

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
September 9, 2013

ACTIONS TAKEN

1. The Board of Directors (“Board”) voted to approve the minutes of the July 1, 2013, meeting.
 2. 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.
 3. The Board approved the cleaning of the lift station by Source Point.
 4. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C.
 5. The Board authorized the District’s Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2013 maintenance and operations tax rate of \$0.18 per \$100 of valuation to be held at the District’s next regular meeting.
 6. The Board approved the proposal from Advantage Security Integration for the installation of security equipment and monitoring at Water Plant #1, the Waste Water Treatment Plant, and the Park, pending review of a contract for same by Marks Richardson PC.
 7. The Board approved the Engineering Report as presented by Eby Engineers, Inc.
 8. The Board approved the Consent to Encroachment relative to the Energy & Manufacturing Institute of Lone Star College.
 9. The Board approved the Bookkeeper’s Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 10. The Board adopted an operating budget for the fiscal year ending September 30, 2014.
 11. The Board approved an increase in the rates charged to the YMCA under the Water Supply and Waste Disposal Agreement by and between the District and Young Men’s Christian Association of the Greater Houston Area, from two (2) times the rates charged to Commercial Customers under the Rate Order to three (3) times the rates charged to Commercial Customers under the Rate Order.
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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 September 9, 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. ("Eby"); Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"); Mike Arterburn and Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Gene Shepherd of RBC Capital Markets ("RBC"); Paul Vangrieken and Kevin Drewes of Genesis Capital Advisors, L.L.C. ("Genesis"); Mark Nelson of Advantage Security Integration ("Advantage"); 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 August 5, 2013. After discussion, Director Rhodes moved that the minutes of the August 5, 2013, Board of Directors meeting be approved, as written. Director Theriot 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 stated he had nothing notable to report at this time. Director Theriot requested assistance from the Constable in connection with traffic and parking for the Water Conservation Meeting to be held on October 1, 2013.

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

TAX ASSESSOR-COLLECTOR REPORT

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

Theriot moved that the Tax Assessor-Collector Report be approved as presented, and that the checks identified in said report be approved for payment. Director Rhodes seconded said motion, which carried unanimously.

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 C**) dated September 6, 2013.

Mr. Thiry reported that EDP completed the tapping, sleeve, and valve repairs on Jones Road, and that such repairs were performed after the close of normal business hours.

Mr. Thiry next reported that the lift station is in need of cleaning and recommended the Board authorize Source Point to perform such cleaning for a total cost of \$1,000.00. After discussion, Director Theriot made a motion to authorize Source Point to clean the lift station as set out above. Director Nicosia seconded said motion, which carried unanimously.

A discussion next followed regarding District's water well permit. Mr. Thiry reported that the District's usage is currently at 89% of the allocated permit amount. The Board noted that construction crews in the District could possibly have tapped into the District's water supply, accounting for the higher usage.

Director Geaslen next requested that an insert be sent out with the next water bill notifying customers of the addition of fluoride to the District's water supply.

Mr. Thiry next reported that he will follow up with Compass regarding the status of the online payment options for customers in the District.

Director Rhodes next inquired relative to the results of sampling that was taken at his home during the month. In that regard, Mr. Thiry stated that the sample was tested for lead and copper levels and that the results have yet to come back from the lab. He noted that the District is required to take many lead and copper samples from taps throughout the District.

Mr. Thiry next reported that the lift station located on Jones Road and the lift station located on Compaq Center Road need to be evaluated for possible rehab needs and that he will meet with Mr. Eby to investigate same.

Director Geaslen next questioned the specifics involved with painting fire hydrants and noted that some of the District's hydrants are in need of paint due to rust. Mr. Thiry stated that the hydrants can be painted at a cost of \$30.00 per hydrant and that he will look at the hydrants to evaluate the conditions and recommend options to the Board next month.

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

2013 TAX RATE RECOMMENDATION

The Board next received the Financial Advisor's recommendation concerning the establishment of the District's 2013 tax rate. In that regard, Mr. Shepherd distributed to the Board a Tax Rate Analysis, (**Exhibit D**), prepared by the District's financial advisor, RBC Capital Markets, which included the financial advisor's recommendation that the District levy a 2013 maintenance and operations tax rate of \$0.18 per \$100 of valuation. Mr. Shepherd also recommended the District pay off the District's remaining outstanding bonded indebtedness totaling \$472,950.00, plus accrued interest to the date of payment, out of the District's Operating Fund. After discussion on the matter, Director Theriot made a motion authorizing the District's Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2013 maintenance and operations tax rate of \$0.18 per \$100 of valuation to be held at the District's next regular meeting. Director Rhodes seconded said motion, which unanimously carried. Additionally, the Board concurred to add an item to the District's October agenda to approve redemption of the District's outstanding Series 1995 bonds.

INDUSTRIAL WASTE ORDER

The Board next considered adopting an Order Regulating the Introduction of Wastewater into the Sanitary Sewer System of the District. In connection therewith, Ms. Richardson stated that she and Mr. Eby are currently working on same.

ALTERNATIVE PAYMENT PROGRAM

The Board next deferred considering the status of implementation of alternative payment programs for the payment of customer water bills as it was discussed under the Operations Report.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the attached Engineer's Report (**Exhibit E**) dated September 9, 2013.

Mr. Eby introduced Mr. Nelson from Advantage Security Integration ("Advantage") to the Board. Mr. Nelson made a presentation to the Board relative to the installation of a monitored security system at the District's Water Plant No. 1, the Waste Water Treatment Plant, and the Park. He noted that Advantage recommends Samsung cameras which are vandal resistant and will activate remotely which in turn can activate a voice warning to notify the trespassers and contact a constable. He stated that the cameras have night vision and utilize analytics to determine if detected objects are human or animals/objects.

Mr. Nelson recommended monitoring for Water Plant No. 1, the Waste Water Treatment Plant, and the Park for a proposed \$461.00 per month and that the cost for equipment and installation is \$21,695.77. This does not include Water Plant No. 2 and is not monitoring the Park 24 hours a day, 7 days a week. He stated that Advantage offers a 1-year warranty on equipment and a 90-day warranty on labor.

Mr. Nelson also stated that the Board would be able to access the video feed via the internet and that Advantage could provide various statistics to the Board. After discussion, Director Rhodes made a motion to approve the proposal for the security system at Water Plant No. 1, the Waste Water Treatment Plant and the Park, and the monitoring of same as set forth above, pending review of the contract by MRPC. Director Theriot seconded said motion, which carried unanimously. The Board further authorized Mr. Nelson to prepare a proposal for equipment to serve Water Plant No. 2.

Mr. Eby next reported that NTS repaired the parking lot light at a cost of \$800.00. The Board requested that Ms. Redden hold the check pending Mr. Eby having a discussion with Mr. Neil at NTS relative to the high bill.

Mr. Eby next reported that a 6 inch water line has been located by Mr. Thiry relative to the proposed interconnect line at Water Plant No. 1 and they will investigate options for connecting same.

Mr. Eby next reported that the fluoride project is complete and ready. He stated that he will call the TCEQ to verify the need for any notifications or permits. After discussion, the Board concurred to put the project online if Mr. Eby gets the go-ahead from the TCEQ.

Mr. Vangrieken next addressed the Board in connection with the Five Chasewood development. He stated that they project to close on the land on September 15th. A discussion followed relative to Harris County requiring maintenance of certain facilities. Mr. Eby stated he will determine with the County which storm sewer facility for which the County is wanting confirmation of maintenance. Ms. Richardson stated that she will confer with Mr. Eby and Dannenbaum Engineering regarding a possible agreement with the developer relative to maintenance costs.

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.

CONSENT TO ENCROACHMENT

The Board next considered the approval of Consent to Encroachment relative to the Energy and Manufacturing Institute of Lone Star College. In that regard, Ms. Richardson presented and reviewed the same with the Board. After discussion, Director Nicosia made a motion to approve the Consent to Encroachment and that President be authorized to execute same on behalf of the Board and District. Director Theriot seconded said motion, which unanimously carried.

IMPLEMENTATION OF DROUGHT CONTINGENCY PLAN

The Board next considered the implementation of the District's Drought Contingency Plan. In connection therewith, Ms. Richardson explained that the Governor has issued an Emergency Declaration in connection with the drought in Texas, including Harris County, and that State law mandates that the District implement its Drought Contingency Plan when such Declaration is

issued. Ms. Richardson further noted that Stage One of the District's current Drought Contingency Plan calls for voluntary restrictions on water usage. After discussion on the matter, the Board concurred the display of signs throughout the District asking residents to voluntarily limit their water usage and to include language in the upcoming water bill requesting same.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed the attached Bookkeeping Report (**Exhibit F**) dated September 9, 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 Theriot seconded said motion, which carried unanimously.

ADOPTION OF BUDGET

The Board next considered adoption of operating budget for fiscal year ending September 30, 2014. Ms. Redden discussed the budget (**Exhibit G**) with the Board. After discussion, Director Rhodes made a motion to approve the budget. Director Theriot seconded said motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board next deferred considering the approval of an Unclaimed Property Report and authorizing filing of the same with the State Comptroller.

DEVELOPERS' REPORTS

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.

GENESIS CAPITAL PARTNER, L.L.C.

The Board considered development in the District by Genesis. In connection therewith, Mr. Vangrieken distributed and reviewed with the Board a loan schedule in connection with the Chasewood Water Supply Corporation (**Exhibit H**).

LONE STAR

The Board deferred consideration of the development in the District by Lone Star as Director Garner noted there was nothing to report.

HP

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

CENTRE AT CYPRESS CREEK

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

WATER SUPPLY AND WASTE DISPOSAL AGREEMENT

The Board next considered a discussion regarding the Water Supply and Waste Disposal Agreement by and between the District and the Young Men's Christian Association of the Greater Houston Area ("YMCA"). In connection therewith, Director Geaslen noted that the District has been paying the NHCRWA fees associated with the YMCA's usage since the fees were implemented and that the YMCA's fees have not been raised to account for same. Ms. Richardson stated that the District's Agreement with the YMCA provides that the District can raise the rates billed to the YMCA from two (2) times the rates paid by Commercial Customers under the Rate Order to three (3) times the rates paid by Commercial Customers under the Rate Order. After discussion, Director Rhodes made a motion to raise the rates billed by the District to the YMCA from two (2) times the rates paid by Commercial Customers under the Rate Order to three (3) times the rates paid by Commercial Customers under the Rate Order, effective immediately. Director Theriot seconded said motion, which unanimously carried.

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 6:00 p.m. within the District.

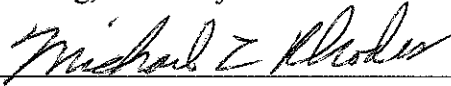
DISTRICT WEBSITE

In connection with the District's website, Director Theriot noted that the Board approved the minutes from July and requested that MRPC send a copy to her for the website.

ADJOURNMENT OF BOARD MEETING

The Board next discussed the implementation of disaster recovery plans by each of the District's consultants. After discussion, the Board concurred to place an item on the next agenda relative to same.

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


Secretary

LIST OF EXHIBITS

September 9, 2013

- Exhibit A. Security Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Operations and Maintenance Report
- Exhibit D. 2013 Tax Rate Recommendation
- Exhibit E. Engineer's Report
- Exhibit F. Bookkeeping Report
- Exhibit G. Adopted Budget
- Exhibit H. Chasewood Loan Schedule