

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
August 6, 2012

ACTIONS TAKEN

1. The Board of Directors (“Board”) voted to approve the minutes of the July 9, 2012 meeting as written.
 2. The Board approved the Operations and Maintenance Report presented by Eric Thiry of Environmental Development Partners, L.L.C. (“EDP”).
 3. The board approved the Engineering Report and the invoices and proposal presented by Dennis Eby of Eby Engineers, Inc.
 4. The Board voted to opt out of the Public Power Pool for the upcoming renewal term.
 5. The Board approved the Bookkeeper’s Report as presented by Claudia Redden of Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 6. The Board approved all Director expenses submitted from the AWBD conference for reimbursement.
 7. The Board approved the Tax Assessor-Collector’s Report as presented by Michael Arterburn of Utility Tax Service L.L.C., including payment of the bills associated therewith.
 8. The Board approved signature and filing of paperwork in connection with the District’s eminent domain rights as presented by Spencer Creed of Schwartz, Page, & Harding, L.L.P.
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The Board of Harris County Municipal Utility District No. 286 ("District") met at the Board's regular meeting place, 8015 FM 1960 West, Houston, Harris, County, Texas 77070 on August 6, 2012 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, Director

All of said persons were present, therefore constituting a quorum.

Also present were Officer Lopez 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"); Spencer Creed of Schwartz, Page, & Harding, L.L.P. ("SPH"); Paul VanGrieken of Genesis Capital Partners L.L.C. ("Genesis"); Kevin Drewes of Genesis Capital Management ("Genesis"); Michael Arterburn of Utility Tax Service, L. L. C.; and Jacquelin Harvell, administrative assistant.

The meeting was called to order at 6:00 p.m. by President Geaslen.

APPROVAL OF MINUTES

The President asked that the approval of past minutes be given first consideration. After review, upon motion made by Director Nicosia, seconded by Director Theriot, the Board voted unanimously to approve the minutes of the July 9, 2012 meeting, as written.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The President recognized Officer Lopez, who introduced himself then reported recent activities within the District, as noted on the Harris County Constable's Security Patrol Report for July 2011, attached hereto as Exhibit A. Officer Lopez then exited the meeting.

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 August 3, 2012, a copy of which is attached hereto as Exhibit B.

Mr. Thiry began by noting that Lonestar had received a quote for backflow preventor installation and that they were working on scheduling same. Mr. Thiry then directed attention to his report, asking the Board to note the attached certificate that the TCEQ requires for delivery of the water quality report. Mr. Thiry advised that the heavy rains in the area during the last month resulted in flooding at the wastewater plant. Mr. Thiry stated that the only damage caused was to the pumps that provide the recirculated wash-down water. He explained that the two pumps were submerged and had to be replaced.

Mr. Thiry next addressed water usage. He stated that water usage was up by a considerable amount for the period covered in his report. He discussed the water quality monitoring report and noted the water production report and water accountability rate which includes North Harris County Regional Water Authority (“NHCRWA”) fees. He verified that there were no violations at the wastewater treatment plant, and that the Operator is presently testing the wells twice a week.

Mr. Thiry reviewed his report including customer service reports and calls. He stated that there had been no further work completed on the valve survey. The Board requested that Mr. Thiry make the completion of the commercial valve survey a priority for the next meeting.

Upon request from Director Theriot, Mr. Thiry agreed to look into the issue of an uneven sidewalk near Cypresswood Place.

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

Mr. Eby entered the meeting during the Operator’s Report.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the Engineer’s Report dated August 5, 2012 relative to the status of various projects within the District, a copy of which is attached hereto as Exhibit C.

Mr. Eby noted that, in his report, could be found invoices for the “Tot Seats” from BJs Park & Recreation which were replaced last week at the park. Additionally he reviewed the attached invoice from Bryan Gardens from the repair work on the irrigation/sprinkler system at the park and a proposal for cleanup work on the trail and tree removal. Mr. Eby also noted that the mulch work at the park has not been done. He stated that he would continue calling in attempts to schedule that work.

Mr. Eby stated that the pond area was re-graded to drain to the inlet as discussed at the last meeting. The Board requested that Mr. Eby get an estimate from Bryan Gardens regarding the cost to put in sprinkler systems in that area.

Mr. Eby informed the Board that he recently walked around the detention pond area and noted that the adjacent trail had some vertical cracks. He stated that it would be wise to budget ahead for the eventual repairs that would be required on the trail there and at the park.

At this time Mr. Eby discussed the Public Power Pool (“PPP”) conference call with which he was recently involved. He stated that the PPP has opted to do pricing beyond 3 years as originally discussed and that the blending of present and future pricing aspect of the offer is no longer a consideration because the electric provider that the PPP is with currently is not rebidding the project. He stated that the deadline for opt out had been extended to August 7, 2012. After some discussion, motion was made by Director Nicosia to decline participation in the PPP for the upcoming bid period and that a Resolution evidencing the Board’s intent to withdraw from the pool be adopted by the District. The motion was seconded by Director Theriot and carried without dissent. President Geaslen noted that he and Mr. Creed would work together on notifying the PPP of their decision to decline.

The Board then directed its discussion at the recent flooding in the area. Mr. Eby stated that he walked and surveyed the area after the water receded and that no damage was noted beyond a few trees in the area that need removed. President Geaslen asked that Mr. Eby have Bryan Gardens clear a large mound of dirt near the entrance to the woods. He also requested that the overhead vegetation be cut near the trail on Jones Road.

After discussion, Director Theriot moved that the Engineering Report be approved as presented. Director Rhodes seconded said motion, which unanimously carried.

Mr. Creed and Ms. Redden entered the meeting during the Engineer’s Report

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Ms. Redden reviewed with the Board the Bookkeeping Report dated August 6, 2012, a copy of which is attached hereto as Exhibit D, including the checks presented for payment.

Ms. Redden advised that she was handing out two separate packets of information in her report including one regarding the proposed budget. She discussed the accounts receivable, the sales tax payment, the upcoming bond payment, transfer of various fund between accounts, investments, and other related items. Some discussion followed noting transfer of funds and explaining specific fees per the report.

Ms. Redden asked that the Board review the information presented as a proposed budget for the upcoming year. She stated that a new budget has to be adopted by Sept 30, so the Board should review the report and be prepared to modify or adopt the information at the next meeting.

At this time Director Nicosia made a motion that all Director expenses submitted from the AWBD conference be accepted for reimbursement. The motion was seconded by Director Theriot and carried unanimously.

After discussion, Director Garner moved that the Bookkeeping Report be approved as presented. Director Theriot seconded said motion, which unanimously carried.

DEVELOPERS' REPORTS

TCH NORTH WEST ASSOCIATES L.P. ("Trammell Crowe")

At this time the Board noted that no representative of Trammell Crowe was present to discuss matters previously addressed regarding the provision of water service to its parking garage located outside of the District. Mr. Creed stated that he has been working on the draft contract and will circulate it for comment among Mr. Attaway, Mr. Eby, and Mr. Thiry before presenting the paperwork to the District for approval. He explained that the agreement proposed is between the District and the property owner and that they will be asking Malcomson Road Utility District to sign off on the arrangement. He further advised that the agreement contemplates an annual payment from the property owner to the District equivalent to the amount of taxes that would have been paid if the property were within the boundaries of the District. The Board then had some discussion the metering of the system.

The Board requested that Mr. Eby look into the irrigation system at the parking garage to find out the source of that water so that it could be addressed in the agreement if necessary. The Operator and Engineer agreed to work together to clearly identify the appropriate meters and valves and then report to Mr. Creed so that he can address them in the agreement.

GENESIS CAPTIAL PARTNER, L.L.C. (“Genesis”)

The Board next recognized Mr. VanGrieken, a representative for Genesis. Mr. VanGrieken handed out copies of the current loan amortization schedule for the Chasewood project, a copy of which is attached hereto as Exhibit E,

He noted that the last conversion fee received by Genesis was for May and that the summer water bills are usually higher. The Board discussed the totals on the schedule including the 7% interest rate. Mr. VanGrieken noted that the Chasewood buildings were at a lower occupancy since other buildings in the District have begun leasing.

Mr. VanGrieken stated that he hopes to have the contract for the proposed hotel signed this month. He stated that they are currently working on the purchase agreement. He explained that once that is signed he would be requesting information from the Operator and Engineer so that the design of access roads and utilities could begin.

Mr. VanGrieken stated that he would like to work on installing the necessary meter to obtain the credit for the cooling tower blow down water as approved at the last Board Meeting. He explained that Mr. Drewes would be following up with Mr. Thiry regarding same.

At this time the Board turned its discussion to the potential hotel plans. Mr. VanGrieken noted that he expects construction to begin in the second quarter of 2013 and to cover approximately three acres of land. Mr. Eby inquired as to the approximate water usage of such project and Mr. VanGrieken stated that he would be bringing the project to the District to work through details in an upcoming meeting.

HEWLETT-PACKARD COMPANY (“HP”)

The President recognized that no representative of HP was present at this meeting.

LONE STAR COLLEGE SYSTEM (“Lonestar”)

Director Garner advised that there was no new Lonestar business to discuss.

CENTRE AT CYPRESS CREEK (“The Centre”)

The Board deferred consideration of the status of development of the Centre at Cypress Creek after noting that no representatives were present to discuss same.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Michael Arterburn was next recognized by the President for discussion of the District’s tax matters. He disseminated to and reviewed with the Board the Tax Assessor-Collector’s Report dated as of July 31, 2012 a copy of which is attached hereto and considered a part of these minutes as Exhibit F.

He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. Mr. Arterburn noted that the present total for complete close out of the 2011 tax year was less than \$45.00 and that 2010 was similarly close to complete. He verified that collections are at 99.99% and that he recently mailed out another set of delinquent accounts notices.

Finally Mr. Arterburn stated that in his review of the District’s matters he discovered a parking garage that was not accounted for on the tax roles for 2006 to 2007. He stated that this was likely the result of the HP building split which was previously addressed and required modified billing and late charges. He informed that this will hopefully be corrected for next month and billed. Mr. Arterburn also noted that he would have a certified tax roll for the Board at next month’s meeting.

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 Garner seconded said motion, which carried unanimously.

UTILITY COMMITMENT REQUESTS

There were no utility commitments to be considered at this time.

APPROVAL OF PREPERATION, EXECUTION AND FILING OF REQUIRED DOCUMENTATION OF EMINENT DOMAIN AUTHORITY.

Mr. Creed advised the Board that, as a result of certain revisions to Chapter 2206 of the Texas Government Code enacted in 2011, the District must file a letter with the State Comptroller's Office by December 31, 2012, stating that it is authorized by law to exercise the power of eminent domain and identifying each provision of law that grants such authority. He further advised that the District's eminent domain authority will expire on September 1, 2013, if the required letter is not sent. Following discussion, Director Rhodes moved that SPH be authorized to prepare the required documentation of eminent domain authority, that the President be authorized to execute same on behalf of the District, and that SPH be authorized to file the required documentation with the State Comptroller in the manner specified in the statute. Director Nicosia seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Creed next informed the Board that they received notification of a rate increase from Waste Management, a copy of which is attached hereto as Exhibit G. He further explained that the correspondence states an increase equal to approximately \$64.00 a month. Mr. Creed also asked the Board to note the correspondence verifying the Districts new Waste Management representative Shanna Lopez.

On a related noted President Geaslen stated that he looked into having a recycling bin placed within the district and that the price was significant. The Board had some discussion regarding same.

DISTRICT WEBSITE

Director Theriot stated that the requested updates had been completed by Mrs. Harvell. Director Theriot also stated that she is working with Mr. Dulin to find out about site traffic and modifications to the site including pictures of the park. Mr. Eby stated that he was working on the maps as requested for the site.

Finally, consideration was given to the Fallen Warriors Memorial. Mr. Creed agreed to look into the Memorial and discuss potential contributions to the park at the next meeting.

ADDITIONS TO THE AGENDA

Director Geaslen asked at this time that funding of the October annual constituent water conservation meeting be placed on the agenda for next month.

ADJOURNMENT OF BOARD MEETING

Citing no further business to come before the Board at this time, Director Nicosia made a motion to adjourn at 7:24 p.m., duly seconded by Director Rhodes, which carried without dissent.

Secretary

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