

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286**

Minutes of Board of Directors Meeting  
January 7, 2013

**ACTIONS TAKEN**

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1. The Board of Directors ("Board") voted to approve the minutes of the December 3, 2012 meeting as written.
  2. The Board approved the Harris County Constable's Security Patrol Report and changes to the patrol schedule.
  3. 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.
  4. The Board approved a Resolution Concerning Exemption from Taxation.
  5. The Board approved a Resolution Authorizing an Additional Penalty on Delinquent Personal Taxes.
  6. The Board approved a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transaction with the District.
  7. The Board approved the Operations and Maintenance Report presented by Eric Thiry of Environmental Development Partners, L.L.C. ("EDP").
  8. The Board authorized EDP to provide information to entities receiving water from the District in 2012 relative to Consumer Confidence Reporting requirements.
  9. The Board approved the Engineering Report and the invoices presented by Eby Engineers, Inc.
  10. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
  11. The Board authorized Schwartz, Page, & Harding, L.L.P. to solicit a proposal from AquaSurance, L.L.C ("AquaSurance") for renewal of District insurance policies.
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The Board of Harris County Municipal Utility District No. 286 ("District") met at the Board's regular meeting place, 8015 FM 1960 West, Houston, Harris, County, Texas 77070 on January 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, Director

All of said persons were present, except Directors Nicosia and Rhodes, therefore constituting a quorum.

Also present were Sergeant James Blackledge and Sergeant James Rouse 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"); Michael Arterburn of Utility Tax Service, L.L.C.; and Spencer Creed of Schwartz, Page, & Harding, L.L.P. ("SPH").

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 President asked that the approval of past minutes be given first consideration. After review, upon motion made by Director Theriot, seconded by Director Garner, the Board voted unanimously to approve the minutes of the December 3, 2012 meeting, as written.

#### **SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE**

The President recognized Sergeants Blackledge and Rouse, who then reported on recent activities within the District, as noted on the Harris County Constable's Security Patrol Report for December 2012, attached hereto as **Exhibit A**. After discussion, Director Theriot moved that the Security Patrol Report be approved as presented. Director Garner seconded said motion, which carried unanimously.

Sergeants Blackledge and Rouse exited the meeting at this time.

A discussion then ensued regarding possible changes to the patrol schedule. After discussion, Director Theriot moved that the patrol schedule be revised as discussed until the summer months. Director Garner seconded said motion, which carried unanimously. The Board noted that it wished to visit the issue again at the beginning of summer to make any adjustments to the patrol schedule as may be necessary at that time. Director Geaslen requested that Mr. Creed notify the Constable's office of the Board's decision.

## **TAX ASSESSOR-COLLECTOR REPORT**

Mr. Michael Arterburn was next recognized by the President for discussion of the District's tax matters. He disseminated to and reviewed with the Board the Tax Assessor-Collector's Report dated as of December 31, 2012, a copy of which is attached hereto and considered a part of these minutes as **Exhibit B**. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the aforementioned matters, Director Theriot moved that the Tax Assessor-Collector Report be approved as presented, and that the checks, as identified in said report, be approved for payment. Director Garner seconded said motion, which carried unanimously.

## **EXEMPTION FROM TAXATION**

Mr. Creed 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 Section 11.13 of the Tax Code, as amended. After further discussion of the matter, Director Garner moved that the District (a) not grant the residential homestead exemption and (b) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$100,000 from ad valorem taxes levied by the District during the calendar year 2013, and that the Resolution attached hereto as **Exhibit C** relative to same be approved and adopted by the Board and District. Director Theriot seconded said motion, which carried unanimously.

## **RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto as **Exhibit D**. Mr. Creed advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60<sup>th</sup> day, as more fully described in said Resolution. After discussion, it was moved by Director Garner, seconded by Director Theriot and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board, and that Perdue, Brandon, Fielder, Collins & Mott, LLP be authorized to proceed with the collection of the District's 2013 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

## **LIST OF QUALIFIED BROKERS**

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Creed advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board the attached 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, together with a comparison of the list submitted and the list

previously adopted by the Board, copies of which are attached hereto as **Exhibit E**. Mr. Creed further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Garner moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Secretary be authorized to execute same. Director Theriot seconded said motion, which unanimously carried.

### **AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012**

The Board deferred consideration of the District's audit for fiscal year ended September 30, 2012, after Mr. Creed advised that Mr. Mark Roth, the District's auditor, is in process of completing same.

### **OPERATIONS REPORT**

The Board next considered the Operations and Maintenance Report. In connection therewith, Mr. Eric Thiry of EDP presented and reviewed with the Board the Operations and Maintenance Report dated January 4, 2013, a copy of which is attached hereto as **Exhibit F**.

Mr. Thiry advised that the cleaning of the District's effluent basin and lift station located off Jones Road have been completed.

Ms. Redden entered the meeting at this time.

The Board next considered the possibility of implementing an alternative payment program for the payment of water and sewer bills by District customers. Mr. Thiry then presented and reviewed an outline reflecting the costs associated with the program, a copy of which is attached to the Operations and Maintenance Report. He stated that he has received phone calls from residents in the past inquiring about such a program, but noted that it was not a significant number. Mr. Thiry advised that the District would need to have an account with Compass Bank to implement the program. After discussion, Director Theriot moved that EDP be authorized to proceed with the preparation of any necessary program documents, that EDP provide SPH with the necessary documents relative to such program for their review, and that an item for approval of the documents be added to the next agenda. Director Garner seconded said motion, which carried unanimously.

Ms. Redden advised that the District accounts are currently held at Amegy Bank. The Board requested that she research the impact of transferring all District funds held at Amegy Bank to Compass Bank and report back next month.

A discussion ensued concerning water quality in the District. After discussion, Director Theriot moved that Mr. Thiry and Mr. Eby be authorized to work together to provide the Board with various cost-effective options that could improve the nutrients in the District's water system.

## **CONSUMER CONFIDENCE REPORTS**

The Board next considered authorizing EDP to provide required information to districts receiving water through an emergency interconnect relative to Consumer Confidence Reports. Mr. Creed explained that, pursuant to Consumer Confidence Report requirements promulgated by the United States Environmental Protection Agency, the District is required to provide by April 1, 2013, a report containing various information regarding the District's water supply to any other water supplier which has received water from the District through an interconnect during 2012. After discussion, Director Theriot moved that EDP be authorized to provide such information to entities receiving water from the District in 2012. Director Garner seconded said motion, which carried unanimously.

## **ALTERNATIVE PAYMENT PROGRAM**

The Board then deferred consideration of an alternative payment program for payment of customer utility bills as such item was discussed under the Operations and Maintenance Report.

## **ENGINEERING REPORT**

President Geaslen then recognized Mr. Eby for presentation of the Engineer's Report dated January 7, 2013 relative to the status of various projects within the District, a copy of which is attached hereto as **Exhibit G**.

Mr. Eby presented and reviewed a proposal from Brian Gardens Landscape Design and Irrigation, Inc. ("Brian Gardens") in the amount of \$1,695, for the removal of various trees from the park and along Jones Road, a copy of which is attached to the Engineer's Report. Director Theriot stated that she would like Brian Gardens to indicate which trees it recommends to remove whenever it notices same in the District. Mr. Eby stated that he will remind Brian Gardens of the Board's request.

In connection with the construction of the Energy & Manufacturing Institute building at the University Park Campus, Mr. Eby advised that a copy of his plan review letter with noted revisions is attached to his engineering report. Mr. Eby next advised that he had not yet received a deposit from Lone Star College for fees associated with the District engineer's review of engineering plans and materials associated with the project. He stated that he would contact Lone Star College to follow up on same.

In connection with the receipt of the unusually large monthly bill from AT&T concerning phone service at the water plants and which was discussed at the previous meeting, Mr. Eby stated that he had contacted AT&T concerning same. He stated that the bill includes charges related to a data line between both water plants that communicates when it is time for water well no. 2 to turn on. He stated that he believed a wireless connection could be established for that purpose, and that he will research the cost of same.

A discussion next ensued regarding the installation of a programmable logic controller ("PLC") and SCADA system at the District's water plants. Mr. Eby stated that he will obtain proposals on same for the Board's consideration at next month's meeting.

In connection with the security cameras at the plant sites, Mr. Eby stated that Comcast has completed its work relative to same, but that the cameras are still in the process of being set up. The Board next discussed the installation of cameras at the park.

Mr. Eby reviewed with the Board e-mail correspondence recently received from an engineer for Hewlett-Packard Company ("HP") concerning the development of certain recreational facilities within their campus, a copy of which is attached to the engineering report.

After some further discussion, Director Theriot moved that the Engineering Report 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 with the Board the Bookkeeping Report dated January 7, 2013, a copy of which is attached hereto as **Exhibit H**, including the checks presented for payment.

Ms. Redden further discussed the District's operating account balance, total deposits, checks, sales tax payment, investments, and ongoing capital projects. She noted that the most recent sales tax payment from the City of Houston ("City") relative to the District's Strategic Partnership Agreement with the City was in the amount of \$63,815.87. Ms. Redden advised that check nos. 8656 and 8657 to the Texas Commission on Environmental Quality ("TCEQ") are for the regulatory assessment fees on both the District's main public water system account and the Certificate of Convenience and Necessity account obtained for Chasewood.

After discussion, Director Garner moved that the Bookkeeping Report be approved as presented. Director Theriot seconded said motion, which unanimously carried.

### **DEVELOPERS' REPORTS**

#### **HP**

The Board then 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 then deferred consideration of development in the District by Genesis after nothing that no representative of Genesis was present at today's meeting

#### **CENTRE AT CYPRESS CREEK ("THE CENTRE")**

The Board then deferred consideration of development in the District by The Centre after nothing that no representative of The Centre was present at today's meeting

**LONE STAR**

The Board then deferred consideration of development in the District by Lone Star after Director Garner advised that he has nothing new to report concerning same.

**SOLICITATION OF PROPOSALS FOR RENEWAL OF DISTRICT INSURANCE POLICIES**

The Board next considered authorizing solicitation of proposals for renewal of the District's insurance policies. In that regard, Mr. Creed advised the Board that the District's current insurance coverages are provided through AquaSurance, and that such coverages will expire on March 31, 2013. Mr. Creed then asked the Board if it would like SPH to request written proposals from other insurance providers on the District's behalf. After discussion, Director Theriot moved that SPH be authorized to solicit a renewal proposal on behalf of the District from AquaSurance only at this time. Director Garner seconded said motion, which carried unanimously.

**ATTORNEY'S REPORT**

The Board next considered the attorney's report. In connection therewith, Mr. Creed advised the Board that he had nothing further to discuss with the Board of a legal nature which was not covered under specific agenda items.

**DISTRICT WEBSITE**

In connection with the District's website, Director Theriot advised that she has now taken over the management of the District's website.

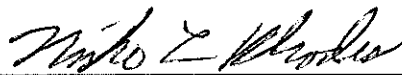
**OTHER MATTERS**

It was noted that Directors Geaslen, Garner, Nicosia and Theriot have been signed up to attend the next Association of Water Board Directors ("AWBD") Conference that will be held in Austin on January 25th and 26th, 2013, on behalf of the District.

Mr. Creed also notified the Board that effective January 2013, SPH has adjusted the hourly rates for himself and Ms. Alice Thai, the primary paralegal assigned to the District. A discussion next ensued concerning same.

**ADJOURNMENT OF BOARD MEETING**

Citing no further business to come before the Board at this time, Director Theriot made a motion to adjourn at 7:15 p.m., duly seconded by Director Garner, which carried without dissent.

  
Secretary

## LIST OF EXHIBITS

- Exhibit A. Draft Interlocal Agreement relative to Cypress Creek Greenbelt Parks and Trails Master Plan Project
- Exhibit B. Harris County Constable's Security Report
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Operations and Maintenance Report
- Exhibit E. Engineer's Report
- Exhibit F. Bookkeeper's Report
- Exhibit G. Operations and Maintenance Report
- Exhibit H. Lone Star's Utility Commitment Request