and recommended that the Board add such firm to the list prior to interviewing the candidate firms and making a selection. She reviewed a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District which included the addition of the investment firm Dawson Financial Services. 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 B**). Director Campbell seconded the motion, which carried unanimously.

PRESENTATION FROM BROKERAGE FIRMS

The Board next considered presentations from brokerage firms. Ms. Pacholder introduced herself as a representative of Dawson, presented a handout on Dawson's company profile and gave an overview of the investment firm (**Exhibit C**). She stated that Dawson is one of the only AAA rated investment firms in the company. Ms. Pacholder stated that treasury bills would be held through Northwestern Mutual. She noted that a \$100,000 investment would cost the District 0.1250%, a two-year (2) maturity would be 0.1888%, and a three-year (3) maturity would be 0.2500%. Director Geaslen then asked about investing in Certificates of Deposit. Ms. Pacholder stated that CD's would cost approximately \$40 per CD.

Ms. Pacholder exited the meeting at this time.

DISCUSS ELECTRICITY CONTRACT WITH DIRECT ENERGY BUSINESS, LLC

The Board next discussed the District's electricity contract with Direct Energy Business, LLC ("DE"). Mr. Harrington stated that the District's current contract expires in January of 2023 and that the current contract rate is \$0.03898 kW/hr. He then reviewed a spreadsheet showing details of the District's eleven (11) meters and a chart showing what the natural gas prices have done over the past two (2) years. Mr. Harrington next presented the attached rates from Constellation, GEXA, Hudson, DE, TXU, Shell and Reliant and noted that DE's rates are the lowest (**Exhibit D**). He noted that prices have increased since the District's last entered into a contract and noted that pricing decreases for longer term contracts. After discussion, Director Campbell made a motion to authorize the Board president to execute a forty-eight (48) month term contract with with DE for a rate of \$0.06734 kW/hr. Director Garner seconded the motion, which unanimously carried.

PRESENTATION FROM BROKERAGE FIRMS

The Board next re-considered presentations from brokerage firms for the investment of District funds. Mr. Jay Geaslen addressed the Board via video conference and reviewed an Investment Proposal (**Exhibit E**) from GK Capital Advisors. He noted that the fee for services is 0.30% of the net yield for investments that are less than \$2,500,000. Mr. Geaslen stated that he would propose a combination of different treasury notes, CDs, and treasury bills with varying terms with a projected growth of approximately 4.53% growth.

Mr. Jay Geaslen disconnected from the video conference call at this time.

After discussion, Director Campbell made a motion to enter into a contract with Dawson for the purchase of securities, authorized MRPC to negotiate the contract with Dawson, and authorized the District's bookkeeper to move funds as directed, subject to MRPC successfully negotiating and finalizing an agreement with Dawson for the investment of same. Director Garner

seconded the motion, with Directors Campbell, Garner, Geaslen, and Theriot voting in favor, and Director Rhodes abstaining.

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 F**) dated November 30, 2022. The Board reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Rhodes 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.

Ms. Arterburn next presented the attached list of delinquent accounts, dated December 5, 2022, as prepared by the District's delinquent tax attorney, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (**Exhibit G**).

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. Ms. Richardson updated the Board on the recent email correspondences with FEMA regarding the claims. Mr. Eby stated that he will be meeting with FEMA on Thursday to tour the District's facilities.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit H**). Mr. Thiry reported that EDP cleaned out the aeration and digester at the WWTP.

Mr. Thiry reported that the booster pump for Water Plant No. 1 is anticipated to be delivered in mid-December.

Mr. Thiry reported that EDP will be obtaining a cost estimate to perform a manhole survey.

Mr. Thiry next reported on the request that EDP research the ability to isolate the valves to provide water to homes and businesses from the water plant in the event of a line break rather than from a District interconnect. Mr. Thiry gave an update on the implementation of the valve protocol in the event of a main line break and noted that EDP staff has been educated on the matter.

Mr. Thiry reported that the North Harris County Regional Water Authority rescinded Stage 1 of its Drought Contingency Plan ("DCP"). After discussion, Director Campbell made a motion to rescind Stage 1 of the District's Drought Contingency Plan. Director Theriot seconded the

motion, which unanimously carried. Mr. Thiry reported that the DCP signs will be taken down within the District.

Mr. Thiry reported that the tap fee has been paid by Lone Star College.

Mr. Thiry next discussed safety grating at the WWTP that has become corroded in various areas of the WWTP. He stated that EDP replaced one section with fiberglass for approximately \$630 and that EDP may need to replace other sections as needed if such areas pose potential safety hazards.

The Board next considered the status of mass communication services for the District. Ms. Richardson stated that her office has reached out to Classic Messaging several times since the last meeting to request a contract and that they still have not provided same and are very slow to respond to communications with her office. The Board then agreed to rescind its offer to Classic Messaging based on its failure to adequately communicate and respond. The Board then discussed the proposals from Touchstone District Services and Off Cinco which were presented at last month's meeting. After discussion, Director Theriot made a motion to approve the proposal from Touchstone District Services for a \$950 setup fee, \$180 per month service charge, and \$135 per hour fee for extra administrative services and/or content writing. Director Campbell seconded the motion, which unanimously carried.

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

AUTHORIZE OPERATOR TO DELIVER REQUIRED NOTICE PURSUANT TO TEXAS ADMINISTRATIVE CODE §24.173

The Board next considered authorizing EDP to deliver the required notice pursuant to Texas Administrative Code §24.173. Ms. Richardson presented a Memorandum from MRPC regarding the requirements under Texas Administrative Code §24.173 (**Exhibit I**) and reviewed same with the Board. She stated that the rules set forth in Texas Administrative Code §24.173 implement certain requirements of Senate Bill 3 enacted by the 87th Texas Legislature regarding service and billing practices during and after an extreme weather emergency. She stated that on or before January 31, 2023, the District must provide to each customer a one-time written notice, a form of which is attached to the Memorandum, informing the customer that its retail water and sewer provider is: 1) prohibited from imposing late fees or disconnecting retail water or sewer service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over, 2) required to offer a payment schedule to a requesting affected customer for unpaid bills due during an extreme weather emergency, and 3) prohibited from disconnecting retail water or sewer service for nonpayment of bills due during an extreme weather emergency until after a payment schedule has been offered and the customer has either declined to accept the payment schedule in a timely fashion or violated the terms of the payment schedule. After discussion, Director Garner made a motion to authorize EDP to deliver the required notice pursuant to Texas Administrative Code §24.173. Director Rhodes seconded the motion, which unanimously carried.

ENGINEERING REPORT

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

The Board next discussed the Chasewood Park mitigation project. Mr. Eby stated that the project is 98% complete. He stated that the contractor reimbursed the District approximately \$4,500 but has not completed various punchlist items. Mr. Eby stated that the developer of the proposed multi-family development is close to commencing construction on the project.

Mr. Eby reported on the status of the construction contract with CFG Industries LLC (“CFG”) for clarifier repairs at the WWTP. He then reviewed various photos of the project. Mr. Eby next presented Pay Application No. 2 in the amount of \$126,190 and recommended payment of same. After discussion, Director Rhodes made a motion to approve Pay Application No. 2 in the amount of \$126,190. Director Theriot seconded the motion, which unanimously carried. Mr. Eby stated that EDP can fill up the clarifier next month and can then take down the second clarifier for inspection.

Mr. Thiry reported that one of the blowers at the WWTP failed. He stated that he is deciding which company he wants to use to pull and inspect the blower. Mr. Thiry stated that EDP is running a vibration analysis on the other blowers as well. He noted that EDP will file an insurance claim regarding same.

Mr. Eby reported that the new Harris County Precinct signs have been installed with the updated contact information for Precinct 3. He stated that the bike trail signs have also been installed. He noted that he will do some graffiti clean-up at the park as well.

Mr. Eby reported on the status of the Chasewood apartment complex. He stated that the developer will be submitting design plans soon which will require Gen Cap Partners to submit a plan review fee.

Mr. Eby reported on the segregation of CCI building 8 and 9. He stated that he is working with the new owner regarding how to best segregate the utilities and fire protection system.

Mr. Eby noted that WWTP capacity could become an issue in the next few years given the new development in the District and noted that Eby will closely monitor same to determine when and if the District needs to begin designing plans for an expansion.

Mr. Eby reported on the status of the permit application for the WWTP Discharge Permit renewal. He stated that the Notice of Application and Preliminary Decision was received from the Texas Commission on Environmental Quality and that MRPC will handle publication of same.

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

BOOKKEEPING REPORT

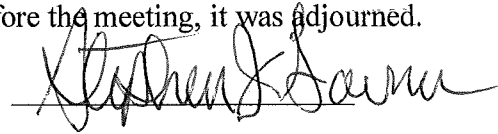
The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit K**), including the checks presented for payment. After discussion, Director Garner made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes seconded the motion, which carried unanimously.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. The Board concurred that the next meeting be held on Tuesday, January 3, 2022.

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 J. Garner", written over a horizontal line.

Secretary, Board of Directors

LIST OF EXHIBITS

December 5, 2022

- Exhibit A Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with District
- Exhibit B Patrol Report
- Exhibit C Dawson Financial Services handouts
- Exhibit D American Enerpower handouts
- Exhibit E GK Capital Advisors Investment Proposal
- Exhibit F Tax Assessor Collector's Report
- Exhibit G Delinquent Tax Report
- Exhibit H Operator's Report
- Exhibit I Memorandum from MRPC
- Exhibit J Engineering Report
- Exhibit K Bookkeeping Report