

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
March 3, 2014

ACTIONS TAKEN

1. The Board of Directors ("Board") voted to approve the minutes of the February 3, 2014, meeting, as written.
 2. 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.
 3. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C.
 4. The Board approved a proposal from Brian Gardens for a tree removal from the park in the amount of \$850.00
 5. The Board approved a proposal from Camino Services for parking lot repairs in the amount of \$3,403.60.
 6. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 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 authorized the District's consultants to research the District's accounts and prepare an Unclaimed Property Reports, if necessary, and file same with the State Comptroller prior to July 1, 2014, deadline.
 9. The Board approved the renewal proposal from AquaSurance, LLC relative to insurance coverage for the term expiring March 31, 2014.
 10. The Board approved the Order Declaring Candidates Elected declaring Directors Garner and Theriot re-elected for an additional term expiring in May 2018.
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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 March 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 Robert Goree 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"); Daniel Forrest of Advantage Security Integration ("Advantage"); Paul Vangrieken and 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 it 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 February 3, 2014. After discussion, Director Rhodes moved that the minutes of the February 3, 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 were three burglaries during the month. Director Theriot asked if it would be better for residents to call 911 or the dispatch if they are in need of assistance. Deputy Martino stated that it would be best to call dispatch.

Deputy Martino next stated that he has modified his patrol activity to accommodate resident complaints that he was spending too much time sitting in his patrol vehicle on Lakewood Crossing. He stated that this modification makes him less visible to the public and that he is unable to monitor traffic in and out of the neighborhood as much as he used to. After discussion on the matter, the Board concurred that he should continue to monitor Lakewood Crossing as he has in the past because it appears that the number of incidents have been increasing since he modified his patrol. Director Theriot asked Deputy Martino to email the Board the next time an incident occurs so that the Board is aware of the situation right after it happens.

Mr. Eby entered the meeting at this time.

The Board next discussed modifying the current patrol hours during the week.

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

Mr. Jones entered 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 HP executed the Letter Agreement with the District regarding the modifications discussed last month in connection with the café opening at HP. Mr. Jones stated that the modifications should be completed within 180 days of the date of the Letter Agreement. He further stated that the cafeteria is now open. Mr. Jones stated that the Consent to Encroachment for the Compaq Owner's Association will be executed and forwarded to MRPC for recording.

GENESIS CAPITAL PARTNER, L.L.C.

The Board next considered development in the District by Genesis. In connection therewith, Mr. Vangrieken presented and reviewed the conversion fee chart with the Board (**Exhibit B**). He stated that the hotel has selected a general contractor and that construction will begin on the storm sewer early next week. Mr. Vangrieken reported that 5 Chasewood is trying to find a tenant.

CENTRE AT CYPRESS CREEK

The Board next considered development in the District by the Centre at Cypress Creek. In connection therewith, Mr. Eby reported that he and Ms. Richardson exchanged emails with a potential developer who has portions of the property under contract, and that the developer was seeking information regarding water and sanitary sewer service to the property.

LONE STAR

The Board next considered development in the District by Lone Star. In connection therewith, Director Garner reported that a new building is projected to open in April. Mr. Eby reported that the Central Plant is almost complete and stated that the lines will be tested tomorrow.

TCH NORTHWEST ASSOCIATES ("TCH")

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

ADVANTAGE SECURITY INTEGRATION REPORT

The Board next considered the status of the installation of a security system at District facilities by Advantage and the monthly monitoring report. In connection therewith, Mr. Forrest of Advantage introduced himself to the Board and stated that he is working on various issues with the installation and monitoring of the system. Mr. Forrest noted that Mr. Eby spoke with Comcast regarding installation of an internet connection at Water Plant #2 and that he is trying to schedule an appointment for such installation. Mr. Forrest stated that the initial service will cost \$200 per month but the District can cancel the service immediately after installation and downgrade to a less expensive option costing \$68 per month.

Mr. Forrest next reported that the internet connection went down at the Park at one point last week. A discussion next followed regarding the appropriate party to deal with Comcast regarding future internet issues. Director Geaslen suggested that Advantage should deal with Comcast to address these types of issues since they are able to see issues as they arise and can call Comcast immediately. Mr. Forrest stated that his company offers a monthly maintenance contract option which includes 24 hour trouble-shooting and response, which would include responding to issues with Comcast. He noted that the cost to cover all 4 sites would be \$415 per month and would cover all security equipment repairs, including parts and labor. After discussion, the Board concurred to evaluate the need for a maintenance contract after the entire system is working effectively and all kinks have been addressed.

Mr. Forrest next stated that Advantage can install cages over the cameras to protect them from vandalism. The Board concurred to have the cages installed per the quote provided to Mr. Eby.

Mr. Forrest next reported that it is difficult to effectively monitor the park during the day because the alarms are motion activated and trip any time a person passes the camera. He noted that the constant daytime activity causes the alarm to trip an average of 200 times per day and that it is not feasible to monitor a park in that manner. Mr. Forrest acknowledged that his company should not have offered that type of service for the park and is unsure as to why the sales representative offered such service. Director Geaslen stated that the monthly monitoring fee should be discounted if Advantage is not monitoring the park 24/7. Director Theriot suggested that Advantage should only monitor the park at night (but continue the 24/7 monitoring at the other 3 sites) and requested that Mr. Forrest bring a revised proposal reflecting such changes.

Mr. Forrest next stated that he will prepare a monthly written report relative to the monitoring of the system and sites. Director Geaslen requested that Advantage also prepare a report listing the night time park activity for the last 30 days along with the 24/7 activity at the other three (3) monitored District sites. Mr. Forrest stated that Mr. Peavy will be the contact for all maintenance and service issues on a going-forward basis.

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 C**) dated March 3, 2014. 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.

Ms. Richardson next presented and reviewed with the Board the report on the collection of delinquent tax accounts received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., dated March 3, 2014 (Exhibit D).

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 E) dated March 3, 2014.

Mr. Thiry reported that EDP completed various significant repairs during the month. He stated that EDP repaired a leaking 8-inch valve in the meter vault at 11175 Compaq Center Drive and repaired the lights on the gazebo at the park. He stated that EDP also replaced a broken 2-inch meter box at the distribution system and installed valves and a water line from the water plant to the distribution system.

Mr. Thiry next reported that the installation of a 6-inch water line from the water plant to the near cul-de-sac has been completed with exception to the sidewalk being completed.

Mr. Thiry next reported on the status of the Lift Station #2 rehabilitation work. In connection therewith, Mr. Thiry stated that the modifications to the lift station gate have not been completed and that he is still working on plans and pricing for the installation of a safety net and stainless steel cable hangars.

Mr. Thiry next reported that the gear box on clarifier #2 began to leak through the seals and that a temporary gear box has been installed until the unit can be repaired. Mr. Thiry noted that the repair will cost approximately \$2,000 - \$3,000.

Director Geaslen next stated that he would like to Mr. Thiry to include a breakdown of the water sold to residential customers on the monthly report.

After discussion, Director Garner moved to approve the Operations and Maintenance Report as presented. Director Rhodes 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 reported that the painting at the lift station on Jones Road by Blastco is slated to begin later this week.

Mr. Eby next reported that there is a tree above the playscape that needed a branch removed and that he coordinated the removal with Brian Gardens for a cost of \$435. He stated that Vista also completed the various repairs for the park that were approved last month for a cost of \$692.25.

Mr. Eby next reported that there is another dead tree in the park that needs to be removed, and he presented a proposal from Brian Gardens in the amount of \$850.00 for removal of such tree. After discussion, Director Rhodes made a motion to authorize Brian Gardens to remove the tree, as set out above. Director Garner seconded said motion, which carried unanimously.

Mr. Eby next presented to the Board a proposal from Camino Services for repairs to the parking lot and walking path at the park for a total cost of \$3,403.60. Mr. Eby stated that Camino will remove and replace the striping and the handicap markings, repaint the existing curb, and repair the asphalt along the walking path in two locations. After discussion, Director Rhodes made a motion to authorize Camino Services to repair the parking lot and walking path, as set out above. Director Garner seconded said motion, which carried unanimously.

Director Geaslen next stated that there is a trashcan located at the end of the trail on Lakewood Forest Drive and requested that Mr. Eby check to see who empties the can.

Mr. Eby next reported that Wade Contracts performed their semi-annual inspection of the playground equipment and will get proposals to EDP relative to the necessary repairs. He stated that he will have the report for the Board next month and recommended that, once everything in the park is repaired, the Board consider having him inspect the park quarterly rather than monthly.

Ms. Richardson next reported that the Board received correspondence during the month from the North Harris County Regional Water Authority (the "NHCRWA") (**Exhibit G**). She stated that the correspondence related to a reporting violation caused by the failure of the NHCRWA to submit Disinfectant Level Quarterly Operating Reports for the Second and Third Quarters of Calendar Year 2013 due to an administrative error.

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

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 Garner moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Theriot seconded said motion, which carried unanimously.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the preparation of an Unclaimed Property Report which is to be filed with the State Comptroller prior to July 1, 2014. After discussion on the matter, Director Rhodes moved that the District's consultants be authorized to research the District's accounts to determine the necessity of preparing an Unclaimed Property Report, and, if such report is necessary, that the District's Bookkeeper be authorized to file same with the State Comptroller prior to July 1, 2014. Director Theriot seconded said motion, which carried unanimously.

AMENDMENT OF STRATEGIC PARTNERSHIP AGREEMENT

The Board next considered the status of the amendment to the Strategic Partnership Agreement with the City of Houston. In connection therewith, Ms. Richardson stated that she has received a tentative timeline from the City of Houston regarding the requirements and deadlines for amending the Strategic Partnership Agreement.

RENEWAL OF INSURANCE

The Board next reviewed proposals for the renewal of the District's insurance coverage provided by HighPoint Insurance Group, LLC, AquaSurance, LLC, and SIG McDonald & Wessendorff Insurance 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, and business travel coverage scheduled to expire on March 31, 2015. In connection therewith, the Board reviewed the attached comparison chart prepared by MRPC (**Exhibit I**). After discussion on the matter, Director Nicosia moved that the renewal proposal from AquaSurance, LLC be approved, and that the President be authorized to execute same on behalf of the Board and District. Director Rhodes seconded said motion, which unanimously carried.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot stated that the site is up to date.

SUPPLEMENTAL AGENDA **CANCEL DIRECTOR ELECTION**

The Board next considered the adoption of an Order Declaring Candidates Elected and the cancellation of the May 10, 2014, Director Election. Ms. Richardson advised that in accordance with Subchapter C, Chapter 2 of the Election Code and Section 2.052 of the Election Code, after 5:00 p.m. on February 28, 2014, the District may cancel the election if each candidate whose name appears on the ballot and/or has registered as a write-in candidate is unopposed in such election, and the Board of Directors of the District can declare such unopposed candidates to be re-elected for an additional term. In that regard, Ms. Richardson presented a certificate declaring all candidates unopposed and the Order Declaring Candidates Elected. After discussion, Director Nicosia moved that the Order be adopted by the Board declaring Directors Garner and Theriot re-elected for an

additional term expiring in May 2018, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Rhodes seconded said motion, which unanimously carried.

ITEMS FOR FUTURE AGENDAS

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

ADJOURNMENT OF BOARD MEETING

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



Secretary

LIST OF EXHIBITS

March 3, 2014

- Exhibit A. Security Report
- Exhibit B. Chasewood Conversion Fee Chart
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Delinquent Tax Report
- Exhibit E. Operations and Maintenance Report
- Exhibit F. Engineer's Report
- Exhibit G. NHCRWA Correspondence
- Exhibit H. Bookkeeping Report
- Exhibit I. Insurance Comparison Chart