

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 May 6, 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, Assistant Secretary

All of said persons were present, 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.; Eric Thiry of Environmental Development Partners, L.L.C.; Mike Arterburn of Utility Tax Service, L.L.C.; Paul Vangrieken and Kevin Drewes of Genesis Capital Partners, L.L.C. ("Genesis"); and Spencer Creed of Schwartz, Page, & Harding, L.L.P.

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 then considered approval of the minutes of the Board of Directors meeting held on April 1, 2013. After further discussion, Director Rhodes moved that the minutes of the April 1, 2013, Board of Directors meeting be approved as written. Director Garner seconded said motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report. In connection therewith, Deputy Martino reported on recent activities within the District, as noted on the Harris County Constable's Security Patrol Report for April 2013, a copy of which is attached hereto as **Exhibit A**. Deputy Martino reported that a theft had occurred at the Compaq campus. He then queried the Board as to whether certain video equipment at the park had been repaired. Director Geaslen advised that Mr. Eby is still addressing same.

Director Geaslen next discussed the traffic lights located on Jones Road leading out of the subdivision and queried Deputy Martino regarding the process to have the timing of same adjusted.

Deputy Martino next advised that the Security Patrol Reports are e-mailed out on a monthly basis, and requested that any director wishing to receive the reports advise him of same. Director Geaslen noted that he will continue to forward the report to the rest of the directors.

After discussion, Director Theriot moved that the Security Patrol Report be approved as written. Director Nicosia seconded said motion, which carried unanimously.

Ms. Redden entered 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 Tax Assessor-Collector's Report dated as of April 30, 2013, a copy of which is attached hereto as **Exhibit B**. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. In connection with the District's Strategic Partnership Agreement with the City of Houston, Mr. Arterburn advised that UTS will begin its updated inventory of businesses this month. 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 Nicosia seconded said motion, which carried unanimously.

Mr. Arterburn exited the meeting at this time.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report. In connection therewith, Mr. Thiry presented and reviewed with the Board the Operations and Maintenance Report dated May 3, 2013, a copy of which is attached hereto as **Exhibit C**.

A discussion then ensued concerning the Public Power Pool and the District's current contract for electricity service which terminates at the end of this year. The Board requested that Mr. Eby begin obtaining proposals for electricity service for the Board's review at either the August or September meeting, to which he agreed.

Mr. Thiry then presented and reviewed with the Board a draft Consumer Confidence Report ("CCR") which was prepared by EDP, a copy of which is attached to the Operations and Maintenance Report.

Mr. Thiry next advised that EDP wished to add their compliance manager as a signatory to the District's Discharge Monitoring Reports ("DMR") and requested the Board's approval for same. After discussion, Director Garner moved that EDP be authorized to add an additional signatory to the District's DMR as requested.

After discussion of the Report presented, Director Nicosia moved that the Operations and Maintenance Report be approved as presented. Director Garner seconded said motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT

The Board next considered the approval and distribution of the CCR prepared by EDP. In connection therewith, Mr. Creed reminded the Board that pursuant to CCR requirements

promulgated by the United States Environmental Protection Agency and the Texas Commission on Environmental Quality, the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2013. After discussion on the matter, Director Rhodes moved that the 2012 CCR be approved, subject to SPH's final approval of the same, and that EDP be authorized to distribute same to the District's customers prior to July 1, 2013. Director Garner seconded said motion, which carried unanimously.

ANNUAL REVIEW OF THE DISTRICT'S IDENTITY THEFT PREVENTION PROGRAM

The Board considered review of the District's Identity Theft Prevention Program (the "Program"). Based upon the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities, Mr. Thiry recommended that no changes be made to the District's Program. Mr. Thiry presented and reviewed the Administrator's Annual Report prepared by EDP, a copy of which is attached to the Operations and Maintenance Report, reflecting such recommendation. After discussion on the matter, the Board concurred with said recommendation.

ALTERNATIVE PAYMENT PROGRAM

The Board next considered the proposed alternative payment program for the payment of water and sewer bills by District customers which is sponsored by Compass Bank. A discussion then ensued regarding costs relating to such program. Mr. Thiry noted that under the program the District will incur a monthly fee of \$27.00 and a fee of \$0.25 per transaction, which fees are in addition to the convenience fees paid by customers utilizing the program. Mr. Creed advised that SPH has received the documents from Compass Bank and is in the process of reviewing same. After discussion on the matter, Director Theriot moved that the Board implement such alternative payment program, that the Resolution Approving Additional Payment Services for District Customers attached hereto as **Exhibit D** be adopted by the Board, and that the President and Secretary be authorized to execute said Resolution and each of the program agreements on behalf of the Board and the District. Director Rhodes seconded the motion, which carried unanimously.

Director Rhodes then inquired as to whether there was a way to determine the number of residents that utilize the program each month so the Board could continually monitor the benefits of offering same. Mr. Thiry advised that he will research the matter and report back on his findings at next month's meeting.

APPROVAL OF FIRST AMENDMENT TO AGREEMENT FOR OPERATING SERVICES

The next item to be considered by the Board was the approval of the First Amendment to Agreement for Operating Services relative to operating and maintenance services performed by EDP. In connection therewith, Mr. Thiry presented and reviewed the proposed amendment including the rate increases therein, a copy of which is attached hereto as **Exhibit E**. In response

to a query by Mr. Creed, Mr. Thiry advised that an amendment to the District's Rate Order will not be required relative to the proposed increases. After discussion on the proposed amendment, Director Nicosia moved that the amendment be approved as presented and that the President be authorized to execute same on behalf of the Board and District. Director Rhodes seconded said motion, which unanimously carried.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the Engineer's Report dated May 6, 2013 relative to the status of various projects within the District, a copy of which is attached hereto as **Exhibit F**.

Mr. Eby advised that the installation of the Supervisory Control and Data Acquisition ("SCADA") System at Water Plant No. 2 is complete, but that the District has not yet begun utilizing same as Water Plant No. 2 is still being recoated and inspected. He noted that the recoating of the plant is almost complete.

Mr. Eby presented the well flare report, a copy of which is attached to the Engineer's Report. Mr. Eby advised that he will contact Jeffery Cummins of New Tech Global regarding the status of the various repairs of the valve and flare at Water Plant No. 1.

Mr. Eby then discussed with the Board an invoice received from Brian Gardens in the amount of \$202.80 for irrigation repairs, a copy of which is attached to the Engineer's Report. He then reminded the Board that he had previously presented a proposal from Brian Gardens in the amount of \$2,237.00 for landscaping at the park and that the Board had deferred same until spring. Mr. Eby then queried the Board as to whether they were interested in proceeding with same. After discussion, Director Rhodes moved that such work by Brian Gardens be approved. Director Theriot seconded said motion, which carried unanimously.

Director Theriot then notified the Board of two resident concerns. She advised that there was a blockage at the fountains located at the park which caused the backup of water flow and the ponding of same. A discussion then ensued regarding various actions to remedy same. Mr. Eby advised that he would inspect the issue and provide a recommendation at the next meeting.

Director Theriot next advised that various residents have expressed interest in having a trash receptacle placed at the entrance of the trail directly across the street from the park where the "no littering" sign is located. She noted that there was a sign at the end of the trail to prohibit littering on the trail. After discussion, the Board agreed to monitor the situation to determine if the garbage can at the end of the trail is being utilized.

Mr. Eby next presented various correspondences from NAPCO Chemical Company, Inc. ("NAPCO") regarding the proposed purchase/construction of a shelter for the protection of the District's portable generator, copies of which are attached to the Engineer's Report. He advised that the cost of a fiberglass structure from NAPCO is approximately \$15,000 and that the concrete pad would be an additional \$3,000. After discussion, the Board agreed that the District's portable generator be housed at the garage located at the Wastewater Treatment Plant and for the generator to simply be moved in the event a flood is anticipated.

Mr. Eby next advised that the Lone Star College Energy Manufacturing Institute is in the process of being constructed. He then presented various correspondence from Lone Star College and Cobb, Fendley & Associates, Inc. ("Cobb Fendley"), its engineers, regarding the project, copies of which are attached to the Engineer's Report. Mr. Eby reported that in the letter received from Lone Star College, it lists various chemicals that will be present at its Energy Manufacturing Institute. He advised that some of the chemicals listed in the letter are hazardous and that he will be sending a formal response to Lone Star College notifying that such chemicals will not be allowed to be placed into the District's sanitary sewer system and that they will need to make arrangements to have the chemicals hauled off their property. Mr. Eby noted that he has not yet received a response from Lone Star College or Cobb Fendley concerning same.

In connection with the construction of the Lone Star College Energy Manufacturing Institute, Mr. Eby presented and reviewed correspondence from Cobb Fendley Engineers regarding its response to comments to plans received for the building, a copy of which is attached to the Engineer's Report. A discussion then ensued concerning same.

Mr. Eby then presented and reviewed with the Board a response prepared by Eby regarding Lake Forest Utility District's ("Lake Forest") Public Information Act request for information relating to the production of natural gas at Water Plant No. 1, a copy of which is attached to the Engineer's Report. He advised that he will bill Lake Forest directly for his time and costs associated with providing them with the requested information.

In connection with the outstanding Harris County permit previously issued in the name of the District on Hewlett Packard's ("HP") property, Mr. Eby advised that he has been in contact with the County concerning same and that the County is in the process of closing the permit. He noted that he has issued the As-Built Certificate required by the County, a copy of which is attached to the Engineer's Report.

A discussion next ensued concerning the security cameras installed at the park. In connection therewith, Mr. Eby reported that he had met with representatives of C-Link to discuss same, but that they have been unresponsive since their meeting. He stated that he will continue to follow up with C-Link and provide the Board with an update at next month's meeting.

A discussion then ensued concerning the installation of a chemical injection/chloramines system at the District's water plant. In connection therewith, Mr. Thiry advised that he was reviewing the matter.

Mr. Eby next advised that he will have a playground equipment inspection report for the Board's review and approval at next month's meeting.

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

AUTHORIZE SUBMISSION OF INFORMATION TO ELECTRIC UTILITY PROVIDERS

The Board next considered authorizing submission to each electric utility that provides transmission and distribution service to the District and each retail electricity provider for determination of District facilities that qualify for critical load status. After discussion, Director Nicosia moved that EDP be authorized to submit said information on the District's behalf. Director Theriot seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed with the Board the Bookkeeping Report dated May 6, 2013, a copy of which is attached hereto as **Exhibit G**, including the checks presented for payment.

Ms. Redden reviewed with the Board the historical summary of the District's electricity usage, a copy of which is attached to the Bookkeeper's Report. After discussion, the Board concurred that only the District's history for the past twelve month be included on the list, to which Ms. Redden agreed.

After discussion, Director Theriot moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes seconded said motion, which carried unanimously.

UNCLAIMED PROPERTY REPORT AS OF MARCH 31, 2013

The Board considered review and approval of an Unclaimed Property Report for the District as of March 31, 2013 prepared by the District's bookkeeper. After discussion, Director Theriot moved that the bookkeeper be authorized to file the unclaimed property report as of March 31, 2013 with the State Comptroller by July 1, 2013. Director Nicosia seconded said motion, which unanimously carried.

DEVELOPERS' REPORTS

HP

The Board 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 considered the development in the District by Genesis. In connection therewith, Mr. Vangrieken presented and reviewed an updated schedule of surcharge revenues received from the District and an associated loan amortization schedule, a copy of which is attached hereto as **Exhibit H**. Mr. Vangrieken then discussed the term of the surcharge payment, which he noted terminates on June 1, 2013 and requested that the Board consider amending its Development, Financing and Annexation Agreement with the District to extend the term an

additional twelve months to June 1, 2014. After discussion, Director Theriot moved that the term of the surcharge payment be extended to June 1, 2014, and that the Fourth Amendment to the Development, Financing and Annexation Agreement by and between the District and Genesis Capital Partners IX, Ltd, CTP Office, Ltd., CTP Land, Ltd., and Genesis Capital Partners XVII, L.P, attached hereto as **Exhibit I**, be approved. Director Nicosia seconded said motion. Upon voting, the motion carried with Directors Theriot, Nicosia, Garner and Rhodes voting in favor of such motion and Director Geaslen voting against it.

In connection with the status of property sales in the District by Genesis, Mr. Vangrieken discussed the proposed development of a hotel project. He reported that they are in the process of replatting the site and that the property will include a private access road. Mr. Vangrieken advised that the engineers for the hotel will contact Mr. Eby regarding the location of utility lines and the meter to serve the property.

Mr. Vangrieken then discussed with the Board the contract between Harris County Municipal Utility District No. 230 and Rebel Contractors, Inc. ("Rebel") regarding construction of the expansion of the detention pond to serve Chasewood Technology Park Sec. 2. Mr. Vangrieken advised that Rebel had submitted their final pay estimate concerning the project more than eight months ago, but that \$18,000 still remains outstanding. Mr. Vangrieken requested that Mr. Eby review the status of the project so that it may be closed out, to which he agreed.

CENTRE AT CYPRESS CREEK ("THE CENTRE")

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

LONE STAR

In connection with development in the District by Lone Star, Director Garner advised that he had nothing new to report.

TCH NORTHWEST ASSOCIATES ("TCH")

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

AMENDMENT OF RATE ORDER

Mr. Creed advised the Board that it will be necessary to amend the District's Rate Order in connection with the implementation of the above-referenced alternative payment program and extension of the term of the surcharge payment. Mr. Creed then presented and reviewed with the Board an amended Rate Order that addressed said changes. After discussion on the matter, Director Theriot moved that the Board approve and adopt the amended Rate Order, attached hereto as **Exhibit J**, and that any previous Rate Order adopted by the Board be revoked. Director Rhodes seconded said motion, which unanimously carried.

WATER SUPPLY CONTRACT

Mr. Creed advised that the Board had previously approved a Water Supply Contract by and between the District and TCH, but that TCH is requesting certain revisions to same to address the installation of the backflow prevention facilities. Mr. Creed reviewed the requested change with the Board. After discussion, Director Theriot moved that the requested changes to the Water Supply Contract with TCH, attached hereto as **Exhibit K**, be approved and that the President be authorized to initial same. Director Nicosia seconded said motion, which carried unanimously.

ATTORNEY'S REPORT

The Board next considered the attorney's report. 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.

CYPRESS CREEK GREENWAY PROJECT

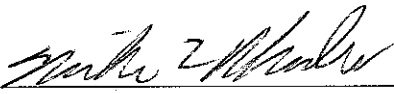
Director Theriot next advised that she recently attended a presentation concerning the Cypress Creek Greenway Project and provided the Board with a summary of various issues discussed at same. She expressed the importance of the project and requested that the Board consider approving a Resolution reflecting the District's support of same. After discussion, Director Rhodes moved that the Resolution supporting the Cypress Creek Greenway Project, attached hereto as **Exhibit L**, be approved. Director Garner seconded said motion, which carried unanimously.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot advised that she has nothing new to report concerning same.

ADJOURNMENT OF BOARD MEETING

Citing no further business to come before the Board at this time, Director Rhodes made a motion to adjourn at 7:45 p.m., duly seconded by Director Nicosia, which carried without dissent.



Secretary

LIST OF EXHIBITS

- Exhibit A. Harris County Constable's Security Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Operations and Maintenance Report
- Exhibit D. Resolution Approving Additional Payment Services for District Customers
- Exhibit E. First Amendment to Agreement for Operating Services
- Exhibit F. Engineer's Report
- Exhibit G. Bookkeeping Report
- Exhibit H. Schedule of Surcharge Revenues
- Exhibit I. Fourth Amendment to Development, Financing and Annexation Agreement
- Exhibit J. Rate Order
- Exhibit K. Revised Water Supply Contract with TCH
- Exhibit L. Resolution Supporting Cypress Creek Greenway Project