

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
January 4, 2016

ACTIONS TAKEN

1. The Board approved the minutes of the December 7, 2015, meeting.
 2. The Board approved the Interlocal Agreement for Law Enforcement Services with Harris County.
 3. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C., including the checks presented for payment.
 4. The Board adopted a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of the District's 2016 delinquent personal property accounts, including the filing of lawsuits, as necessary.
 5. The Board approved the Operations and Maintenance Report presented by EDP.
 6. The Board authorized EDP to provide information to entities receiving water from the District in 2015 for purposes of Consumer Confidence Report reporting requirements.
 7. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 8. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
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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 January 4, 2016, 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
Michael Rhodes, Vice President
Steve Garner, Secretary
Rosalind Theriot, Assistant Secretary
Becky Campbell, Assistant Secretary

All of said persons were present, therefore constituting a quorum.

Also present were Corporal Curry and Deputy Singh 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 and Gregory Camp of Environmental Development Partners, L.L.C. ("EDP"); Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Ed Jones of Hewlett Packard ("HP"); and Kara Richardson of Marks Richardson PC ("MRPC").

APPROVAL OF MINUTES

As the first order of business, the Board considered approval of the minutes of the Board of Directors meeting held on December 7, 2015. After discussion, Director Theriot made a motion to approve the minutes of the December 7, 2015, Board of Directors meeting, as written. Director Rhodes seconded the motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). Deputy Singh reviewed the report. She noted that the speeding traffic on Cypresswood has slowed down considerably. The Board discussed a suspicious male that has been looking in residents' windows. Deputy Singh stated that the Constable's office has information on this male and that they are investigating.

The Board next considered the approval of the Interlocal Agreement for Law Enforcement Services with Harris County. Ms. Richardson reviewed the Agreement with the Board and noted that the cost and coverage is the same as last year, and that the contract term will begin March 1st. After discussion, Director Garner made a motion to approve the Agreement and to authorize the President and Secretary to execute same on behalf of the Board and the District. Director Rhodes seconded the motion, which unanimously carried.

Corporal Curry and Deputy Singh exited the meeting at this time.

SECURITY MONITORING SERVICES

The Board next considered the status of security monitoring services, including the termination of contract with Advantage Security Integration and engagement of Pro-Vigil for security

monitoring services. Director Geaslen stated that Pro-Vigil forwarded a proposed contract for review and that he and Ms. Richardson offered revisions. He stated that he had some questions regarding Pro-Vigil's monitoring process, noting that Pro-Vigil uses software that first detects movement and then notifies a human monitor to look at the area of interest. Director Geaslen noted that he was initially under the impression that all camera would be monitored by a human at all times rather than utilizing initial detection software. Director Rhodes stated that Advantage has done a better job lately. Director Geaslen noted that Pro-Vigil's service costs twice as much as Advantage's service. Mr. Eby stated that he is concerned that many unannounced visits have gone unreported by Advantage. Director Geaslen suggested that the consultants continue making unannounced visits to the facilities to see whether or not Advantage picks the visits up and reports them. Mr. Eby suggested that the District should notify Advantage that their service is on a probationary status. The Board agreed to continue with Advantage, and Director Geaslen suggested that Pro-Vigil be notified that the Board is not switching services for now.

DEVELOPERS' REPORTS
HEWLETT PACKARD ("HP")

The Board next considered the status of development in the District by HP. Mr. Thiry stated that HP has requested use of the WWTP access road to repair a leak that was discovered. He noted that the repair workers will not go inside the plant and that they will only utilize the access road.

Mr. Jones next reported that he spoke with a representative from the management company and noted that a representative will get in touch with Mr. Eby this week regarding plan review. He stated that a portion of HP is currently without water and that he needs to know whether or not to tell HP employees to come to work tomorrow. Mr. Thiry addressed the process to repair the line and noted that he will update Mr. Jones around midnight tonight with the status of the repair.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented and reviewed the attached Tax Assessor-Collector Report (**Exhibit B**) dated January 4, 2016. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. He noted that collections for 2015 are at 13.80%. After discussion of the report, Director Rhodes made a motion to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Campbell seconded the motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, (**Exhibit C**). Ms. Richardson advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the delinquent personal property taxes due to the District that became delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent. After discussion,

Director Rhodes made a motion to adopt the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes and to authorize that Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of the District's 2016 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Theriot seconded the motion, which carried unanimously.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report (**Exhibit D**).

Mr. Thiry reported that EDP completed the excavation and located the valve at 14002 Cypresswood Crossing.

Mr. Thiry next reported that the TCEQ performed a compliance investigation of the wastewater plant on November 4th and noted the TCEQ found no violations.

Mr. Thiry next reported that he does not have an update on the gas detector. He noted that EDP is working with Detcon to move forward with the installation and that if there are any issues with the electrical wiring between the new system and the District's electrical wiring, that the cost to connect the two systems will be in addition to the installation quote.

Mr. Thiry noted that the District ceased supplying HC MUD 486 with water at the end of December. Ms. Richardson stated that the interconnect agreement does not provide for payment in kind but provides for repayment of actual cost when the District is on surface water.

Mr. Thiry next stated that the accountability for the month of November is 98%. He noted that EDP will issue a credit on the District's next invoice because the District was inadvertently charged twice for a flowmeter testing.

Mr. Thiry next discussed a water line break in the District that has left a portion of the District without water for much of the day. He stated that EDP has isolated the which is located under Faulkey Gulley at Jones Road. He stated that EDP closed three (3) valves and that a portion of the District is currently without water. The Board discussed the possibility of installing an additional valve so that residents are not without water in the event of a future similar line failure.

Mr. Thiry stated that he believes that EDP received calls about a leak in the ditch on Saturday and that EDP noticed that the water plant was pumping a lot more water on Sunday. He stated that once EDP figured out that the water in the ditch was coming from a District line, EDP began efforts to isolate and repair the leak. He noted that since the leak is under the creek, there is no easy fix. Mr. Thiry outlined the steps that EDP is taking in an attempt to get water back on to customers. Mr. Thiry explained that EDP is currently trying to locate the valve on the south side of the leak and, that if EDP can locate this valve, they can valve off and provide water to the areas currently without water. He explained that EDP will have to install a new valve if the existing valve cannot be located, and noted that EDP is having trouble locating the valve at present. The Board suggested proceeding immediately with the construction of the new valve so that residents get water back on as quickly as possible.

Mr. Thiry next stated that Lake Forest UD (“LFUD”) has agreed to provide temporary water service to the District, at cost. Ms. Richardson asked if LFUD is on surface water or well water. Mr. Thiry stated that LFUD is on well water but that it should not cause any adverse issues.

The Board next discussed the communication process and the decision to shut off the water. Mr. Thiry stated that he made the call to shut off the water since the District was losing large quantities of water at a rapid pace. Mr. Jones stated that he would have liked advance notice of the shut off so that he could have notified the employees at HP. Director Theriot asked why the Board was not notified of the shut off. Director Geaslen stated that Mr. Thiry notified him, but that he did not expect the neighborhood to lose water so he didn’t send any notification to the other Board members. The Board further discussed the options and timeline for the repair.

Mr. Thiry next stated that the measures currently contemplated are merely intended to provide customers with water during the interim, but that the permanent line repair would be a fairly involved project. Mr. Eby stated that he will contact HCFCD since the repair is on their property. He stated that he will proceed with the project on an emergency basis. Mr. Thiry noted that he will contact the insurer to see if the District can recover costs for water loss. Director Rhodes stated that he would like a better way to communicate with residents. He suggested that EDP include information in the next water bill instructing residents to go to the District’s website when problems arise to get updates. Ms. Richardson stated that some districts use call-out services to call or text residents when there are district-wide problems. Mr. Thiry stated that he will look into various options.

After discussion, Director Rhodes made a motion to approve the Operations and Maintenance Report as presented. Director Campbell seconded the motion, which carried unanimously.

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. After discussion, Director Garner made a motion to authorize EDP to provide the required information. Director Theriot seconded the motion, which unanimously carried.

ENGINEERING REPORT

The Board next considered the Engineering Report (**Exhibit E**).

Mr. Eby reported that the painting of the hydropneumatic tank is complete.

Mr. Eby next reported that he is waiting to receive comments from HP on plans for the lift station rehabilitation. Mr. Jones stated that Mr. Eby should receive the comments tomorrow.

Mr. Eby next recommended filling in the Kiddie Cushion under the swing set area.

Mr. Eby presented a drawing he received from Lone Star for the new science building and a drawing of how he proposed to tie in the new building. He discussed designing and constructing the

lines and requiring Lone Star to escrow funds with the District prior to construction. He stated that he will put together a cost estimate to send to the Lone Star representatives.

Mr. Eby next reviewed the Sanitary Sewer System Analysis of Capacity (**Exhibit F**). He noted that Lone Star's request for 13,500 gallons per day can be adequately conveyed by the District's existing system without further improvements. He stated that the Chasewood Park Lift Station and force main, as well as downstream components of the sanitary sewer system, are limited in capacity and that the flow request to Chasewood Park should be limited to the original remaining design capacity of 101,400 gallons per day. Mr. Eby stated that the Compaq Center Drive Lift Station and force main will both need to be upgraded prior to the ultimate build-out, as projected, and noted that the lift station pumps and internal piping can be upgraded during the planned rehabilitation project. He noted that this force main should be upgraded prior to the full development of Chasewood Park. Mr. Eby further stated that the District's 12-inch sanitary sewer main on Compaq Center Drive and the District's Sewage Treatment Plant both have capacities that are approximately equal to the projected future flows and that both should be revisited in the future as development progresses. After discussion, Director Rhodes made a motion to issue a capacity letter to Lone Star for the requested 13,500 gallons per day of capacity, as set out above. Director Campbell seconded the motion, which carried unanimously.

After discussion, Director Rhodes made a motion to approve the Engineering Report and the invoices set forth therein. Director Campbell seconded the motion, which carried unanimously.

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order. Director Geaslen discussed his proposal to create a separate customer class for tax-exempt customers with rates similar to commercial rates, but with the addition of the NHCRWA fees. Director Geaslen stated that this was needed in anticipation of increasing NHCRWA fees in the future which may have the potential to drain the District's reserves. Director Garner stated that he was staunchly opposed to the proposed amendment since the proposed rate structure would double the water bill for Lone Star and other tax-exempt customers in the District. Director Rhodes echoed Director Garner's opinion. After discussion, the Board declined to amend the Rate Order.

UTILITY COMMITMENT REQUESTS

The Board next considered the issuance of utility commitments. Mr. Eby reported that he has none at this time, other than the request from Lone Star approved earlier in the meeting.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit I**), including the checks presented for payment. The Board discussed the District's sales tax revenue. After discussion, Director Rhodes made a motion to approve the Bookkeeper's Report, including the checks presented for payment. Director Campbell seconded the motion, which carried unanimously.

Ms. Redden next reviewed the Investment Report (**Exhibit J**). After discussion, Director Rhodes made a motion to approve the Investment Report. Director Campbell seconded the motion, which carried unanimously.

PUBLICATION OF NOTICE REGARDING ACCESSIBLE VOTING MACHINES

The Board next considered authorizing publication of notice regarding utilization of accessible voting machines for the May 7, 2016, election. Ms. Richardson explained that the District has the option to utilize paper ballots without the use of electronic voting equipment, and, 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 Rhodes made a motion 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 authorize MRPC to publish the required notice relative to same. Director Campbell seconded the motion, which carried unanimously.

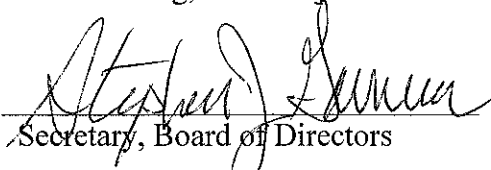
ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. Mr. Eby discussed the repair of the water line and noted that he hopes to have plans for the permanent repair completed in a week. He further noted that the plans may need approval from the HCFCD and that he will keep Ms. Richardson in the loop regarding the need for a special meeting for the Board to approve the repair.

Ms. Richardson next presented correspondence from LFUD regarding a request for extension to Interlocal Contract for the study of Cypress Creek Greenway Parks and Trails master plan (**Exhibit K**). After discussion, Director Theriot made a motion to approve the request for the contract extension and to add an item to the next agenda to ratify said approval. Director Campbell seconded the motion, which carried unanimously.

ADJOURNMENT OF BOARD MEETING

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


Secretary, Board of Directors

LIST OF EXHIBITS

January 4, 2016

- Exhibit A. Patrol Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Resolution Authorizing Additional Penalty On Delinquent Personal Property Taxes
- Exhibit D. Operations and Maintenance Report
- Exhibit E. Engineering Report
- Exhibit F. Sanitary Sewer System Analysis of Capacity
- Exhibit G. NHCRWA Information
- Exhibit H. District Revenues Versus Expenditures
- Exhibit I. Bookkeeping Report
- Exhibit J. Investment Report
- Exhibit K. Lake Forest UD Correspondence