

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
July 1, 2013

ACTIONS TAKEN

1. The Board of Directors ("Board") voted to approve the minutes of the June 3, 2013, meeting as written.
 2. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C. ("UTS"), including payment of the bills associated therewith.
 3. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C. ("EDP").
 4. The Board approved and authorized the payment of Pay Estimate No. 2 and final totaling \$1,900.00 from Blastco Texas, Inc. ("Blastco") in connection with the painting at Water Plant No. 2.
 5. The Board approved the Engineering Report as presented by Eby Engineers, Inc. ("Eby").
 6. The Board approved entering into an agreement with American Enerpower ("Enerpower") to obtain electricity service to the District and authorized President to sign a 58 month contract for electric power.
 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 concurred to require a \$7,500 deposit from Genesis Capital Advisors L.L.C. ("Genesis") to cover the costs of the plan review.
 9. The Board approved a Utility Commitment Letter to Genesis for Five Chasewood development.
 10. The Board concurred to not enter into agreement with TCH Northwest Associates ("TCH") for the maintenance of the detention pond.
 11. The Board approved an amendment to the Rate Order.
 12. The Board authorized the completion, execution and filing of the Voting System Annual Filing Form.
 13. The Board approved the request from the Records Management Officer to destroy notes of Board of Director's meeting from January 3, 2012 to January 9, 2013.
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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 July 1, 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.; Andy Phelps of Environmental Development Partners, L.L.C.; Michael Arterburn and Mike Arterburn of Utility Tax Service, L.L.C.; Paul Vangrieken and Kevin Drewes of Genesis Capital Advisors, L.L.C ("Genesis"); Mike Harrington of American Enerpower ("Enerpower"); and David Marks 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 June 3, 2013. After discussion, Director Theriot moved that the minutes of the June 3, 2013, Board of Directors meeting be approved as written. Director Rhodes seconded said motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report. Deputy Martino reported on recent District activity as noted in the report previously circulated to the Board via email.

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

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 A**) dated June 30, 2013. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Theriot 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.

COLLECTION OF DELINQUENT TAXES

The Board next deferred authorizing Perdue, Brandon, Fielder, Collins, & Mott, L.L.P to pursue the collection of delinquent taxes for 2012 and prior years.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report. In connection therewith, Mr. Phelps presented and reviewed the attached Operations and Maintenance Report (**Exhibit B**) dated June 26, 2013.

Mr. Phelps reported that EDP completed the installation of the supplemental chemical feed system for adding chloramines to the ground storage tanks at the Water Plant.

Mr. Phelps next reported that the Consumer Confidence Reports ("CCR") were included in the water bills mailed June 7 to the customers in the District.

Mr. Marks next presented to the Board attached correspondence received during the month from the TCEQ regarding a new total coliform rule sampling requirement for the District (**Exhibit C**). Mr. Phelps noted that the total minimum number of monthly samples required to submit will rise from 2 samples to 8 samples effective August 1, 2013, and that EDP has schedule the additional sampling.

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

ELECTRICITY SERVICE PROVIDERS

The Board next deferred discussing options relative to electricity service providers until later in the meeting.

ALTERNATIVE PAYMENT PROGRAM

The Board next deferred discussing the status of implementation of an alternative payment program for the payment of customer water bills as MRPC had received the documents today and had not yet reviewed.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the attached Engineer's Report (**Exhibit D**) dated July 1, 2013.

Mr. Eby next reported on the recoating of Water Plant No. 2 by Blastco and noted that the project is almost complete with the exception of some minor touch-up painting. Mr. Eby presented for the Board's approval Pay Estimate No. 2 and final for \$1,900.00. After discussion, Director

Theriot made a motion to approve payment of Pay Estimate No. 2 to Blastco as set forth above. Director Rhodes seconded said motion, which carried unanimously.

Mr. Eby next reviewed the report and invoice from Jeff Cummins in regards to the inspection of the flare at Water Plant No. 1. He noted that Mr. Cummins will be back to test the water table level.

Mr. Eby next reviewed the various invoices relative to the Park and Trail maintenance. He reported he received a proposal for the tree removal which was authorized by Director Geaslen and is now in progress. He also reported that the light may be repaired but received a quote of \$1,200 to replace from NTS.

Mr. Eby next presented to the Board the attached letter sent to Lone Star College regarding the proposed EMI building and the waste disposal for the building **(Exhibit E)**. He reported that the waste will not be allowed to flow into the District's wastewater collection and treatment facilities and Lone Star will be required to haul the waste offsite and dispose of it through alternative means.

Mr. Eby next reported on the status of a generator shelter for the District's portable generator. In connection therewith, he stated that the generator will be left at the water plant and requested that the matter be taken off any further agendas. Director Geaslen requested that Mr. Eby prepare cost estimates for placing a generator at each lift station.

Mr. Eby next reported that the fluoride treatment project is in process of being installed.

After discussion, Director Theriot moved that the Engineering Report, and the invoices set forth therein, be approved as presented. Director Rhodes seconded said motion, which unanimously carried.

Mr. Harrington entered the meeting at this time.

ELECTRICITY SERVICE PROVIDERS

The Board next discussed obtaining proposals from electricity service providers for electricity to serve the District. In connection therewith, Mr. Harrington addressed the Board and reviewed the attached proposal for services and rates for the District **(Exhibit F)**. He noted that Enerpower currently represents 60 districts and roughly 900 other entities as broker/consultant for obtaining electrical service. Mr. Harrington advised that the District's existing electricity contract ends December of 2013. A discussion followed regarding contract strategies and potential savings and Mr. Harrington reported that he could currently secure a contract for 58 months at an approximate rate of .0564 per kWh.

Mr. Harrington left the meeting at this time.

Mr. Eby next reviewed with the Board the direct to supplier rates by the District's current electricity provider, Champion. After discussion on the matter, Director Nicosia moved that the

Board utilize the services of American Enerpower to negotiate an electricity contract on terms similar to those set out above and that the President be authorized to execute contracts relative to the same. Director Rhodes seconded said motion, which carried unanimously.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed the attached Bookkeeping Report (**Exhibit G**) dated July 1, 2013, including the checks presented for payment. After discussion, Director Rhodes moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Nicosia seconded said motion, which carried unanimously.

DEVELOPERS' REPORTS

HP

The Board deferred consideration of development in the District by HP after noting that no representative of HP was present at today's meeting.

GENESIS CAPTIAL PARTNER, L.L.C. ("GENESIS")

The Board considered development in the District by Genesis and received a capacity request to serve the Five Chasewood development. In connection therewith, Mr. Vangrieken reported that Genesis will be closing on the hotel property in August and that Dannenbaum Engineering, Inc. is designing plans to extend the water and sanitary sewer lines. He requested that the District's engineer review the plans as soon as possible.

Mr. Eby next recommended that the Board require Genesis to deposit \$7,500 to cover the costs of the review of the plans for the access road for the hotel, the plans for the storm sewer construction and the plans for the 5 Chasewood development. After discussion the Board concurred that the deposit should be submitted as set out above. Mr. Vangrieken stated he will deliver the deposit fee to the District's bookkeeper tomorrow.

The Board next considered a request from Genesis for water and sanitary sewer capacity to serve the Five Chasewood development in the District. In connection therewith, Mr. Vangrieken noted that 237,000 square feet have been leased and the plans for the design should be finished by the end of the week and that construction should begin mid-September. Mr. Eby noted that the District does not have sufficient lift station capacity to serve the proposed development and advised that the lift station will need to be modified before the District can accommodate the request. Mr. Marks presented a proposed Utility Commitment Letter ("UCL") setting forth the terms and conditions of the proposed capacity commitment, including the requirement for modifications to the lift station, and recommended that the Board approve the commitment based upon said terms and conditions and execute the proposed UCL as presented. After discussion, Director Garner moved that the utility commitment request with Genesis be approved as set forth above, based upon the terms and conditions set forth in the UCL and that the President be authorized to execute the

UCL on behalf of the Board and District. Director Rhodes seconded said motion, which unanimously carried.

Mr. Eby noted that the storm sewer line plans will be submitted for review soon and that construction needs to be completed by October 1.

CENTRE AT CYPRESS CREEK

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

LONE STAR

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

TCH NORTHWEST ASSOCIATES ("TCH")

The Board next considered the development in the District by TCH. A discussion followed regarding the detention pond for the Noble Energy Center Two building and the request for the District to enter into agreement with TCH for maintenance and water supply. Director Geaslen noted that since the building is in Malcomson Road MUD, TCH should enter into agreement with them instead of the District. Mr. Marks presented the attached email correspondence regarding the same (**Exhibit H**). After discussion, Director Nicosia moved that the Board not participate in the maintenance agreement for the detention pond. Director Rhodes seconded said motion, which unanimously carried.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order with respect to the commercial water rate structure provisions. In connection therewith, Director Geaslen noted that the District has not increased the rates billed to commercial customers in many years and proposed changing the water and sewer rate structures. Mr. Marks passed out and reviewed with the Board the attached current rates (**Exhibit I**). After discussion on the matter, Director Rhodes moved that the Board adopt a new commercial water rate structure of \$2.00/1000 gallons for usage over 10,000 gallons to be effective August 1, 2013. Director Theriot seconded said motion, which carried unanimously.

VOTING SYSTEM ANNUAL FILING FORM

Mr. Marks next discussed for the Board's information and approval a Voting System Annual Filing Form ("Form") from the Secretary of State's Office (**Exhibit J**). He advised that pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the Secretary of State's Office. After discussion on the Form, Director Rhodes moved that same be approved and that MRPC be

authorized to file same with the Secretary of State's Office, as required by law. Director Theriot seconded said motion, which unanimously carried.

RECORDS DESTRUCTION REQUEST

The Board next considered the approval of destruction of notes of Board of Directors meetings from January 3, 2012, to January 9, 2013, in accordance with the Records Retention Schedule for General Records. Mr. Marks presented the attached request of the Records Management Officer with attached list of records (**Exhibit K**) and advised that the time limitations for retention had passed for all records listed, that, to the best of her knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Garner moved that the destruction of said notes be authorized as requested in accordance with the provisions of the District's Records Management Program and said Schedule. Director Theriot seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

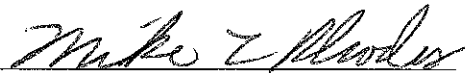
The Board next considered the attorney's report. Mr. Marks reported that the transition of legal counsel from Schwartz, Paige & Harding L.L.C. to MRPC is complete. Mr. Marks also discussed the existing three party tax attorney agreement. The Board requested that termination of said agreement and approval of a new agreement be placed on the agenda of the August meeting.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot advised that she has nothing new to report concerning same. After discussion, Director Theriot requested that MRPC add a link from its website to the District's web site.

ADJOURNMENT OF BOARD MEETING

Citing no further business to come before the Board at this time, Director Theriot made a motion to adjourn at 7:25 p.m., duly seconded by Director Rhodes, which carried without dissent.


Secretary

LIST OF EXHIBITS

July 1, 2013

- Exhibit A. Tax Assessor-Collector's Report
- Exhibit B. Operations and Maintenance Report
- Exhibit C. TCEQ Letter
- Exhibit D. Engineer's Report
- Exhibit E. Letter to Lone Star regarding EMI Building
- Exhibit F. American Enerpower Proposal
- Exhibit G. Bookkeeping Report
- Exhibit H. TCH Email Correspondence
- Exhibit I. Rate Order Rates
- Exhibit J. Voting Systems TCEQ Letter
- Exhibit K. Records Destruction Request