

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

Minutes of Board of Directors Meeting  
January 5, 2015

**ACTIONS TAKEN**

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1. The Board of Directors (“Board”) approved the minutes of the December 1, 2014, meeting.
  2. The Board approved the audit report for the fiscal year ended September 30, 2014 subject to review by Marks Richardson PC, authorized the President to execute the Annual Filing Affidavit, and authorized the filing of the audit report and Annual Filing Affidavit with the appropriate governmental authorities.
  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 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 2015 delinquent personal property accounts, including the filing of lawsuits, as necessary.
  5. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners (“EDP”).
  6. The Board authorized EDP to provide information to entities receiving water from the District in 2014 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.
  9. The Board acknowledged review of the Code of Ethics and concurred to make no changes to the Code.
  10. The Board approved a bench replacement in the park and the placement of a plaque on the bench to commemorate former Director Nicosia’s service to the District.
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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 5, 2015, 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 Deputy Joseph Martino and Corporal Melvin Curry 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 Sr. of Utility Tax Service, L.L.C. ("UTS"); Ed Jones of Hewlett Packard ("HP"); Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Mark Roth of Roth & Eyring, CPA; Garret Berg of Harris County Precinct 4 Commissioner R. Jack Cagle's office; and Kara Richardson of Marks Richardson PC ("MRPC").

President Geaslen next 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**

As the first order of business, the Board considered approval of the minutes of the Board of Directors meeting held on December 1, 2014. After discussion, Director Theriot moved to approve the minutes of the December 1, 2014, Board of Directors meeting, as written. Director Garner seconded the motion, which carried unanimously.

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

The Board next considered the Security Patrol Report. Deputy Martino reported that they saw a man altering the trails by the Bayou for biking purposes and stated concern that altering the trails in such manner might result in potential flooding problems. He stated that he contacted the Harris County Flood Control District ("HCFCD") to let them know of his concern. Deputy Martino stated that he is trying to track down the group that is responsible for the alterations to prevent future issues with the trails.

Deputy Martino next reported that the County will to install a "No Right Turn On Red" sign on the east side of Lakewood Crossing at Cypresswood Drive.

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

## **DEVELOPERS' REPORTS**

### **HP**

The Board next considered the status of development in the District by HP. A discussion followed regarding HP's proposed purchase of a portion of the District's property adjacent to the wastewater treatment plant ("WWTP"). Mr. Eby presented a drawing showing potential future WWTP expansion needs of the District which would require utilizing the property HP proposes to purchase, and, therefore, he does not recommend that the District sell the property to HP.

Mr. Jones next discussed the possibility of the District participating in developing certain land behind HP into trails, and noted that several groups have expressed an interest in a possible trail project. The Board concurred that they have no current plans to participate in such project, but that the District may be willing to partner with HP depending on the scope of the project. Director Geaslen suggested that HP submit a formal proposal to the District detailing the proposed project.

### **GENESIS CAPITAL PARTNER, L.L.C.**

The Board next considered the status of development in the District by Genesis. Mr. Eby noted that the Board agreed to refund a portion of Genesis' deposit for future lift station upgrade such that the amount of the deposit equaled 30% of the anticipated costs of the project. Ms. Redden stated that she had the check for the Board's approval tonight.

### **SPRINGHILL SUITES**

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

### **CENTRE AT CYPRESS CREEK**

The Board next deferred consideration of the status of development in the District by the Centre at Cypress Creek as no representative was present.

### **LONE STAR**

The Board next considered the development in the District by Lone Star. Director Garner stated that he had nothing new to report.

### **TCH NORTHWEST ASSOCIATES ("TCH")**

The Board next considered the development in the District by TCH. Ms. Richardson stated that she received an email from the District's auditor indicating that TCH owes the District the "Capacity Reservation Payment" for the years 2013 and 2014 pursuant to the Water Supply Agreement between the District and TCH (the "Agreement"). She further stated that Mr. Arterburn calculated the amount due from TCH based upon the formula provided in the Agreement. Ms.

Richardson noted that she prepared correspondence to TCH requesting payment of same by December 31<sup>st</sup>, but that she has not yet received a response from TCH.

### **COMMUNITY OUTREACH DIRECTOR PRESENTATION**

The Board next considered a presentation by the Community Outreach Director, Precinct 4. Mr. Berg introduced himself to the Board and stated that he works with Commissioner Jack Cagle's office. He stated that many people are moving into Precinct 4 and that he wanted to reach out on behalf of the Commissioner's office to make sure the District is aware of the services provided by Precinct 4. Mr. Berg presented and reviewed a Community Assistance Department pamphlet (**Exhibit A**) and noted that Precinct 4 can serve as a liaison between the District and other local governmental entities.

Director Geaslen next discussed the park on Cypresswood and the 2 miles of trails that accompany it. He stated that one of the biggest issues with the development of the park and trails was the permitting from Harris County and the HCFCD. Director Geaslen next discussed the traffic issues created by the light at the intersection of Cypresswood and Lakewood Crossing and asked if Precinct 4 can help accelerate the timing of the traffic study with Harris County. Mr. Berg requested that Director Theriot give him a call to further discuss the issue and that he would see what he could do.

Mr. Berg exited the meeting at this time.

### **APPROVAL OF AUDIT REPORT**

The Board next considered approval of an audit report for fiscal year ended September 30, 2014. Mr. Roth presented a draft of the audit report (**Exhibit B**). He noted that he will make the change regarding the reduction in the reimbursement to Genesis for the final draft. After discussion, Director Theriot made a motion to approve the audit report for the fiscal year ended September 30, 2014, subject to review by MRPC, to authorize the President to execute the Annual Filing Affidavit on behalf of the Board and District, and to file the audit report and Annual Filing Affidavit with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Rhodes seconded the motion, which unanimously carried.

Mr. Roth exited the meeting at this time.

### **TAX ASSESSOR-COLLECTOR REPORT**

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit C**) dated January 5, 2015. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. He noted that collections for 2014 are at 21.06%. After discussion of the report, Director Rhodes moved to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Theriot 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 D**). 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 Theriot 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 2015 delinquent personal property accounts following proper notice as provided in the Resolution, including the filing of lawsuits, as necessary. Director Rhodes seconded the motion, which carried unanimously.

## **OPERATIONS REPORT**

The Board next considered the Operations and Maintenance Report. Mr. Thiry presented and reviewed the attached Operations and Maintenance Report (**Exhibit E**) dated January 5, 2015.

Mr. Thiry reported that EDP replaced a 2-inch irrigation meter at Cypresswood Crossing during the month.

Mr. Thiry next reported that the auto dialer for Water Plant #2 has been installed and that EDP is working with Eby to install a phone line.

Mr. Thiry next reported that the No. 1 clarifier drive at the Wastewater Plant failed on December 10<sup>th</sup> and that EDP made emergency repairs including replacing the motor and rebuilding the speed reducing gear box. He stated that the repairs are estimated to cost \$3,000.

Mr. Thiry next reported that EDP has been under billing the YMCA since the District increased the out of district rates for the YMCA last year. He noted that the under billed amount due totals \$9,178.20 and that EDP sent an invoice to the YMCA for such amount. He next presented an email from the YMCA requesting that the District share the costs of the billing error and further requested information about the process of getting annexed into the District. Mr. Thiry stated that EDP offered the YMCA a 9 month billing plan to pay off the amount owed and that EDP will monitor the situation since it was a billing error on the part of EDP. Mr. Arterburn stated that the YMCA is tax exempt and therefore would not add any ad valorem value to the District if annexed.

Mr. Thiry next noted that the wastewater flows were down in November and attributed it to Lone Star being closed for much of the month.

Mr. Thiry next stated that Director Campbell toured the plant in December. She noted that a safety shower needs to be installed at the Wastewater Treatment Plant. Mr. Thiry stated that one will be installed outside of the building. Director Campbell inquired if there are respiratory devices at the plants. Mr. Thiry stated that there are and that they undergo testing annually.

A discussion next followed regarding the installation of a containment system for the magnesium hydroxide feed system. Mr. Thiry recommended replacing the pump tubes regularly and installing a containment system for the magnesium hydroxide system. After discussion, Mr. Thiry stated that he will investigate the costs associated with the installation and replacements to present to the Board next month.

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

### **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 Rhodes made a motion to authorize EDP to provide the required information. Director Theriot seconded the motion, which unanimously carried.

### **ENGINEERING REPORT**

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

Ms. Richardson stated that MRPC will coordinate the second advertisement required for the renewal of the Wastewater Treatment Plant Permit.

Mr. Eby next reported that Grant Road MUD is expanding their Wastewater Treatment Plant and sent notice to the District, per the rules of the Texas Commission on Environmental Quality, to inquire if an existing permit holder is willing to provide the additional wastewater treatment capacity needed. After discussion, the Board concurred to decline the request.

Mr. Eby next reported that he is still waiting to receive the plans from HP for the backflow preventers and that Noble Energy sent its deposit but has not yet sent plans for him to review.

Mr. Eby next reported that Springhill Suites is over their deposit on their plan review and stated that he will request an additional deposit to cover the overage.

Mr. Eby next reported that the Cypress Creek Center shows an overage of \$2,500 from the period of 2008-2013 and that he will request an additional amount from them to cover the overage.

Director Theriot next stated that the playground area for toddlers has two rides that are in need of repair. Mr. Eby stated that he will inspect the park items.

Director Geaslen next reported that Advantage is having issues identifying cars coming and going from the park. He stated that the alarm is not triggered if person remain in their vehicles without going into the park. He noted that he requested Advantage to look into whether additional cameras or detectors are needed to address the issue.

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

### **CYPRESS CREEK TRAILS MASTER PLAN**

The Board next considered a discussion regarding the Cypress Creek Trails Master Plan. Director Garner stated that a public meeting will be held on January 28t at Lone Star. He stated that areas within the District's subdivisions will be marked for possible trail development.

### **BOOKKEEPING REPORT**

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (**Exhibit G**), including the checks presented for payment. She noted that she transferred \$250,000 to Texas Class due to the high revenues in the General Fund. After discussion, Director Theriot moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Campbell seconded the motion, which carried unanimously.

Director Geaslen noted that the top of the water tanks appear to be rusting and recommended that the tanks be inspected. Mr. Eby stated that he will get with Mr. Thiry to schedule an inspection.

### **CODE OF ETHICS REVIEW**

The Board next considered a review of the District's Code of Ethics and other Policies. After discussion, the Board agreed to make no changes to the Code of Ethics.

### **DISTRICT WEBSITE**

The Board next considered the status of the District's website. Director Theriot noted that all items on the website are up to date.

### **COMMEMORATION FOR FORMER DIRECTOR NICOSIA**

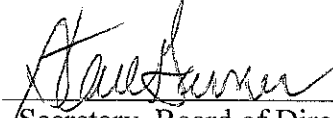
A discussion next followed regarding options to commemorate former Director Nicosia's service to the District. Director Rhodes recommended putting a plaque on a bench in the park. Mr. Eby stated that there is an existing bench that needs replacement and that the plaque could be placed upon the new bench. Director Rhodes stated that he will come up with wording for the plaque for the Board's approval next month. After discussion, Director Garner made a motion to authorize the bench replacement in the park and to place a plaque on the bench to commemorate former Director Nicosia. Director Rhodes seconded the motion, which carried unanimously.

**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.

  
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Secretary, Board of Directors



## **LIST OF EXHIBITS**

January 5, 2015

- Exhibit A. Community Assistance Department pamphlet
- Exhibit B. Draft Audit Report and related correspondence
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E. Operations and Maintenance Report
- Exhibit F. Engineering Report
- Exhibit G. Bookkeeping Report