

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

Minutes of Board of Directors Meeting  
January 6, 2014

**ACTIONS TAKEN**

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1. The Board of Directors ("Board") voted to approve the minutes of the December 2, 2013, meeting, as written.
2. The Board approved the audit report for the fiscal year ended September 30, 2013 subject to review by Marks Richardson PC, and authorized the President to execute the Annual Filing Affidavit on behalf of the Board and District, and authorize such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality.
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 authorized Utility Tax Service L.L.C to write off four (4) delinquent accounts totaling \$68.77.
5. 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 2014 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.
6. The Board approved the proposal from Clements Fence Co. for the modification of the gate and fence at Lift Station #2 for a total cost of \$1,826.00.
7. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C. "(EDP")
8. The Board authorized EDP to provide information to entities receiving water from the District in 2013 relative to Consumer Confidence Reporting requirements.
9. The Board approved the Engineering Report presented by Eby Engineers, Inc.
10. The Board authorized Brian Gardens to perform various park repairs as outlined in the Engineering Report.
11. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
12. The Board approved the Investment Report as presented.

13. The Board declined the offer from Waste Management to waive CPI increase for 1 year in exchange for the District agreeing to a 3 year extension of the current contract, and concurred to leave the current garbage collection contract with Waste Management as is.
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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 6, 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, except Director Nicosia, therefore constituting a quorum.

Also present were Sergeant James Rouse 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"); Mark Roth of Roth & Eyring, CPA; Paul Vangrieken and Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); and David Marks of Marks Richardson PC ("MRPC").

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 Board considered approval of the minutes of the Board of Directors meeting held on December 2, 2013. After discussion, Director Theriot moved that the minutes of the December 2, 2013, Board of Directors meeting be approved, as written. Director Rhodes 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 was not much activity to report this month, other than the items listed in the report.

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

### **DEVELOPERS' REPORTS** **HP**

The Board next deferred consideration of development in the District by HP as no representative was present to discuss same.

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

The Board next considered development in the District by Genesis. In connection therewith, Mr. Vangrieken reported that the planned office building has been put on hold due to financing issues and that the hotel is expected to begin construction late January or early February.

Mr. Vangrieken next presented and reviewed with the Board the revised loan computation schedule for Chasewood Water Supply Corporation (**Exhibit B**).

### **CENTRE AT CYPRESS CREEK**

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

### **LONE STAR**

The Board next considered development in the District by Lone Star. In connection therewith, Director Garner reported that the Energy Manufacturing Institute building ("EMI") will be completed by April.

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

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

### **APPROVAL OF AUDIT REPORT**

The Board next considered approval of an audit report for fiscal year ended September 30, 2013. In that regard, Mr. Roth presented and reviewed with the Board a draft of said audit report (**Exhibit C**). He noted that he had revised the legal fees charged by the two firms and would correct same in final draft. After discussion of the audit presented, Director Rhodes moved that the audit report for the fiscal year ended September 30, 2013, be approved subject to review by MRPC, that the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Theriot seconded said 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. In connection therewith, Mr. Arterburn presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit D**) dated January 6, 2014. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Garner moved that the Tax Assessor-Collector Report be approved as presented, and that the

checks identified in said report be approved for payment. Director Theriot seconded said motion, which carried unanimously.

Mr. Arterburn next presented and reviewed with the Board an Uncollectable Request, dated December 4, 2013 (**Exhibit E**). He requested that the Board consider authorizing UTS to write off four (4) accounts in the total amount of \$68.77, as shown. After discussion on the matter, Director Rhodes moved that UTS be authorized to write off the four (4) delinquent accounts, as set out above. Director Geaslen seconded said motion, which unanimously carried.

### **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 F**). Mr. Marks 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, it was moved by Director Rhodes, 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 District, and that Perdue, Brandon, Fielder, Collins & Mott, LLP be authorized to proceed with the collection of the District's 2014 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

### **ADVANTAGE SECURITY INTEGRATION**

The Board next considered the status of the installation of a security system at District facilities by Advantage Security Integration ("Advantage"). In connection therewith, Mr. Eby reported that the installation of the system is reported to be complete. He stated that he is waiting on a link to verify it is working and will inspect and test the system. Mr. Eby recommended that Ms. Redden hold the checks to Advantage subject to his inspection.

### **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 G**) dated January 6, 2014.

Mr. Thiry reported that EDP completed various significant repairs during the month. He stated that EDP performed preventive maintenance on the chlorine analyzer for Water Plant #1 and preventive maintenance and lubrication of the equipment at the Wastewater Plant. He further reported that EDP repaired a leaking service line within the District.

Mr. Thiry next reported that the new online payment options for customers in the District is working well and has had 41 online transactions during the most recent monitoring period.

Mr. Thiry next reported that the fire hydrant painting is complete.

Mr. Thiry next reported on the status of the Lift Station #2 rehabilitation work. In connection therewith, he stated that EDP will do the best they can to repaint the Lift Station but that it will be very difficult. Mr. Eby stated that he could get proposals from professional painters regarding the same. After discussion on the matter, the Board concurred that Mr. Eby should solicit proposals for the painting of the Lift Station.

With respect to the proposed modifications of the gate and fence, Mr. Thiry stated that he is concerned over the loss of space inside the fence if the gate were to be moved, as proposed. Mr. Eby stated that there should be no loss as the new fence would allow for additional space. Mr. Thiry next presented a proposal from Clements Fence Co. to modify the gate and fence for a total cost of \$1,826.00. After discussion, Director Rhodes made a motion to approve the proposal from Clements Fence Co. and to authorize them to proceed, as set out above. Director Theriot seconded said motion, which carried unanimously.

With respect to the proposed addition of a safety net and stainless steel fixtures to the wet well, Mr. Thiry stated that he had nothing new to report.

Mr. Thiry next reported he had nothing new relative to the installation of backflow prevention devices for the domestic and fire water supply to the Central Plant.

A discussion next followed regarding the introduction of fluoride into the District's water supply. In connection therewith, Mr. Eby stated that the system is online.

After discussion, Director Theriot moved to approve the Operations and Maintenance Report as presented. Director Garner seconded said 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 Theriot moved that EDP be authorized to provide the required information. 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 H**).

Mr. Eby next presented 1 invoice from Brian Gardens relative to maintenance completed in the District.

Mr. Eby next presented and reviewed with the Board the results from his inspection of the Park and a check list of items that could use maintenance or repairs, a copy of which is attached to Exhibit H. After discussion on the matter, the Board concurred to defer items 1, 14, and 22. The

Board authorized action on items 2, 7, and 8 by way of removing said items and authorized Eby to get proposals to take care of items 15, 17, and 18. The Board also authorized Brian Gardens to perform items 3-6, 9-13, 16, and 19-21.

Mr. Eby also stated that he will contact Brain Gardens tomorrow to check on the irrigation and pipes regarding any possible freeze damage and will work out a plan regarding freeze protection for the future.

Mr. Eby next reported that Chasewood Park has provided their plans for a Spring Hill Suites hotel and that he has reviewed and sent them a letter regarding his comments, copies of both are attached to Exhibit H.

Mr. Eby next reported that he met with the Engineer at Acclaim and is waiting to receive their proposal regarding their Energy Program.

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.

#### **DROUGHT CONTINGENCY PLAN**

The Board next deferred consideration of an amendment to the District's Drought Contingency Plan.

#### **BOOKKEEPING REPORT**

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed the attached Bookkeeping Report (**Exhibit I**), including the checks presented for payment. After discussion, Director Theriot moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Garner seconded said motion, which carried unanimously.

Ms. Redden next distributed and reviewed the Investment Report (**Exhibit J**) for the period ending December 31, 2013. Following review of the report, Director Theriot moved that said report be approved. Director Garner seconded said motion, which unanimously carried.

#### **AMENDMENT OF STRATEGIC PARTNERSHIP AGREEMENT**

The Board next deferred authorizing the preparation of an amendment to the Strategic Partnership Agreement with the City of Houston, as Mr. Marks stated that inventory has been sent to the City of Houston and that the City will advise as to the next steps and timeline to follow.

#### **WASTE MANAGEMENT PROPOSAL**

The Board next considered a proposal from Waste Management ("WM") to extend the contract term in exchange for WM agreeing to waive CPI for 1 year. Mr. Marks reported that WM

will not agree to waive CPI for 2 years as requested by the Board. After discussion on the matter, the Board concurred to keep the contract as is.

### **RENEWAL OF INSURANCE**

The Board next discussed the renewal of the District's insurance coverage. Mr. Marks advised the Board that the District's current insurance coverages are provided through AquaSurance, and that such coverages will expire on March 31, 2014. Mr. Marks then asked the Board if they would like MRPC to request written proposals from other insurance providers on the District's behalf. After discussion, the Board concurred to authorize the solicitation of proposals from various insurance providers on behalf of the District.

### **DISTRICT WEBSITE**

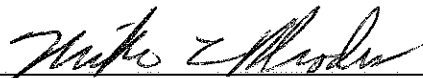
In connection with the District's website, Director Theriot stated that she is waiting to get access to the site.

### **ITEMS FOR FUTURE AGENDAS**

The Board next considered matters for possible placement on future agendas. In connection therewith, it was noted that there will be a Director election held in May for the Directors whose terms are set to expire.

### **ADJOURNMENT OF BOARD MEETING**

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

  
Secretary



**LIST OF EXHIBITS**

January 6, 2014

- Exhibit A. Security Report
- Exhibit B. Revised Loan Schedule – Chasewood Water Supply
- Exhibit C. Draft Audit Report
- Exhibit D. Tax Assessor-Collector's Report
- Exhibit E. Uncollectable Request
- Exhibit F. Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G. Operations and Maintenance Report
- Exhibit H. Engineer's Report
- Exhibit I. Bookkeeping Report
- Exhibit J. Investment Report