

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
April 1, 2013

ACTIONS TAKEN

1. The Board of Directors ("Board") voted to approve the minutes of the March 11, 2013 meeting as written.
 2. The Board approved the Tax Assessor-Collector's Report as presented by Utility Tax Service L.L.C. ("UTS"), including payment of the bills associated therewith.
 3. The Board authorized UTS to move the delinquent tax account of Cypress Creek Farms, Inc. for tax years 2005-2008 to the uncollectible roll.
 4. The Board adopted a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes.
 5. The Board approved the Operations and Maintenance Report presented by Environmental Development Partners, L.L.C. ("EDP").
 6. The Board authorized EDP to prepare a draft Consumer Confidence Report.
 7. The Board approved repairs to the flare at Water Plant No. 1 at a cost not to exceed \$2,500.
 8. The Board accepted a proposal from NAPCO Chemical Company, Inc. ("NAPCO") in the amount of \$13,750 for the construction of facilities to add fluoride to the District's water supply.
 9. The Board authorized Mr. Eby to execute and file a letter with Harris County to release the permit issued in the District's name on HP's property for a prior drainage project.
 10. The Board adopted a Resolution Adopting Prevailing Wage Rate Scale.
 11. The Board authorized EDP to submit the required information concerning critical load status of the District's facilities.
 12. The Board approved the Bookkeeper's Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 13. The Board authorized the District's consultants to research the District's accounts and prepare an Unclaimed Property Report as of March 1, 2013 and file same with the State Comptroller prior to July 1, 2013, if necessary.
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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 April 1, 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, except Director Rhodes, therefore constituting a quorum.

Also present were Corporal Greg Lopez of the Harris County Constable's Office, Precinct No. 4; Roger Schuett of Claudia Redden & Associates L.L.C.; Dennis Eby of Eby Engineers, Inc. ("Eby"); Eric Thiry of Environmental Development Partners, L.L.C.; Michael Arterburn of Utility Tax Service, L.L.C.; and Spencer Creed of Schwartz, Page, & Harding, L.L.P. ("SPH").

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 March 11, 2013. After further discussion, Director Theriot moved that the minutes of the March 11, 2013, Board of Directors meeting be approved as written. 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, Corporal Lopez reported on recent activities within the District, as noted on the Harris County Constable's Security Patrol Report for March 2013, a copy of which is attached hereto as **Exhibit A**. Corporal Lopez then exited the meeting.

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 March 31, 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. After discussion of the aforementioned matters, Director Nicosia 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.

Mr. Arterburn then presented and reviewed the Delinquent Tax Report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon") dated April 1, 2013, a copy of which is attached hereto as **Exhibit C**. He discussed with the Board the delinquent tax account of Cypress Creek Farms Inc. ("Cypress Creek"). Mr. Arterburn advised that, according to the report, such account should have been tax exempt beginning in 2005, however Harris County Appraisal District ("HCAD") is unable to go back further than five years to correct its records and that the amount currently owed by Cypress Creek are for the years 2005-2008 that HCAD cannot correct. He recommended, and noted that the report recommends, that the subject account be moved to the uncollectible roll. After discussion, Director Nicosia moved that UTS be authorized to move the delinquent account of Cypress Creek to the uncollectible roll. Director Garner seconded said motion, which carried unanimously.

Mr. Arterburn exited the meeting at this time.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Creed advised that the Board is authorized pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of July 1 of the year in which they became delinquent. He noted that the additional penalty to be imposed by this Resolution will not apply to delinquent personal property taxes which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, which was passed and approved by the District on January 7, 2013. After further discussion, it was moved by Director Garner, seconded by Director Theriot, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, a copy of which is attached hereto as **Exhibit D**, be adopted by the District, and that Perdue Brandon be authorized to proceed with the collection of the District's 2012 delinquent real property tax accounts on July 1, 2013, subject to proper notice having been given as provided in said Resolution, including the filing of lawsuits as necessary.

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 March 28, 2013, a copy of which is attached hereto as **Exhibit E**.

Director Geaslen stated that the sod that was recently planted at the water plant site will need to be watered and requested that Mr. Thiry place a water sprinkler at such location.

Mr. Thiry advised that he has received and reviewed the most recent Well Production Report, a copy of which is attached to his report, and noted that everything appears to be operating in a satisfactory condition.

A discussion next ensued regarding the installation of the detection meter on Nobel Energy's fire line serving its parking garage facility. Mr. Thiry stated that he would follow up regarding the status of same.

A discussion next ensued concerning the security cameras installed at the park. Mr. Eby stated that Comcast had installed the cable lines for the security cameras, but it appears that several of the cameras may no longer be working. In light of the foregoing, Mr. Eby inquired as to whether service with Comcast should be discontinued. Mr. Eby stated that he will meet with representatives of C-Link on Wednesday and that he will discuss the issue with them.

Mr. Thiry next presented and reviewed the draft Water Conservation Plan Annual Report prepared by EDP, a copy of which is attached to the Operations and Maintenance Report, and advised that EDP will file the final report with the Texas Water Development Board prior to the deadline.

Mr. Thiry next advised that Southern Flowmeter, Inc. has not yet begun the repairs to the seven commercial meters as approved at the previous meeting.

Mr. Thiry advised that he had met with Mr. Eby at the Water Plant regarding the possible installation of a chemical injection system to maintain the required residual levels. He noted that EDP would be able to perform such work and that the cost of same would be approximately \$4,000. Mr. Thiry stated that he will provide a specific cost estimate for such work at next month's meeting.

Mr. Thiry next presented and discussed with the Board a list of delinquent District customers, a copy of which is attached to the Operations and Maintenance Report. He noted that there were 12 accounts named in the delinquent list, including Edgar Smith. Director Geaslen advised that Mr. Smith had passed away recently. After discussion, the Board unanimously agreed that such account be provided additional time to be paid.

Mr. Thiry next advised that EDP's fees for operation and maintenance services have remained the same for since June 2009, and requested that an item be added to next month's agenda to consider an amendment to the District's agreement with EDP concerning rates for operation and maintenance services. The Board next requested that Mr. Creed add an item to next month's agenda to consider same.

Mr. Thiry advised that he believes that the installation and implementation of various security measures at the plant sites, as previously requested by the Board, has been completed and that such item may be removed from the agenda.

A discussion next ensued concerning the transfer of water service for the Central Plant from Hewlett-Packard Company ("HP") to Lone Star College System ("Lone Star"). Mr. Eby advised that Lone Star will need to provide the District with an assurance letter and install a backflow preventor at the Central Plant as previously discussed. The Board confirmed its position that this matter must be addressed prior to Lone Star's plans being approved for other projects, including its Energy & Manufacturing Institute.

After discussion of the Report presented, Director Theriot moved (i) that the Operations and Maintenance Report be approved as presented and (ii) to authorize EDP to terminate water service to the accounts listed on the delinquent list in the manner specified in the District's Rate Order if payment for same is not received by the District prior to the deadline, with the exception of the Smith account as previously discussed. Director Garner seconded said motion, which unanimously carried.

AUTHORIZE OPERATOR TO PREPARE CONSUMER CONFIDENCE REPORT

The Board next considered authorizing EDP to prepare a draft Consumer Confidence Report ("CCR"), the format of which is promulgated by the Texas Commission on Environmental Quality ("TCEQ"), for review by the Board. Mr. Creed advised that once approved by the Board, the CCR would be forwarded to all customers in the District no later than July 1, 2013. After discussion, Director Theriot moved to authorize EDP to prepare a draft Consumer Confidence Report for review by the Board. Director Garner seconded said motion, which unanimously carried.

ALTERNATIVE PAYMENT PROGRAM

In connection with the implementation of an alternative payment program for payment of customer utility bills, Mr. Thiry advised that he is awaiting the agreements to be generated from Compass Bank concerning same.

ENGINEERING REPORT

President Geaslen then recognized Mr. Eby for presentation of the Engineer's Report dated April 1, 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 approximately 75% complete, but that JACH Controls & Automations, LLC ("JACH") still needs to install an antenna connection between both wells.

In connection with the recoating of Water Plant No. 2 by Blastco Texas Inc. ("Blastco"), Mr. Eby advised that the project will not commence for several more weeks.

Mr. Eby presented and reviewed with the Board the monthly flare inspection reports for January through March 2013, copies of which are attached to the Engineer's Report. He advised that the flare at Water Plant No. 1 requires additional repairs and advised that the cost of same is approximately \$1,200. After discussion, Director Nicosia moved that repairs to the flare be approved at a cost not to exceed \$2,500. Director Theriot seconded said motion, which carried unanimously. Director Geaslen then queried Mr. Eby as to the status of the testing of the well for the depth of the water level. Mr. Eby responded that he is still in the process of researching same.

Mr. Eby advised that Lake Forest Utility District ("Lake Forest") also has an issue with the production of natural gas at its Water Plant and that Lake Forest's engineer is working to determine any solutions to resolve same. He stated that Lake Forest has requested a copy of the District's records concerning the method it used to address the issue. Following discussion, the Board requested that Eby advise Lake Forest to file a Public Information Act request with the District for such records. Mr. Eby stated that he would do so.

Mr. Eby next discussed the proposed purchase/construction of a shelter for the protection of the District's portable generator. He stated that the cost to construct a concrete pad and metal awning to house the generator is approximately \$20,000 and presented and reviewed a survey depicting the proposed location of same, a copy of which is attached to the Engineer's Report. Following discussion, Mr. Eby advised that he will continue to look for other locations at the Water Plant No. 1 site that would be more discrete.

Mr. Eby next discussed with the Board the proposed construction of an interconnect line to provide a secondary water line feed at Water Plant No. 1. He stated that the cost of installing a 6" interconnect line is estimated at \$15,000 - \$20,000. Mr. Eby advised that EDP will be providing a cost estimate for the construction of same. He noted that he will obtain proposals for same if EDP is unable to perform such project.

Mr. Eby next presented and reviewed the lab analysis by Water Utility Services, Inc. of the fluoride level at various locations in the District, a copy of which is attached to the Engineer's Report. He noted that the level of fluoride in the District's water supply was slightly low.

Mr. Eby then presented and reviewed a proposal from NAPCO in the amount of \$13,750 for the construction of facilities to add fluoride to the District's water supply. After discussion, Director Garner moved that the proposal from NAPCO be accepted. Director Theriot seconded said motion, which carried unanimously. Mr. Eby noted that the cost may need to be adjusted slightly if it becomes necessary to avoid existing lines on the installation site.

In connection with the outstanding Harris County permit previously issued in the name of the District on HP' property, Mr. Eby advised that he will need to execute and file a letter with the County certifying that such project is complete. After discussion, Director Theriot moved that Mr. Eby be authorized to execute and file such letter with the County. Director Nicosia seconded said motion, which carried unanimously.

Mr. Creed inquired as to the timing of the next playground equipment inspection report. Following discussion Mr. Creed and Mr. Eby advised they would research their records to determine the date of the lost report.

PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Creed advised the Board that, as required pursuant to Section 2258.022 of the Government Code, the District has previously adopted the United States Department of Labor ("DOL") wage

rate scale as the general prevailing wage rates for construction projects by or on behalf of the District. Mr. Creed further advised that the DOL's wage rate scale has been amended. After discussion on the matter, Director Nicosia moved that the new DOL wage rate scale (comprised of three DOL wage determination scales, one for each project type) be adopted as the District's prevailing wage rate scale for construction projects, and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects attached hereto as **Exhibit G** be adopted by the Board. 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 Theriot moved that EDP be authorized to submit said information on the District's behalf. Director Nicosia seconded the motion, which carried unanimously.

BOOKKEEPING REPORT

The Board considered the Bookkeeper's Report. In connection therewith, Mr. Schuett reviewed with the Board the Bookkeeping Report dated April 1, 2013, a copy of which is attached hereto as **Exhibit H**, including the checks presented for payment. After discussion, Director Garner moved that the Board approve the Bookkeeper's Report, including the checks presented for payment. Director Theriot seconded said motion, which carried unanimously.

DEVELOPERS' REPORTS

HP

The Board then 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 deferred consideration of development in the District by Genesis after noting that no representative of Genesis was present at today's meeting.

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 Lone Star will hold a \$490,000,000 Bond Election on May 11, 2013. He additionally advised

that the visitor's center will be converted to a childcare center. Mr. Eby advised that he will need to review and approve plans for same.

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.

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 Theriot made a motion to adjourn at 7:25 p.m., duly seconded by Director Garner, which carried without dissent.


Secretary

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LIST OF EXHIBITS

- Exhibit A. Harris County Constable's Security Report
- Exhibit B. Tax Assessor-Collector's Report
- Exhibit C. Delinquent Tax Report
- Exhibit D. Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit E. Operations and Maintenance Report
- Exhibit F. Engineer's Report
- Exhibit G. Resolution Adopting Prevailing Wage Rate Scale
- Exhibit H. Bookkeeping Report