

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
August 5, 2013

ACTIONS TAKEN

1. The Board of Directors (“Board”) voted to approve the minutes of the July 1, 2013, meeting as revised.
2. The Board engaged Roth & Eyring, PLLC to prepare the District’s audit report for the fiscal years ending September 30, 2013, and September 30, 2014.
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 terminated the Tax Collection Agreement among the District, Schwartz Page & Harding, LLP, and Perdue, Brandon, Fielder, Collins & Mott, LLP.
5. The Board approved the Tax Collection Agreement among the District, Marks Richardson PC, and Perdue, Brandon, Fielder, Collins & Mott, LLP.
6. The Board authorized the Delinquent Tax Collections Attorney to pursue the collection of delinquent taxes for 2012 and prior years.
7. The Board approved hydrant repairs and the installation of new reflectors as noted in the fire hydrant testing report.
8. The Board approved the purchase and installation of a new booster pump.
9. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C.
10. The Board approved to reimburse the Operator for bank fees imposed by BBVA Compass Bank (“Compass”) and related to the implementation of alternative payment program for the payment of customer water bills.
11. The Board approved and authorized the payment of Pay Estimate No. 2 and final totaling \$630.00 from Jach, Inc. in connection with the SCADA project at the Water Plant.
12. The Board approved the Engineering Report as presented by Eby Engineers, Inc.
13. The Board approved the Bookkeeper’s Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.

14. The Board amended the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer relative to changes required with the Collateral Security Agreement and adopted a Resolution in connection therewith.
 15. The Board consented to the work outlined in the Maintenance Agreement between TCH Northwest Associates ("TCH") and Malcomson Road MUD for the maintenance of the detention pond.
 16. The Board approved an Interlocal Contract in connection with Cypress Creek Greenway Parks and Master Trails Plan.
 17. The Board authorized the expenditure of \$2,000.00 for the Water Conservation Meeting to be held by the District on October 1, 2013.
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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 August 5, 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 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"); Roshell Arterburn and Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Mark Roth of Roth & Eyring, PLLC; Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Kevin Lewis of Oldham Goodwin Group ("Oldham"); Brian Attaway of Trammell Crow Company ("Trammell"); and Kara Richardson 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 July 1, 2013. After discussion, Director Rhodes moved that the minutes of the July 1, 2013, Board of Directors meeting be approved, as revised per Mr. Vangrieken's email dated July 29, 2013. Director Nicosia 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 stated he had nothing to report at this time. He noted that there is a possible identity theft case he will report on next month.

Deputy Martino exited the meeting at this time.

ENGAGEMENT OF AUDITOR

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal years ending September 30, 2013, and September 30, 2014. Mr. Roth made a presentation to the Board and advised that Roth & Eyring, PLLC's fee for the preparation of said audit reports is \$10,250.00 per year for the next two years. After discussion, Director Rhodes moved that the District engage Roth & Eyring, PLLC to prepare the District's audit reports for the

fiscal years ending September 30, 2013, and September 30, 2014. Director Gardner seconded said motion, which unanimously carried.

Mr. Eby entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. In connection therewith, Mr. Mike Arterburn introduced Ms. Rochelle Arterburn of UTS and presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit A**) dated July 31, 2013. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. After discussion of the report, Director Nicosia 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.

TERMINATION OF TAX COLLECTION AGREEMENT

The Board next considered the termination of the Tax Collection Agreement among the District, Schwartz, Page & Harding, LLP (“SPH”), and Perdue, Brandon Fielder, Collins & Mott, LLP, (“Perdue”) related to the collection of delinquent taxes owed to the District. After discussion on the matter, Director Rhodes moved that the Tax Collection Agreement among the above mentioned parties be terminated, effective immediately, and that MRPC be authorized to send notice of such termination to SPH. Director Theriot seconded said motion, which carried unanimously.

APPROVAL OF TAX COLLECTION AGREEMENT

The Board next considered the approval of a Tax Collection Agreement among the District, MRPC, and Perdue and related to the collection of delinquent taxes owed to the District. After review of the proposed Agreement, Director Theriot moved that the Tax Collection Agreement among the above mentioned parties be approved and effective as of August 5, 2013, and that the President be authorized to execute same on behalf of the Board. Director Garner seconded said motion, which carried unanimously.

COLLECTION OF DELINQUENT TAXES

The Board next considered authorizing Perdue to pursue the collection of delinquent taxes for 2012 and prior years. After discussion on the matter, Director Rhodes moved that Perdue be authorized to proceed with the collection of the District's 2012 and prior years delinquent tax accounts. Director Garner seconded said motion, which unanimously carried.

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 B) dated August 1, 2013.

Mr. Thiry reported that EDP completed the installation of the supplemental chemical feed system for adding chloramines to the ground storage tanks at the Water Plant

Mr. Thiry next reported on the repairs for the bar screen at the wastewater plant. He stated that the repairs have been completed at a cost of \$6,860.00. He noted that he will file an insurance claim if the cost exceeds the amount of the District's deductible.

Mr. Thiry next reported on the status of the fire hydrant testing. In connection therewith, he presented the report attached to his Operation and Maintenance Report. He recommended the Board authorize various repairs and reflector replacements totaling \$2,415.00 but that the Board defer painting the hydrants. After discussion on the matter, Director Nicosia made a motion to authorize the repairs and reflector replacements as set out above. Director Theriot seconded said motion, which carried unanimously.

Mr. Thiry next reported that the booster pump #2 motor shorted out during the month and needs to be repaired or replaced. He stated that the cost for repair is \$3,290.15 plus installation, and that cost of a new motor is \$4,266.50. Director Geaslen recommended the Board authorize the purchase of a new motor. After discussion, Director Nicosia made a motion to authorize the purchase and installation of a new motor as set out above. Director Theriot seconded said motion, which carried unanimously.

Mr. Thiry next presented a tap fee letter relative to the Lone Star College Energy Manufacturing Institute ("EMI"), a copy of which is attached to the Operations and Maintenance Report. After discussion the Board concurred that the tap fee calculation reflected in the letter needs to be revised to reflect the rates set forth in the District's Rate Order.

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

Ms. Redden entered the meeting at this time.

INDUSTRIAL WASTE ORDER

The Board next considered adopting an Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District. After discussion on the matter, the Board concurred to defer the matter so that Ms. Richardson and Mr. Eby could evaluate the practicality of implementing same.

ALTERNATIVE PAYMENT PROGRAM

The Board next considered the status of implementation of alternative payment programs for the payment of customer water bills. A discussion followed regarding the proposed monthly fee of \$25.00 and per-transaction fee of \$0.25 that would be imposed by Compass and billed to EDP upon implementation of the program. After discussion, Director Rhodes made a motion to

authorize the District to reimburse EDP for the \$25.00 monthly fee and \$0.25 per-transaction fee imposed by Compass. Director Theriot seconded said motion, which carried unanimously.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the attached Engineer's Report (**Exhibit C**) dated August 6, 2013.

Mr. Eby reported that the SCADA project at the Water Plant has been completed. He presented for the Board's approval Pay Estimate No. 2 and final received from Jach Inc. for \$630.00, representing the retainage fee. After discussion, Director Garner made a motion to approve payment of Pay Estimate No. 2 and final to Jach Inc. as set forth above. Director Nicosia seconded said motion, which carried unanimously.

Mr. Eby next reported he had nothing new in regard to the inspection of the flare at Water Plant No. 1.

Mr. Eby next reported that he received an invoice from Brian Gardens for \$235.00 for tree removal. He also reported that the water fountain that was removed may be able to serve as a misting device for the Park. He noted that he will present a price relative to same next month.

Mr. Eby next reported that the fluoride treatment project is complete and should be operational next month. A discussion followed relative to providing notice to the residents relative to the introduction of fluoride into the District's water system. Ms. Richardson stated she will research the requirements and report to the Board next month.

Mr. Eby next reported on the Lone Star meter transfer at the Central Plant. He stated he is working on the plans and adding backflow prevention and sample wells. He noted that he may want to test the industrial waste line to see what is currently flowing through it.

Mr. Eby next presented to the Board a proposal from Advantage Security for the installation of new cameras and wiring as well as 24-hour a day monitoring. After discussion, Mr. Eby stated he will obtain additional proposals relative to same.

Mr. Eby next reported that the EMI building plan review has been completed.

Mr. Eby next reported that the Chasewood Park drawings are in the process of being reviewed.

Director Theriot next reported that a garbage can has been burned out and is need of removal. Ms. Redden stated that Mr. Eby can contact Mr. Redden to remove the can.

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

AMENDMENT OF RATE ORDER

The Board next considered amending the District's Rate Order. A discussion followed regarding the out-of-District rates being paid by the YMCA. Director Geaslen questioned whether the YMCA is required to pay the fees imposed by the North Harris County Regional Water Authority (the "NHCRWA"). Ms. Richardson stated she would review the District's Out-of-District service agreement to determine the rate imposed on the YMCA.

AMENDMENT OF DROUGHT CONTINGENCY PLAN

The Board next considered amending the District's Drought Contingency Plan. In connection therewith, Ms. Richardson presented and reviewed with the Board correspondence received from the NHCRWA, (**Exhibit D**), relative to a revised Drought Contingency Plan ("DCP") adopted by NHCRWA at their last Board meeting. Ms. Richardson stated that the NHCRWA's revised Plan requires that all member districts adopt DCPs that are "at least as stringent as" the NHCRWA's DCP. Ms. Richardson presented an excerpt of the District's current DCP and compared the provisions of such DCP to the NHCRWA's DCP. Ms. Richardson further noted the enforcement options available to the NHCRWA for districts that do not comply with the NHCRWA rules. After discussion on the matter, the Board concurred that the District's DCP did not require amendment.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed the attached Bookkeeping Report (**Exhibit E**) dated August 5, 2013, including the checks presented for payment. After discussion, Director Nicosia moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Rhodes seconded said motion, which carried unanimously.

AMENDMENT TO INVESTMENT POLICY

The Board next considered an amendment to the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Order") including the adoption of a Resolution relative thereto (**Exhibit F**). In connection therewith, Ms. Richardson presented and reviewed the proposed changes to the Order and explained that, as a result of recent legislative changes certain changes were required to the form of Collateral Security Agreement which is attached to the Order as Exhibit "B". After discussion on the matter, Director Nicosia moved that (1) the attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer be adopted, that (2) the attached Order be adopted, and (3) the President be authorized to sign and the Secretary to attest said Resolution and said Order on behalf of the Board and District. Director Rhodes seconded said motion, which unanimously carried.

DEVELOPERS' REPORTS

TCH NORTHWEST ASSOCIATES ("TCH")

The Board next considered the development in the District by TCH. In connection therewith, Mr. Attaway introduced himself to the Board and stated that TCH's mailing address has changed. He next presented and reviewed with the Board a Maintenance Agreement between Malcomson Road MUD and TCH regarding detention pond maintenance by TCH and stated that the parties to the Agreement are requesting the District's acknowledgement of the work outlined in said Agreement. After discussion on the matter, Director Rhodes moved that the Board acknowledge the Agreement and authorize the President to sign the acknowledgement on behalf of the Board. Director Nicosia seconded said motion, which unanimously carried.

GENESIS CAPITAL PARTNER, L.L.C.

The Board considered development in the District by Genesis. In connection therewith, Mr. Drews requested that the Board consider approving the installation of a remote water meter for the cooling tower in the Five Chasewood development. A discussion followed regarding the same. Mr. Thiry noted that the Rate Order should cover the installation and requested that Genesis send plans to EDP for review.

Mr. Drews next reported that Genesis needs the District's approval of the hotel plans within the Five Chasewood development as soon as possible. He stated that Genesis is slated to close on the hotel property August 15th but that such closing is contingent upon Genesis obtaining a bid for the construction of the access road. He requested that the District's engineer review the plans by August 15th and give approval of the "concept". Mr. Eby stated that his review typically takes much longer than the requested timeline. Mr. Drews stated the final storm sewer plans and construction of same must be completed within 120 days after closing.

LONE STAR

The Board next considered the status of the development in the District by Lone Star. In connection therewith, Director Garner reported that a Business Owner's Association is being formed to manage the signage, landscaping and other matters of that nature for the development.

HP

The Board deferred consideration of development in the District by HP after noting that no representative of HP was present to discuss same.

CENTRE AT CYPRESS CREEK

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

INTERLOCAL CONTRACT

The Board next considered the approval of an Interlocal Contract in connection with the study of Cypress Creek Greenway Parks and Master Trails Plan. In connection therewith, Ms. Richardson presented and reviewed the proposed Agreement with the Board and noted that the Board previously agreed to donate \$5,000.00 towards the project. After discussion on the matter, Director Garner made a motion to approve said agreement and donation and authorize the President to execute same on behalf of the Board. Director Nicosia seconded said motion, which carried unanimously.

WATER CONSERVATION MEETING

The Board next considered a discussion on the Water Conservation Meeting to be held on October 1, 2013. In connection therewith, Director Theriot reported that the meeting takes place yearly in conjunction with the national Night Out and that this year's meeting will take place at 6:30 p.m. within the District. She further requested that the District donate \$2,000.00 to be used in furtherance of said meeting which would be used to educate members of the public on water conservation topics. After discussion, Director Rhodes made a motion to donate \$2,000 as set out above. Director Nicosia seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Ms. Richardson presented and reviewed with the Board the attached Update of 83rd Texas Legislature (**Exhibit G**).

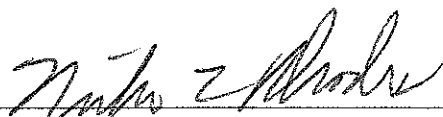
DISTRICT WEBSITE

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

ADJOURNMENT OF BOARD MEETING

The Board next discussed the September meeting date and noted that it is currently scheduled on a holiday. After discussion, the Board concurred to move the September regular meeting to Monday, September 9, 2013 at 6:00 p.m.

Citing no further business to come before the Board at this time, Director Theriot made a motion to adjourn, duly seconded by Director Rhodes, which carried without dissent.


Secretary

LIST OF EXHIBITS

August 5, 2013

- Exhibit A. Tax Assessor-Collector's Report
- Exhibit B. Operations and Maintenance Report
- Exhibit C. Engineer's Report
- Exhibit D. NHCRWA Letter
- Exhibit E. Bookkeeping Report
- Exhibit F. Investment Policy & Resolution
- Exhibit G. Update of 83rd Texas Legislature