

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 286

Minutes of Board of Directors Meeting
September 8, 2014

ACTIONS TAKEN

1. The Board of Directors (“Board”) approved the minutes of the August 4, 2014, meeting, as amended.
 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 documentation for tax payments in accordance with Payment Card Industry Data Security Standards.
 4. The Board authorized the District’s Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2014 maintenance and operations tax rate of \$0.18 per \$100 of valuation to be held at the District’s next regular meeting.
 5. The Board authorized EDP to replace and install a new check-valve at the #2 Well.
 6. The Board approved the Operations and Maintenance Report presented by EDP.
 7. The Board approved the Engineering Report presented by Eby Engineers, Inc.
 8. The Board approved the Bookkeeper’s Report as presented by Claudia Redden & Associates, L.L.C., including the checks presented for payment.
 9. The Board adopted an operating budget for the fiscal year ending September 30, 2015.
 10. The Board authorized spending up to \$3,000.00 in connection with the annual Water Conservation Meeting.
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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 4, 2014, 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
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, Sergeant Greg Lowery, and Corporal Melvin Curry of the Harris County Constable's Office, Precinct No. 4; Claudia Redden of Claudia Redden & Associates L.L.C.; Dennis Eby and Weston Hunt of Eby Engineers, Inc. ("Eby"); Eric Thiry and Gregory Camp of Environmental Development Partners, L.L.C. ("EDP"); Mike Arterburn of Utility Tax Service, L.L.C. ("UTS"); Paul Vangrieken of Genesis Capital Advisors, L.L.C. ("Genesis"); Tom Kirkland and Nick Albers on behalf of Springhill Suites by Marriott ("Hotel"); and Kara Richardson and Lindsey Eubank of Marks Richardson PC ("MRPC").

President Geaslen next called the meeting to order at 6:00 p.m. and declared it open for such business as might properly come before it.

APPROVAL OF MINUTES

As the first order of business, the Board next considered approval of the minutes of the Board of Directors meeting held on August 4, 2014. After discussion, Director Theriot moved that the minutes of the August 4, 2014, Board of Directors meeting be approved. Director Rhodes seconded said motion, which carried unanimously.

SECURITY PATROL REPORT BY THE CONSTABLE'S OFFICE

The Board next considered the Security Patrol Report (**Exhibit A**). Deputy Martino presented and reviewed the report. Sergeant Lowery introduced Corporal Curry to the Board, and noted that Corporal Curry is now working in the evenings in the District.

Director Theriot stated that National Night Out will be on October 7th and requested that the Constable attend the event again this year. Deputy Martino stated that they will be in attendance and will bring safety information pamphlets to distribute to residents participating in National Night Out.

Deputy Martino, Sergeant Lowery, and Corporal Curry exited the meeting at this time.

DEVELOPERS' REPORTS

GENESIS CAPITAL PARTNER, L.L.C.

The Board next considered the status of development in the District by Genesis. Mr. Vangrieken distributed the most recent Surcharge Schedule (**Exhibit B**) in connection with the Chasewood Water Supply Corporation (“CWSC”). He noted that he believes that the usage for April through current is potentially inaccurate because it shows less usage compared to last summer per the schedule of Conversion Fee Remittances. He noted that usage has historically been higher during the summer months. Mr. Thiry stated that he will look into the usage and check the meter. Mr. Vangrieken reported that a request for proposal was sent out for 5 Chasewood and that Genesis is evaluating 6 or 7 potential tenants for the property.

A discussion next followed regarding the potential developer reimbursement for the future lift station upgrades. Mr. Vangrieken stated that he will email Ms. Richardson regarding same. In response to an inquiry from Mr. Vangrieken regarding future reimbursement to CWSC for drainage and detention, Ms. Richardson stated that she will look at the District’s reimbursement agreement with CWSC related to same and report back to the Board.

HP

The Board next deferred considering the status of development in the District by HP as no representative was present.

CENTRE AT CYPRESS CREEK

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

LONE STAR

The Board deferred considering development in the District by Lone Star when Director Garner stated he had nothing new to report.

TCH NORTHWEST ASSOCIATES (“TCH”)

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

SPRINGHILL SUITES

Nick Albers of Springhill Suites Hotel noted that construction is progressing on the hotel and that crew is currently framing the fifth floor.

ADVANTAGE SECURITY INTEGRATION REPORT

The Board next considered the status of the installation of a security system at District facilities by Advantage Security Integration (“Advantage”) and the monthly monitoring report in connection with same. Director Geaslen reported that everything seems to be operating well and that he does not know of any outstanding issues.

TAX ASSESSOR-COLLECTOR REPORT

The Board next considered the Tax Assessor-Collector Report. Mr. Arterburn presented and reviewed with the Board the attached Tax Assessor-Collector Report (**Exhibit C**) dated September 4, 2014. He reviewed the total receivables, the cash balance, disbursements, and checks as reflected in the report. He noted that collections for 2013 are at 99.14%. After discussion of the report, Director Theriot moved to approve the Tax Assessor-Collector Report as presented and to approve the checks identified in the report for payment. Director Rhodes seconded said motion, which carried unanimously.

Mr. Arterburn next presented documentation for tax payments in accordance with Payment Card Industry Data Security Standards (“PCIDSS”) and reported that the District, as an end user, is required to verify compliance and execute same. Ms. Richardson stated that she has reviewed all of the documentation and that she found no issues with the documentation. Mr. Arterburn stated that he completed the questionnaire on behalf of the District. After discussion, Director Theriot made a motion to approve the required documentation, as set out above, and authorize the President to execute the questionnaire on behalf of the Board. Director Rhodes seconded said motion, which carried unanimously.

2014 TAX RATE RECOMMENDATION

The Board next received the Financial Advisor’s recommendation concerning the establishment of the District’s 2014 tax rate. Ms. Richardson stated that the financial advisor for the District recommends that the District levy a 2014 maintenance and operations tax rate of \$0.18 per \$100 of valuation. The Board discussed the increase in property values for the District in addition to the 20% homestead exemption adopted this year. They discussed providing the new budget, recommended tax rate, and information about the District’s capital account to the District’s Financial Advisor to determine if a lower tax rate might be reasonable. After discussion on the matter, Director Rhodes made a motion authorizing the District’s Tax Assessor/Collector to publish notice of a public hearing on the adoption of a proposed 2014 maintenance and operations tax rate of \$0.18 per \$100 of valuation to be held at the District’s next regular meeting. Director Theriot seconded said motion, which unanimously carried.

OPERATIONS REPORT

The Board next considered the Operations and Maintenance Report. Mr. Thiry presented and reviewed the attached Operations and Maintenance Report (**Exhibit D**) dated September 8, 2014.

Mr. Thiry reported that EDP worked on various significant repairs during the month. At the Wastewater Plant, EDP installed a new pedestal for the non-potable pumps, replaced non-potable pump #1, serviced and lubricated the equipment, and performed preventive maintenance on the chlorinator. Mr. Thiry also stated that the air conditioner at the Water Plant was replaced and that the blow off on the sidewalk at 13802 Lakewood Crossing has been relocated.

Mr. Thiry next introduced Mr. Camp who stated that he is the Compliance Officer for EDP.

Mr. Thiry next reported that the installation of safety nets, stainless steel cables, and float hangers at the #2 Lift Station is not complete at this time.

Mr. Thiry next reviewed a performance test completed by GM Services on the #2 Well and noted that the well appears to be operating as designed. He stated that no issues were noted during the survey, but noted that he did find a bad check-valve at #2 Well. He reported that he received a quote for \$6,500 for replacement of the check-valve and \$1,000 for installation. He noted that EDP can perform the installation and recommended the Board authorize the work. After discussion, Director Rhodes made a motion to authorize EDP to replace and install a new check-valve at the #2 Well. Director Garner seconded said motion, which carried unanimously.

Mr. Thiry reported that the District had some water quality issues in July which indicates that more flushing of the system is needed. He stated that the North Harris County Regional Water Authority (the "NHCRWA") has had taste and odor issues with the water but that the issues seem to have tapered off. Mr. Thiry stated that he will report to the Board next month relative to any further information regarding taste or odor issues reported at the next NHCRWA meeting.

Mr. Thiry noted that the commercial meters in the District were last checked in 2012 and that they should be tested again in the near future. He stated that he will bring information regarding this testing to next month's meeting.

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

ENGINEERING REPORT

The Board next considered the Engineering Report. Mr. Eby was not present. Director Geaslen reported that he spoke with Mr. Eby, who stated that that he received a few invoices for tree removal. He also related that the Waste Water Treatment Plant Permit is nearing its renewal date and that Mr. Eby is waiting to receive the renewed permit from the TCEQ.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. Ms. Richardson reported that the District received correspondence from Harris County Fresh Water Service District No. 61 ("FWSD 61") regarding a Water Users Coalition (the "Coalition") of Districts who are members of the NHCRWA. Director Geaslen stated that he attended the public meeting held by FWSD 61 and that the Coalition has three main issues with the NHCRWA: 1) that each meeting only takes 30 minutes;

2) that their budgets and expenses are not detailed; and 3) that the NHCRWA has poor communication with the member Districts. He noted that he reached out to the District's representative for the NHCRWA, Mr. Ron Graham, regarding the issues raised by the Coalition, and that Mr. Graham claims that the Coalition does provide a detailed budget and expense information at their meetings and that the information is available to the public. Director Geaslen also stated that Mr. Graham claims that the meetings are only 30 minutes long because there is not much going on to report right now. After discussion on the matter, the Board concurred to decline sending a response to the Coalition.

Ms. Richardson next distributed and reviewed the Delinquent Tax Report (Exhibit E) dated September 8, 2014, with the Board.

BOOKKEEPING REPORT

The Board next considered the Bookkeeper's Report. Ms. Redden reviewed the Bookkeeping Report (Exhibit F), including the checks presented for payment. 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.

ADOPTION OF BUDGET

The Board next considered adoption of operating budget for fiscal year ending September 30, 2015. Ms. Redden discussed the budget (Exhibit G) with the Board. After discussion, Director Theriot made a motion to approve the budget with the inclusion of a note regarding the monthly funding allocation to the capital projects account. Director Rhodes seconded said motion, which unanimously carried.

WATER CONSERVATION MEETING

The Board next considered authorizing funding for the annual Water Conservation Meeting. Director Theriot reported that the meeting will take place in conjunction with National Night Out and that this year's meeting will take place at 6:00 p.m. on October 7, 2014, within the District. After discussion, Director Rhodes made a motion to authorize the District to fund \$3,000.00 in conjunction with the annual Water Conservation Meeting. Director Garner seconded the motion, which carried unanimously.

DISTRICT WEBSITE

In connection with the District's website, Director Theriot stated that the website is up to date.

COMMEMORATION FOR FORMER DIRECTOR NICOSIA

A discussion next followed regarding options to commemorate former Director Nicosia's service to the District. Director Rhodes recommended that a bench in the park be dedicated to the former Director. After discussion, the Board concurred to table the item until next month.

VACANCY ON BOARD

The Board next considered filling the vacancy on the Board of Directors of the District. A discussion followed regarding the following individuals who were previously suggested: Becky Campbell, who is an engineer for Baker Hughes and lives in Faulkey Gulley; Bob Fuller, who is an engineer for a construction company; Dwayne Gilbert, who works in sales and is President of the Home Owners Association for Sections 2 through 5 of the neighborhood, and is involved with National Night Out; and Bill Jayroe, who is in sales, serves on Boards for charity organizations, and lives on the same street at Directors Rhodes, Theriot, and Garner.

The Board concurred that the Board will not consider Mr. Jayroe as that would result in 4 Directors living on the same street; they should be more spaced out through the District. She recommended the Board interview the other 3 potential Directors. Director Rhodes asked if any of the candidates have expressed interest in serving on the Board. Director Theriot suggested that all of the candidates attend the Water Conservation Meeting next month. Director Geaslen recommended that the Board have a special meeting to interview the three candidates. After discussion on the matter, the Board concurred to meet on September 22nd at 6:00 p.m. to interview the candidates to fill the vacancy. Mr. Vangrieken stated that he has a conference room at 2 Chasewood that could be utilized for the interviews.

ITEMS FOR FUTURE AGENDAS

The Board next considered matters for possible placement on future agendas. The Board noted that it will need to adopt an Order Establishing Meeting Place Inside the District for the conference room at 2 Chasewood. After discussion on the matter, the Board concurred to meet on September 14th at 7:00 p.m. in the park to adopt said Order.

Director Theriot requested that an item regarding the Water Conservation Meeting be placed on the agenda for next month's regular Board meeting.

ADJOURNMENT OF BOARD MEETING

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



Secretary

LIST OF EXHIBITS

September 8, 2014

- Exhibit A. Security Report by Harris County Constable
- Exhibit B. Chasewood Surcharge Schedule
- Exhibit C. Tax Assessor-Collector's Report
- Exhibit D. Operations and Maintenance Report
- Exhibit E. Delinquent Tax Report
- Exhibit F. Bookkeeping Report
- Exhibit G. Budget for Fiscal Year End September 30, 2015