

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting

February 6, 2023

ACTIONS TAKEN

1. The Board approved the minutes of the January 3, 2023, meeting.
2. The Board approved the audit report for the fiscal year ended September 30, 2022, 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 Operations and Maintenance Report presented by EDP.
5. The Board approved the Engineering Report presented by Eby Engineers, Inc.
6. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
7. The Board authorized MRPC to negotiate a contract on the District's behalf with GK Capital Advisors for the purchase of United States Treasury Bills and further authorized Ms. Redden to transfer funds to accomplish same.
8. The Board approved the renewal proposal from Arthur J. Gallagher relative to insurance coverage for the term expiring March 31, 2023.

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 February 6, 2023, 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"); Robert Cardenas and Missy Steadman 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"); Paul Vangrieken of Genesis Capital Advisors, LLC ("Genesis"); Simon Van Dyk of Touchstone District Services (Touchstone); Sergeant Westmoreland and Deputy Jones of Harris County Constable's Office Precinct Four ("HCCO"); and David Marks 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, 2023. After discussion, Director Rhodes made a motion to approve the minutes of the January 3, 2023, Board of Directors meeting, as presented. Director Garner 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, 2022. Mr. Eyring presented a draft of the audit report and correspondence regarding the report (**Exhibit A**). After discussion, Director Geaslen made a motion to approve the audit report for the fiscal year ended September 30, 2022, 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 Theriot 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, 2023. 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 Garner seconded the motion, which carried unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2023. 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 exemption on residence homesteads of individuals who are under a disability or are sixty-five (65) years of age or older to \$350,000 and keeping the general homestead exemption the same as last year. After discussion, the Board agreed to the foregoing and requested that MRPC revise the Resolution accordingly for approval next month.

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. Deputy Jones reviewed the report and discussed the activity within the past month. The Board then discussed concerns about the amount of hours Deputy Jones actually works in the District as compared to the number of hours specified in the District's contract with the HCCO. Director Geaslen noted that Deputy Jones is working only two (2) days per week when the contract states that the HCCO should be providing coverage five (5) days per week. Sergeant Westmoreland stated that Deputy Jones is only allowed to work two (2) days per week currently due to an overload of overtime hours he accumulated prior to him joining the District's contract patrol. Director Geaslen stated that he is concerned because the District is paying \$8,000 per month for a contract officer and in return should be getting the coverage specified in the contract. Director Campbell explained the importance of patrol visibility throughout the District noting that she works from home and does not see the patrol officers very often. Director Rhodes then asked for Sergeant Westmoreland to coordinate with Lieutenant Curry to determine when the overtime will be used up to allow the officer to be in the District five (5) days per week. Director Geaslen stated that HCCO needs to figure out how to give the District the coverage set out in the contract. Sergeant Westmoreland agreed to discuss the matter with Lieutenant Curry.

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

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. Director Geaslen discussed the recent request from FEMA to submit an updated SAM.gov application to the Texas Department of Emergency Management. The Board then discussed the process and timeframe for same.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit D**). Mr. Eby discussed the tap fee for Lone Star College and noted that the first three (3) items listed under significant repairs are related to same. The Board then discussed the calculation of the tap fee. Ms. Steadman stated that EDP miscalculated the tap fee by not using the tax-free entity calculation set out in the District’s Rate Order. She then reviewed the revised letter to Lone Star College indicating that Lone Star College is due a partial refund.

Mr. Cardenas reported that the booster pump for Water Plant No. 1 is anticipated to be delivered in January.

Mr. Cardenas reported that the annual testing of the District’s fire hydrants is scheduled for the week of March 6th. He then reviewed a copy of the notice to be included in upcoming water bills.

Mr. Cardenas reported that EDP is working on obtaining a cost estimate to perform a manhole survey.

Director Geaslen then asked why the TSS average was so high over the past month. Ms. Steadman stated that the level has decreased back to normal but that EDP is not sure why it increased in January. She stated that the results for January were back down to 8.1%.

Director Geaslen then asked about the status of the blower. Mr. Cardenas stated that he will research the matter and will email the Board with the findings.

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

The Board next considered the status of mass communication services by Touchstone Services. Mr. Van Dyk addressed the Board and presented a map overlay of the District showing the number and location of residents who have signed up for text alerts. He then stated that the District currently has three hundred three (303) registered phone numbers in the system. Mr. Van Dyk stated that Touchstone has the ability to send targeted texts to specific parts of the neighborhood. He stated that he would like to see more of the commercial accounts registered in the event something happens regarding their service. Mr. Van Dyk suggested revising the mobile site to ensure the sign up on the mobile site is more prominent. He stated that Touchstone is close

to going live with the system. Mr. Vangrieken asked how the system works with apartment residents. Mr. Van Dyk stated that it depends on the general manager of the apartment complex and how they would like it to be handled.

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 98% complete. He stated that the contractor has not completed various punchlist items. Mr. Eby stated that the contractor filled the ground to drain towards the lift station. Mr. Vangrieken stated that the engineer is working to get the contractor to resolve the issue. He stated that the engineer has been instructed to ensure the erosion and siltation issues are resolved.

Mr. Eby reviewed the Water Plant No. 1 monthly checklists for the months of November, December and January from Patriot Production & Rental Services, LLC along with the related invoices and recommended payment of same.

Mr. Eby reported that there are a couple of broken play amenities at the park, and he has requested a quote to replace same. He also stated that he spoke with the equipment company Total Recreation regarding same. Mr. Eby stated that he also asked about the status of the benches he ordered eleven (11) months ago. He stated that Total Recreation agreed to research the status of such order.

Mr. Eby reported on the status of the permit application for the WWTP Discharge Permit renewal. He stated that he is awaiting the final permit from the Texas Commission on Environmental Quality.

The Board next deferred consideration of an update on Microgrid implementation until after the Texas Legislature has met.

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

REVIEW AND APPROVAL PROPOSALS FOR LANDSCAPE MAINTENANCE SERVICES, AND APPROVAL OF RATE INCREASE BY BRIAN GARDENS LANDSCAPE

The Board next considered the review and approval of proposals for landscape maintenance services, and approval of a rate increase by Brian Gardens Landscape for landscape maintenance services. Mr. Eby presented a proposal from Brian Gardens for landscape maintenance services for an annual total of \$45,559.84 and reviewed same with the Board (**Exhibit E**). He then presented a proposal from Vista for an annual total of \$42,312.00 and reviewed same with the Board, a copy of which is attached to the engineer's report. Mr. Eby stated that Vista did not physically inspect the facilities and believes it would be a good idea before making a decision. The Board concurred to defer action on the matter until next month's meeting.

Mr. Eby reported that he is preparing a proposal for the cleaning and televising of the older sanitary sewer lines in the District and will bring same to next month's meeting for the Board's review.

BOOKKEEPING REPORT

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

STATUS OF INVESTMENTS BY DAWSON FINANCIAL SERVICES

The Board next considered the status of investments by Dawson Financial Services. Ms. Richardson discussed various issues regarding the proposal from Dawson Financial Services noting that, after review and several back-and-forth discussions with Dawson, she does not believe that Dawson fully understands the District's obligations and limitations with respect to the Public Funds Investment Act. Ms. Redden agreed with Ms. Richardson's assessment noting that she had also reviewed the proposal and had similar concerns. She then presented an Investment Proposal (**Exhibit H**) from GK Capital Advisors, LLC ("GK Capital"). She noted that the fee for services is 0.30% of the net yield for investments that are less than \$2,500,000. After discussion, Director Theriot made a motion to enter into a contract with GK Capital for the purchase of securities, authorized MRPC to negotiate the contract with GK Capital, and authorized the District's bookkeeper to move funds as directed, subject to MRPC successfully negotiating and finalizing an agreement with GK Capital for the investment of same. Director Rhodes seconded the motion, which unanimously carried.

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

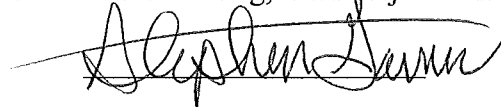
The Board next considered the renewal of the District's insurance coverage for term expiring March 31, 2023. Ms. Richardson distributed the renewal proposals (**Exhibit I**) received from Gallagher relative to property, comprehensive boiler and machinery, commercial general liability and hired car and 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, 2024. The Board discussed increasing the flood insurance coverage. After discussion, Director Theriot made a motion to approve the renewal proposals from Gallagher for the coverage's set out above, with increased flood insurance coverage, and to authorize the President to execute same on behalf of the Board and District. Director Rhodes seconded the motion, which carried unanimously.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. Director Campbell requested an item be added to the agenda for next month's meeting to consider a discussion regarding the purchase of playground equipment for the park from a company named Kompan who has an amenity line targeted to teenaged children.

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". The signature is written in a cursive style with a long horizontal flourish extending to the left.

Secretary, Board of Directors

LIST OF EXHIBITS

February 6, 2023

- Exhibit A Draft Audit
- Exhibit B Tax Assessor Collector's Report
- Exhibit C Patrol Report
- Exhibit D Operator's Report
- Exhibit E Engineering Report
- Exhibit F Proposal from Brian Gardens
- Exhibit G Bookkeeping Report
- Exhibit H Proposal from GK Capital Advisors, LLC
- Exhibit I Insurance Proposal from Gallagher