

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
October 7, 2013

ACTIONS TAKEN

1. The Board of Directors ("Board") voted to approve the minutes of the September 9, 2013, meeting.
 2. The Board authorized the redemption of the District's outstanding Unlimited Tax Bonds, Series 1995, and to provide notice relative to same.
 3. The Board adopted an Order levying its 2013 tax rate.
 4. The Board amended its District Information Form in connection with the adoption of the 2013 tax rate.
 5. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including payment of the bills associated therewith.
 6. The Board approved the required documentation for tax payments in accordance with Payment Card Industry Data Security Standards.
 7. The Board approved painting and mechanical cleaning for District fire hydrants.
 8. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C.
 9. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
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The Board of Harris County Municipal Utility District No. 286 ("District") met in regular session at the Board's regular meeting place, 8015 FM 1960 West, Houston, Harris, County, Texas 77070 on October 7, 2013, 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
Paul D. Nicosia, Vice-President
Michael Rhodes, Secretary
Steve Garner, Assistant Secretary
Rosalind Theriot, Assistant Secretary

All of said persons were present, therefore constituting a quorum.

Also present were Sergeant James Rouse and Deputy Joseph Martino of the Harris County Constable's Office, Precinct No. 4; 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"); Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Ed Jones of Hewlett Packard ("HP"); Paul Vangrieken and Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Michael Murr of Park Rangers, LLC ("Park Rangers"); and Kara Richardson of Marks Richardson PC ("MRPC").

President Geaslen called the meeting to order at 6:00 p.m. and declared same open for such business as might properly come before it.

APPROVAL OF MINUTES

The Board considered approval of the minutes of the Board of Directors meeting held on September 9, 2013. After discussion, Director Rhodes moved that the minutes of the September 9, 2013, Board of Directors meeting be approved, as written. Director Nicosia seconded said motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). In connection therewith, Deputy Martino reported that an adult male committed suicide at the Park and that the case has been referred to detectives.

Deputy Martino and Sergeant Rouse exited the meeting at this time.

PROPOSAL FOR PARK MAINTENANCE

The Board next considered a proposal for park maintenance by Park Rangers, LLC. In connection therewith, Mr. Murr introduced himself to the Board, distributed the attached materials relating to his company (**Exhibit B**), and reviewed his proposed services with the Board. A discussion next followed regarding the current Park maintenance and landscaping services. Mr. Murr noted that he surveyed the park and listed several items at the park that needed attention.

Director Geaslen stated the Board preferred to directly pay contractors rather than utilizing them as subcontractors and paying a markup. Mr. Murr exited the meeting at this time. After discussion, the Board concurred to authorize Ms. Richardson to solicit a bid from Park Rangers, LLC, for park maintenance services.

REDEMPTION OF SERIES 1995 BONDS

The Board next considered authorizing the redemption of the district's outstanding Unlimited Tax Bonds, Series 1995, and providing notice to the Paying Agent relative to same. Ms. Richardson noted that Mr. Shepherd of RBC Dain Rauscher, Inc. recommended at the last meeting that the Board call for redemption the 2014 and 2015 maturities of the Series 1995 Bonds totaling \$435,000 in principal amount. Ms. Richardson stated that she spoke with the Bank of New York Mellon Trust ("BONY"), the Paying Agent for the Series 1995 Bonds, and that BONY recommended setting a redemption date of November 15, 2013. After discussion on the matter, Director Nicosia made a motion to (i) authorize the redemption, prior to maturity, of the District's remaining outstanding Unlimited Tax Bonds, Series 1995, with such redemption to occur on November 15, 2013; (ii) approve the Resolution Authorizing Redemption of Bonds; (iii) approve the Notice of Bond Redemption relative to the Series 1995 Bonds and authorize transmittal of same to BONY with instruction for BONY to send such notices to the holders of the outstanding Series 1995 Bonds in accordance with the Order of the District approving the sale of such Bonds; (iv) authorize the President to execute all documents in connection therewith; and (v) authorize the District's consultants to do whatever necessary to effect the redemption of such Bonds. Director Garner seconded said motion, which unanimously carried.

PUBLIC HEARING

The Board next conducted a public hearing relative to the District's proposed 2013 maintenance tax rate. Mr. Arterburn presented a copy of the proposed tax rate publication and advised that same had been published in accordance with state law requirements. In connection therewith, the President announced the hearing open and invited members of the public to address the Board on the proposed 2013 maintenance tax rate. Seeing no members of the public wishing to speak, the President then announced the hearing closed.

ADOPTION OF 2013 TAX

The Board next considered the adoption and levy of the District's 2013 proposed maintenance tax rate. After discussion on the matter, Director Nicosia moved that the Board levy a 2013 maintenance tax rate of \$0.18 per \$100 of assessed valuation and that the Order Levying Taxes be adopted in connection therewith (**Exhibit C**). Director Garner seconded said motion, which carried unanimously.

APPROVAL OF DISTRICT INFORMATION FORM

Ms. Richardson next presented and reviewed with the Board an Amendment to the Second Amended and Restated District Information Form in connection with the 2013 tax rate. After discussion regarding said Amendment, Director Theriot moved that same be approved and that the

Board members present be authorized to execute same. Director Rhodes seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. In connection therewith, Mr. Mike Arterburn presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit D**) dated September 30, 2013. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Nicosia moved that the Tax Assessor-Collector Report be approved as presented, and that the checks identified in said report be approved for payment. Director Rhodes seconded said motion, which carried unanimously.

PAYMENT CARD INDUSTRY DATA

The Board next considered the approval of required documentation for tax payments in accordance with Payment Card Industry Data Security Standards ("PCIDSS"). In connection therewith, Mr. Arterburn explained that credit card companies are now requiring their third-party vendors to verify compliance with PCIDSS for all end users and, accordingly, the District, as an end user, is required to verify compliance. Ms. Richardson stated that she has reviewed all of the documentation and that she found no issues with respect to same. Mr. Arterburn stated that he completed the questionnaire on behalf of the District. After discussion, Director Theriot made a motion to approve the required documentation, as set out above, and authorize the President to execute the questionnaire on behalf of the Board. Director Garner seconded said motion, which carried unanimously.

ADVANTAGE SECURITY INTEGRATION

The Board next considered the status of the installation of a security system at District facilities by Advantage Security Integration ("Advantage"). In connection therewith, Ms. Richardson stated the contract is still being negotiated. Mr. Eby reported he received the attached bid from Advantage (**Exhibit E**) to add security features at Water Plant No. 2 for a total of \$5,609.75. Mr. Eby also noted that he negotiated a monitoring fee of \$1,000 per month. After discussion, the Board concurred to defer approving the contract until next month.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report. In connection therewith, Mr. Thiry presented and reviewed the attached Operations and Maintenance Report (**Exhibit F**) dated October 4, 2013.

Mr. Thiry reported that EDP completed various significant repairs to Water Plant #1 during the month, and that they replaced a fire hydrant on Hwy 249.

Mr. Thiry next reported that online payment options for customers in the District are scheduled to be available October 21 and recommended that information regarding the new options be added to the next water bill.

Mr. Thiry next stated that he met with Mr. Eby regarding the painting and rust removal (mechanical cleaning) for the hydrants. In connection therewith, Mr. Thiry reported that the painting and mechanical cleaning can be completed for approximately \$5,000.00. After discussion on the matter, Director Nicosia made a motion to authorize the work on the hydrants, as set out above. Director Garner seconded said motion, which carried unanimously.

Mr. Thiry next reported that EDP is working with Lone Star and Eby Engineers to facilitate the installation of backflow prevention devices for the domestic and fire water supply to the Central Plant.

Mr. Thiry next reported that EDP has completed the installation of taps for the Energy and Manufacturing Institute on the Lone Star campus.

A discussion next followed regarding the Waste Water Treatment Plant capacity. In connection therewith, Mr. Eby stated that the increased development in the District has decreased the available capacity in the District's waste water treatment plant and that the Texas Commission on Environmental Quality will require the District to begin the preparation of plans to expand the plant if the District hits 75% of its permitted usage for three consecutive months.

Mr. Thiry next reported that the mobile generator has been tested at all lift stations in the District.

Mr. Thiry next reported that, after evaluating the lifts stations with Mr. Eby, they both agree that the lift station located at the HP facility needs complete rehabilitation and that the other lift stations could benefit from some minor repairs. Mr. Thiry and Mr. Eby noted that they will work on an estimate to present to the Board in the next couple of months.

After discussion, Director Rhodes moved to approve the Operations and Maintenance Report as presented. Director Nicosia seconded said motion, which unanimously carried.

INDUSTRIAL WASTE ORDER

The Board next considered adopting an Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District. In connection therewith, Ms. Richardson stated that she and Mr. Eby conferred on the matter and that Mr. Eby recommended that the District not adopt the Order at this time as it is not necessary considering the current type of waste being generated within the District. Mr. Eby noted that the Order would be more appropriate for districts that have industrial users with a high volume of industrial waste. After discussion on the matter, the Board concurred to take the item off of future agendas.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the attached Engineer's Report (**Exhibit G**).

Mr. Eby reported that NTS lowered the bill for the parking lot light repair to \$200.00 from the previous invoice totaling \$800.00.

Mr. Eby next reported that Servpro sent an invoice in connection with the park cleanup totaling \$950.

Mr. Eby next reported that he has requested an exemption from the TCEQ for the plan submittal for the fluoride injection system because the Texas Fluoridation Project Standard Design was followed. He noted that there may be additional sampling requirements required as a result of the addition of fluoride into the District's water.

Mr. Eby next reported that he is almost done reviewing the plans for Chasewood Park.

The Board next considered the status of the contract with Brian Gardens for landscaping and mowing. After discussion, the Board concurred to defer any action and to take the item off of future agendas.

DROUGHT CONTINGENCY PLAN

The Board next considered the status of an amendment to the District's Drought Contingency Plan. In connection therewith, Director Geaslen stated that he would like to amend the Drought Contingency Plan to remove the penalties outlined in Stage 3 of the plan. Director Geaslen stated that he will follow up with Ms. Richardson to draft the proposed changes for the Board's consideration next month.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed the attached Bookkeeping Report (**Exhibit H**), including the checks presented for payment. Mr. Eby stated that he will revise the capital project expense projections and will have an updated budget ready by December 1st. After discussion, Director Nicosia moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Theriot seconded said motion, which carried unanimously.

DEVELOPERS' REPORTS

HP

The Board next considered development in the District by HP. In connection therewith, Mr. Eby reported that an access road may encroach on the installation of a water meter. Mr. Jones stated he will forward the easement description to Ms. Richardson for her review.

Mr. Jones next reported that TCH Northwest Associates, Lone Star and HP have formed the Compaq Center Drive West Road Association, and that the companies have dedicated their private roads to the Association for maintenance.

GENESIS CAPITAL PARTNER, L.L.C.

The Board next considered development in the District by Genesis. In connection therewith, Mr. Vangrieken reported that Genesis will close on the land at the end of the week but still needs to finalize the Storm Water Quality Permit and access road.

CENTRE AT CYPRESS CREEK

The Board deferred consideration of the development in the District by the Centre at Cypress Creek as no representative was present to discuss same.

LONE STAR

The Board deferred consideration of the development in the District by Lone Star as Director Garner noted there was nothing to report.

TCH NORTHWEST ASSOCIATES ("TCH")

The Board next deferred consideration of the development in the District by TCH as no representative was present to discuss same.

AMENDMENT OF RATE ORDER

The Board next considered amending the Rate Order. In connection therewith, Director Geaslen recommended the Board lower the residential water rates since the commercial rates have previously been lowered. The Board reviewed a copy of the current residential rates (**Exhibit I**). Director Garner suggested that item (b) could be removed and merged with item (a). Director Theriot stated that she would not change anything since the District already pays the surface water fee. After discussion, the Board concurred to defer amending the Rate Order and to take the item off of future agendas.

WATER CONSERVATION MEETING

The Board next considered a discussion on the Water Conservation Meeting held on October 1, 2013. In connection therewith, Director Theriot reported that there was a good turnout for the meeting.

DISASTER RECOVERY PLANS

The Board next considered Disaster Recovery Plans for district consultants. In connection therewith, Ms. Richardson stated that she will email each of the consultants in regards to drafting a succession plan.

DISTRICT WEBSITE

In connection with the District's website, a discussion followed relative to posting a copy of the District's Drought Contingency Plan. After discussion, the Board concurred to defer posting a copy of same until the plan has been amended as discussed earlier in the meeting.

ADJOURNMENT OF BOARD MEETING

The Board next considered matters for possible placement on future agendas.

There being no further business to come before the meeting, it was adjourned.



Secretary

LIST OF EXHIBITS

October 7, 2013

- Exhibit A. Security Report
- Exhibit B. Park Rangers, LLC Packet
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Order Levying Taxes
- Exhibit E. Bid from Advantage Security Integration
- Exhibit F. Operations and Maintenance Report
- Exhibit G. Engineer's Report
- Exhibit H. Bookkeeping Report
- Exhibit I. Residential Rate Order Excerpt