

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
December 3, 2012

ACTIONS TAKEN

1. The Board of Directors ("Board") voted to approve the minutes of the November 5, 2012 meeting as written.
2. The Board approved a \$5,000 participation level concerning the Cypress Greenbelt Parks and Trails Master Plan Project.
3. The Board approved and ratified its prior action relative to the approval of a Modification to Extend Term of Agreement for Law Enforcement Services through February 28, 2013 with Harris County.
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 the cleaning of the effluent basin at the Wastewater Treatment Plant in the amount of \$2,980.00.
6. The Board approved the replacement of the wire in the generator at Water Plant No. 2 with aluminum wiring, subject to confirmation from a licensed electrician that such metal is an acceptable replacement.
7. The Board accepted a proposal from Southern Flowmeter, Inc. ("Southern Flowmeter") in the amount of \$5,895.00, for the testing of the District's commercial meters.
8. The Board approved the Operations and Maintenance Report presented by Eric Thiry of Environmental Development Partners, L.L.C. ("EDP").
9. The Board concurred in the approval of Pay Estimate No. 6 and Final in the amount of \$17,149.51 by Harris County MUD No. 230 ("No. 230") to Rebel Contractors, Inc. ("Rebel") for the detention pond excavation project to serve Chasewood Technology Park Sec. 2.
10. The Board approved a proposal from Brian Gardens Landscape Design and Irrigation, Inc. ("Brian Gardens") in the amount of \$100.00 for the removal of a tree from a walkway in the park.
11. The Board approved the Engineering Report and the invoices presented by Eby Engineers, Inc.
12. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
13. The Board approved a utility commitment letter to Lone Star College System ("Lone Star") for water and wastewater capacity to serve approximately 19.55 equivalent single-family residential connections ("ESFC") relative to the proposed construction of the Energy & Manufacturing Institute building at the University Park Campus.

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 December 3, 2012 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 Director Rhodes, therefore constituting a quorum.

Also present were Corporal Edward Lopez 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"); Kevin Drewes of Genesis Capital Partners, L.L.C. ("Genesis"); Michael Arterburn of Utility Tax Service, L.L.C.; Kevin Schmok of Trammell Crow Company ("Trammell Crow"); Jessica Dixon of CB Richard Ellis ("CBRE"); 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 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 November 5, 2012 meeting, as written.

CYPRESS CREEK GREENBELT PARKS AND TRAILS MASTER PLAN PROJECT

The Board next considered the possibility of participating in the Cypress Creek Greenbelt Parks and Trails Master Plan project. Mr. Creed advised that he received a draft of an Interlocal Contract relative to same and presented and reviewed various provisions of the Contract with the Board, a copy of which is attached hereto as **Exhibit A**.

Mr. Eby entered the meeting at this time.

A discussion then ensued regarding the Project and various aspects of the District's participation in same. Mr. Eby inquired as to whether an engineer has been chosen for the project. Director Garner responded that an engineer has not yet been chosen. Following discussion, Director Garner moved that the District participate in the project at a \$5,000 contribution level as provided for in the draft Contract. Director Nicosia seconded said motion, which carried unanimously. Director Garner stated that he will contact the appropriate

organizers of the project to advise them of same. Mr. Creed noted that he had certain comments to the draft Contract but that, given the Board's level of participation, he did not feel it was necessary to pursue them. The Board concurred with that approach.

POTENTIAL CASH DEFEASANCE OF THE DISTRICT'S REMAINING UNLIMITED TAX BONDS

In connection with the possible cash defeasance of the District's remaining unlimited tax bonds, the Board requested that such item be taken off the agenda as they were not interested in pursuing same at this time.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The President recognized Corporal Lopez, who then reported on recent activities within the District, as noted on the Harris County Constable's Security Patrol Report for November 2012, attached hereto as **Exhibit B**.

Ms. Redden and Ms. Dixon entered the meeting during the Constable's report.

Corporal Lopez advised that Harris County Constable Precinct 4 is conducting a survey and queried the Board regarding the level of satisfaction with the patrols in the District. The Board responded that they were satisfied with same. In connection with the possible changes to the patrol schedule, Director Theriot expressed her interest in keeping the schedule the same until after the holidays, to which the other Board members agreed.

Mr. Creed next advised that the Modification to Extend Term of Agreement for Law Enforcement Services through February 28, 2013, was received from Harris County following the last meeting and that SPH had arranged the execution of the Agreement by Directors Geaslen and Theriot and return of same to Harris County as such was due prior to today's meeting. After discussion, Director Theriot moved that said action be approved and ratified in all respects. Director Nicosia seconded said motion, which unanimously carried.

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 November 30, 2012 a copy of which is attached hereto and considered a part of these minutes as **Exhibit C**.

He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. Mr. Arterburn stated that the District is at 99.99% collected for the 2011 tax year.

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.

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.

Corporal Lopez exited the meeting at this time.

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 November 30, 2012, a copy of which is attached hereto as **Exhibit D**.

Mr. Thiry advised that an inspection will be conducted by the Texas Commission on Environmental Quality ("TCEQ") this week at the Wastewater Treatment Plant and recommended that the bottom of the effluent basin be cleaned and the sludge removed prior to the inspection. He stated that the cost of same is approximately \$2,980.00 and that the last cleaning was in April 2011. After discussion, Director Nicosia moved that EDP's request to authorize for the cleaning of the effluent basin be approved. Director Theriot seconded said motion, which carried unanimously.

In connection with the installation of the two backflow preventors at the Lone Star College central plant, Mr. Thiry advised that Lone Star intends to engage a company to install any remaining backflow preventors on its property and that he will keep the Board apprised of any new development regarding same. Mr. Thiry noted that EDP will inspect the installation once completed.

In connection with the replacement of wire stolen from the generator at Water Plant No. 2, Mr. Thiry advised that he obtained a proposal from NTS for the replacement of same, a copy of which is attached to the Operations and Maintenance Report. He noted that the proposal includes the option of replacing the wire with either copper or aluminum. Mr. Eby reported that he had no objection to either material as copper is a better conductor, but aluminum is cheaper and is less likely to be targeted by thieves. He noted that the generator is activated only in an emergency and therefore rarely used. Mr. Eby further stated that he will consult with David Neil, a licensed electrician, to confirm that the use of aluminum is acceptable. After discussion, Director Nicosia moved that the generator wires be replaced with aluminum wires, subject to confirmation from Mr. Eby that such material is acceptable. Director Theriot seconded said motion, which carried unanimously.

Mr. Thiry advised that the security system has been installed at the wastewater treatment plant and the two water plants as previously discussed. He noted that he is still in the process of setting up wireless service at Water Plant No. 2. Director Geaslen requested that the wireless service at Water Plant No. 2 be made a priority.

A discussion next ensued concerning the unusually large bill received from AT&T concerning phone service at the water plants the previous month. Mr. Eby stated that he will research the issue and report back concerning same.

Mr. Thiry next advised that EDP had sent Trammell Crow a letter regarding the installation of a backflow preventor at the Noble Energy Center One along with the cost for same. Mr. Schmok responded that Trammell Crow was agreeable with same and requested that such work be done immediately.

Mr. Thiry next recommended the testing of the District's various commercial meters as it has not been performed in some time. In connection therewith, he presented a proposal from Southern Flowmeter in the amount of \$5,895.00, a copy of which is attached to the Operations and Maintenance Report. After discussion, Director Nicosia moved that the proposal from Southern Flowmeter for the testing of the District's commercial meters be accepted. Director Garner seconded said motion, which carried unanimously.

Mr. Thiry then recommended that the Board consider authorizing a credit card payment program for the payment of water and sewer bills by District customers. Mr. Creed advised that he will add an item to the agenda for the next Board meeting relative to the consideration of same.

Mr. Thiry reported that the water accountability for September 2012 was at 91.0%, with a twelve-month average of 95.8%. He noted that 93.27% of water utilized by the District that month was purchased surface water from the North Harris County Regional Water Authority ("NCHRWA"). A discussion ensued concerning the accuracy of the NCHRWA's meters. After discussion, Director Theriot moved that the Operations Report be approved as presented and that EDP be authorized to arrange for the testing of the interconnect meter with the NCHRWA if the test results cannot be obtained from the NCHRWA. Director Nicosia seconded said motion, which unanimously carried.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the Engineer's Report dated December 3, 2012 relative to the status of various projects within the District, a copy of which is attached hereto as **Exhibit E**.

In connection with the contract between No. 230 and Rebel for the detention pond excavation project to serve Chasewood Technology Park Sec. 2, Mr. Eby presented and reviewed Pay Estimate No. 6 and Final in the amount of \$17,149.51, a copy of which is attached to the Engineer's Report, and advised that Dannenbaum Engineering Corporation is recommending that the Board concur in the payment of same by 230. After discussion, Director Theriot moved that the Board concur in the approval of: (i) payment of Pay Estimate No. 6 and Final in the amount of \$17,149.51 to Rebel by 230 relative to the detention pond excavation project to serve Chasewood Technology Park Sec. 2. Director Garner seconded said motion which carried unanimously.

Mr. Eby presented and reviewed two proposals from Brian Gardens in the amount of \$1,008.50, for various maintenance at the park, and \$100.00, for the removal of a tree from a walkway in the park, copies of which are attached to the Engineer's Report. He stated that the tree was removed earlier today. After discussion, the Board agreed to defer consideration of Brian Gardens proposal for various maintenance at the park until March. The Board additionally requested that Mr. Eby remind Brian Gardens to notify the Board if they observe any issues that need attention while working in the park.

In connection with the security cameras at the plant sites and the installation of a digital video recorder to back up the recordings of same to a remote site, Mr. Eby stated that Comcast is scheduled to install the cable lines today. He noted that once completed, there will be 12 cameras at the Water Plant with the digital recordings being copied and backed up to a remote server. Director Geaslen discussed the addition of certain camera equipment at the park and requested that Mr. Eby obtain proposals for the purchase and installation of same, to which he agreed. The Board requested the addition of "deer cameras" around Water Plant No. 2 site where the previous wire theft occurred. Mr. Thiry stated that he would research the purchase of same.

Mr. Eby next reported that he received development plans from Lone Star regarding the construction of a building for the Energy & Manufacturing Institute. He recommended the Board authorize him to request a \$5,000 deposit from Lone Star to review same, as has been done with other developers. After discussion, Director Nicosia moved that Mr. Eby be authorized to request such cost deposit prior to plan review. Director Theriot seconded said motion, which unanimously carried.

After some further discussion, Director Nicosia moved that the Engineering Report be approved as presented, including the Brian Gardens proposal for tree removal. Director Garner seconded said motion, which unanimously carried.

PROVISION OF WATER SERVICE TO PROPERTY OWNED BY TCH NORTHWEST ASSOCIATES, LLC ("TCH")

In connection with the Water Supply Contract by and between the District and TCH, Mr. Creed advised that he has provided TCH with the Contract as executed by the District and that TCH will facilitate the review and approval of same by Malcomson Road Utility District ("Malcomson").

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed with the Board the Bookkeeping Report dated December 3, 2012, a copy of which is attached hereto as **Exhibit F**, 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 \$90,181.41.

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

DEVELOPERS' REPORTS

HEWLETT-PACKARD COMPANY ("HP")

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

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

In connection with development in the District by Genesis, Mr. Drewes advised that he had nothing new to report regarding same.

CENTRE AT CYPRESS CREEK ("THE CENTRE")

In connection of development of the Centre at Cypress Creek in the District, Ms. Dixon advised that she had nothing new to report concerning same.

LONE STAR

The Board then deferred consideration of development in the District by Lone Star after Mr. Creed noted that he had nothing additional to report that is not covered under a separate agenda item.

TCH NORTH WEST ASSOCIATES L.P. (TRAMMELL CROW)

The Board next considered the development in the District by TCH. In connection therewith, Mr. Schmok acknowledged that Trammel Crow was agreeable with the installation of a backflow preventor and detection meter on the fire line loop relative to its parking garage. Mr. Thiry advised that EDP will prepare a proposal to Trammel Crow regarding the cost of same. Mr. Eby stated that he has not yet received the plans from Walter P. Moore for fire line loop. Mr. Schmok advised that he will contact his engineer regarding same.

UTILITY COMMITMENT REQUESTS

The Board next considered the issuance of utility commitments. In connection therewith, Mr. Creed advised that Lone Star has requested a utility commitment letter for water and wastewater capacity to serve approximately 19.55 ESFC relative to the proposed construction of the Energy & Manufacturing Institute building at the University Park Campus. Mr. Creed then presented and reviewed correspondence from Lone Star requesting same, a copy of which is attached hereto as **Exhibit G**. Mr. Creed advised that the new 2 story building will replace the two separate buildings that were previously demolished on the site. Director Garner advised the new building will utilize the existing meters and that therefore no new taps will be required. Mr. Thiry stated that a backflow preventor will still need to be installed on the meters. Mr. Eby stated that the District has sufficient capacity to provide water and sanitary sewer service to the development and that he recommends approval of the commitment request. After discussion,

Director Nicosia moved that the Board approve the issuance of the utility commitment letter to Lone Star as discussed. Director Theriot seconded said motion, which carried unanimously.

ATTORNEY'S REPORT


The Board next considered the Attorney's Report. In connection therewith, Mr. Creed advised that he had been contacted by a representative of the hotel chain regarding the possible development of a hotel on the Chasewood property who inquired as to the potential incentives the District could provide the hotel if it was constructed in the District. Mr. Creed reviewed with the Board the estimated taxable value and sales tax revenue to be generated by the project, based upon information received from the representative. After discussion, and based upon post precedent, the Board declined to offer a development incentive to the hotel project.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot advised that she had nothing new to report at this time.

ADJOURNMENT OF BOARD MEETING

Citing no further business to come before the Board at this time, Director Theriot made a motion to adjourn at 7:31 p.m., duly seconded by Director Garner, which carried without dissent.


Assistant 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