

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
February 3, 2014

ACTIONS TAKEN

1. The Board of Directors (“Board”) voted to approve the minutes of the January 6, 2014, meeting, as written.
2. The Board approved the Interlocal Agreement for Law Enforcement Services with Harris County.
3. The Board approved the opening of the new café and conference center at Hewlett Packard contingent upon the required modifications being complete within 180 days.
4. 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.
5. The Board approved and adopted a Resolution Concerning Exemptions from Taxation granting an exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older and a 20% residential homestead exemption for the year 2014.
6. The Board approved the installation of 2 additional cameras at Water Plant #1 and 4 additional cameras at the sewer plant by Advantage Security Integration.
7. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C. “(EDP)”
8. The Board approved the replacement of 2 signs at the park by Signquick at a cost of \$300.00.
9. The Board approved the repair of 6 items from Mr. Eby’s park checklist by Vista for a cost of \$845.00
10. The Board approved the painting of the Lift Station by Blastco, if needed.
11. The Board approved the Engineering Report presented by Eby Engineers, Inc.
12. The Board approved the amendments to the District’s Drought Contingency Plan.
13. The Board approved the Bookkeeper’s Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment and the reimbursement of expenses from attending the Association of Water Board Directors conference.

14. The Board approved the Resolution Adopting List of Qualified Brokers.
 15. The Board adopted the Order Calling Election in connection with the May 2014 Director Election and 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, and approved the use of paper ballots to the exclusion of electronic voting equipment.
 16. 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 said election.
 17. The Board approved to pay election officers \$20.00 per hour in connection with the May 2014 Director Election.
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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 February 3, 2014, 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"); Brian Peavy of Advantage Security Integration ("Advantage"); Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Ed Jones of Hewlett Packard ("HP"); 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 January 6, 2014. After discussion, Director Rhodes moved that the minutes of the January 6, 2014, Board of Directors meeting be approved, as written. Director Theriot 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 presented the report and stated that there was not much activity to report this month, other than the items listed in the report.

The Board next considered the approval of the Interlocal Agreement for Law Enforcement Services with Harris County. In connection therewith, Ms. Richardson reviewed the same with the Board and noted there is no change in cost from the previous year. After discussion on the matter, Director Theriot moved that said Agreement be approved and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Nicosia seconded said motion, which unanimously carried.

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

DEVELOPERS' REPORTS

HP

The Board next considered the status of development in the District by HP. In connection therewith, Mr. Jones reported that the new café and conference center will be opening February 10th. Mr. Eby reported that the District inspected the development and noted that HP needs to install backflow prevention and a sampling well, and that the addition will require an additional 2100 gallons per day water capacity. Mr. Eby stated that he will need to draw up plans for the backflow prevention and sampling well so those items will not be installed in time for the scheduled opening of the café. Mr. Jones stated that the café and conference center is scheduled for grand opening February 10th and asked that the Board approve the opening of same contingent upon the backflow and additional capacity being installed within 180 days. After discussion on the matter, Director Rhodes made a motion to approve the opening contingent upon the installation of such items within 180 days. Director Theriot seconded said motion, which carried unanimously. Mr. Eby stated that he and Ms. Richardson will draft a letter agreement to HP outlining the details of the opening and contingencies.

GENESIS CAPITAL PARTNER, L.L.C.

The Board next considered development in the District by Genesis. In connection therewith, Mr. Drewes stated he had nothing new to report.

CENTRE AT CYPRESS CREEK

The Board next 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 next considered development in the District by Lone Star. In connection therewith, Mr. Eby reported that a coffee bar is being constructed and that he will check the valves and backflow preventer at the Central Plant relative to same.

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.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. In connection therewith, Mr. Arterburn presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit B**) dated February 3, 2014. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Garner moved that the Tax Assessor-Collector Report be approved as presented, and that the

checks identified in said report be approved for payment. Director Theriot seconded said motion, which carried unanimously.

A discussion next followed regarding the charge from Aerial Viewpoint Aerial Photography (“Aerial”) for an aerial photo. Mr. Arterburn stated that they order an updated aerial each year to verify new improvements on the ground. He stated he will bring the aerial for the Board’s review once it is complete.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board next considered granting exemptions from taxation for 2014. In connection therewith, 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. After discussion on the matter, Director Nicosia moved that 1) an exemption from ad valorem taxation on residential homesteads for persons under a disability or sixty-five years of age or older be granted for the year 2014, 2) that a 20% residential homestead exemption be granted for the year 2014, and 3) that the Resolution relative to same be approved and adopted by the Board and District (**Exhibit C**). Director Rhodes 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. In connection therewith, Mr. Peavy introduced himself to the Board and reported that 3 of the 4 sites are currently up and operational. Mr. Eby stated that he examined the invoices sent by Advantage and found that 2 speakers listed on said invoices, have not yet been installed. He stated that he will hold the checks for payment for those invoices until the work is complete. He also reported that he found that 2 cameras that have been installed do not work well and that there is no internet connection at the Water Plant and that a connection must be installed for monitoring purposes. Director Geaslen instructed Mr. Eby to will contact Comcast regarding installing a connection.

Director Geaslen next stated that he is concerned with people hanging out at the park at night after the park is closed and requested that Advantage utilize the loud speaker to inform them that the park is closed. He next asked Mr. Peavy to provide a monthly report regarding the system and any incidents reported. Mr. Peavy stated that there have been no incidents yet and will start generating a report for next month’s meeting. Director Geaslen requested that the report also contain record of all communications made by the monitoring company to trespassers or violators. Mr. Eby stated he will forward the internet link to the Board so that they can view the camera feeds.

Mr. Eby next reported that the speaker by the skate park does not have a wire to it and noted that the initial proposal was based on the assumption that the wiring was already in place. Mr. Peavy stated he will get the cost of running a wire to that speaker. He also recommended that the District install 2 additional cameras at Water Plant #1 and 4 additional cameras at the Wastewater plant. After discussion on the matter, Director Garner made a motion to approve the installation of

the 6 additional cameras, as set out above. Director Rhodes seconded said motion, which carried unanimously.

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 D**) dated February 3, 2014.

Mr. Thiry reported that EDP completed various significant repairs during the month. He stated that EDP performed preventive maintenance on the generator for Water Plant #2 and the Wastewater Plant. He further reported that EDP repaired the controls for Lift Pump #2 at Lift Station #2.

Mr. Thiry next reported that the new online payment options for customers in the District is working well and has had 41 online transactions during the most recent monitoring period.

Mr. Thiry next reported that the installation of a 6-inch water line from the water plant to the near cul-de-sac has begun and should be completed this week.

Mr. Thiry next reported on the status of the Lift Station #2 rehabilitation work. In connection therewith, Director Geaslen stated that he has some concerns regarding the ability of large equipment to fit and operate on the site if the fence is moved 20 feet as has been proposed. Mr. Eby stated that the fence needs to be moved because, as currently configured; vehicles are forced to park on the street when there is more than one vehicle at the site. He further stated that the fence could probably be temporarily moved, if needed, or that EDP could put in an additional gate to create a removable section. He stated that he and Mr. Thiry will take the generator over to the Lift Station #2 to see how much room is left when the generator is on site and will come up with additional options to present to the Board.

Mr. Thiry next reported that there was a violation of the wastewater plant discharge permit during the month of December for Total Suspended Solids Daily Maximum limit and that correspondence was sent to the TCEQ regarding same. Mr. Thiry stated that this issue is likely attributable to a composite sampler tube issue.

Mr. Thiry next reported that the light fixtures on the gazebo were replaced during the month.

Mr. Eby next asked about the fluoride monitoring. Mr. Thiry discussed the fluoride monitoring and noted that it is checked daily at the Ground Water Storage Tank.

Ms. Richardson next reported that the North Harris County Regional Water Authority (the "NHCRWA") sent out correspondence during the month (**Exhibit E**) outlining a fee increase for surface water. She stated that the rate will go up to \$2.45 per 1,000 gallons from its current \$2.20 per 1,000 gallons effective as of April 1, 2014. The board next discussed various flyers available from the NHCRWA and requested that Director Theriot and Mr. Thiry investigate the options.

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

ENGINEERING REPORT

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

Mr. Eby next presented 1 invoice from Brian Gardens relative to maintenance completed in the District.

Mr. Eby next presented and reviewed with the Board the results from his inspection of the Park last month and a check list of items needing maintenance or repairs, a copy of which is attached to Exhibit F. In connection therewith, Mr. Eby stated that he received a proposal from Signquick for the installation of a 'Park Rules' sign as well as a 'No Dogs Allowed' sign for a cost of \$300.00, replacement of which was authorized at the last Board meeting. After discussion on the matter, Director Nicosia made a motion to approve the proposal and authorize same. Director Garner seconded said motion, which passed with Director Geaslen abstaining.

Mr. Eby next presented a proposal from Vista, which would address six of the items on the checklist, for a cost of \$845.00. After discussion on the matter, Director Rhodes made a motion to approve the proposal and authorize same. Director Garner seconded said motion, which carried unanimously.

Mr. Eby next reported that the semi-annual inspection of the playground equipment will be scheduled this month and that he has asked the inspector to give a quote on fixing the fitness equipment.

Mr. Eby next presented a proposal from Blastco for the painting at the lift station and requested that the Board approve same, contingent Mr. Eby determining that said painting is necessary. After discussion, Director Rhodes made a motion to approve the proposal and authorize same, as set out above. Director Garner seconded said motion, which carried unanimously.

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

DROUGHT CONTINGENCY PLAN

The Board next considered an amendment to the District's Drought Contingency Plan. In connection therewith, Ms. Richardson presented and reviewed the proposed changes with the Board (**Exhibit G**). After discussion on the matter, Director Nicosia made a motion to approve the proposed changes to the Drought Contingency Plan. Director Theriot 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 H**), including the checks presented for payment. After discussion, Director Nicosia moved that the Board approve the Bookkeeper's Report, including the checks presented for payment and that the expenses incurred for the attendance at the recent Association of Water Board Directory Conference be accepted and reimbursed. Director Garner seconded said 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. In that regard, she reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A", (**Exhibit I**). Ms. Richardson noted that the list of brokers was provided by the District bookkeeper, and recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Rhodes moved that the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board. Director Theriot seconded said motion, which unanimously carried.

AMENDMENT OF STRATEGIC PARTNERSHIP AGREEMENT

The Board next considered the status of the amendment to the Strategic Partnership Agreement with the City of Houston. Ms. Richardson stated that she and Mr. Eby are working with the City of Houston regarding same.

RENEWAL OF INSURANCE

The Board reviewed proposals for the renewal of the District's insurance coverage provided by HighPoint Insurance Group, LLC, AquaSurance, LLC, and SIG McDonald & Wessendorff Insurance. After review of the proposals, the Board requested that MRPC prepare a spreadsheet with coverage and deductible comparisons for the meeting next month.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot stated that the site is updated for 2013 and is currently working on 2014.

SUPPLEMENTAL AGENDA
CALL DIRECTOR ELECTION

The Board next considered the calling of a Directors Election to be held on May 10, 2014, determining the procedure for giving notice of same, and the adoption of an Order in connection therewith. Ms. Richardson presented the Order calling such election to be held on May 10, 2014, noting that the terms of office of Directors Garner and Theriot will expire in May 2014. Ms. Richardson advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10) days before the election. Ms. Richardson further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. Ms. Richardson explained that, pursuant to Senate Bill 902 passed by the Texas Legislature in the 83rd Regular Session, 2013, the District has the option to utilize paper ballots without the use of electronic voting equipment, and that, if the District chooses to utilize only paper ballots, that notice of same must be published by the District at least 75 days prior to the date of the election. After discussion, Director Theriot made a motion to: 1) adopt the Order Calling Director Election as set forth above, 2) to utilize only paper ballots without the use of electronic voting equipment during the period for early voting by personal appearance and on Election Day, and to publish the required notice relative to same as required by Senate Bill 902, and 3) to give notice of the election by posting at a public place in the District and by posting at the location where notices of the meetings are posted. Director Garner seconded said motion which passed unanimously.

APPOINTMENT OF AGENT

Ms. Richardson next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion on the matter, Director Theriot moved that the Notice of Appointed Agent appointing the law office of Marks Richardson PC as agents be adopted, that the President and Secretary be authorized to execute the Notice on behalf of the Board and the District, and that the attorneys of the District be instructed to handle the mechanics of said election. Director Rhodes seconded said motion which unanimously carried.

COMPENSATION

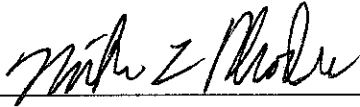
The Board next considered the compensation to be paid to the election officials. After discussion on the matter, Director Theriot made a motion to authorize the election officials to receive \$20.00 per hour to work the election. Director Rhodes seconded said motion, which carried unanimously.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. In connection therewith, the Board requested to add a monthly report from Advantage Security Integration to future agendas.

ADJOURNMENT OF BOARD MEETING

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



Secretary

LIST OF EXHIBITS

February 3, 2014

- Exhibit A. Security Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Resolution Concerning Exemptions from Taxation
- Exhibit D. Operations and Maintenance Report
- Exhibit E. NHCRWA Correspondence
- Exhibit F. Engineer's Report
- Exhibit G. Drought Contingency Plan draft
- Exhibit H. Bookkeeping Report
- Exhibit I. List of Authorized Brokers