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## MINUTES OF REGULAR MEETING OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

June 5, 2007

The Board of Directors of Harris County Municipal Utility District No. 285 met in regular session, open to the public, on the 5th day of June, 2007, at a regular meeting place outside the boundaries of the District, and the roll was called of the duly constituted members of the Board, to-wit:

Walter A. Knowles, Jr.	President/Investment Officer
Roy Adame, Jr.	Vice President
James W. Chick	Secretary/Investment Officer
Jerry L. Allen	Asst. Vice President
Chand Khan	Assistant Secretary

and all of said persons were present.

Also present were Calvin Browne of Aqua Services, L.P. ("Aqua"); Sheila Stedman of Myrtle Cruz, Inc.; Daniel Maxian of Jones & Carter, Inc. ("J&C"); Rene Anandel of Wheeler & Associates, Inc. ("Wheeler"); Craig Rathmann of Rathmann & Associates, L.P.; Bill Burney of Oakmont Group, Inc.; William J. Lawrence of Bubbles Hand Car Wash and Express Wash ("Bubbles"); Teri League, Efreem Bogany, and Joseph Angelle of Allied Waste Services of Texas ("Allied"); David Ley of Ley Wilson Development, L.L.C.; Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR"); and Susan Prospere, Recording Secretary.

### MINUTES

The Board considered approving the minutes of the May 8, 2007, meeting. After discussion, Director Chick moved that the Board approve the minutes as presented. The motion was seconded by Director Adame and carried by unanimous vote.

### WATER AND SEWER RATES

Mr. Burney addressed the Board regarding his contention that the allocation of the water and sewer rates charges to the District's multi-family residential users is unfairly high because of the lower water usage by apartment units and due to his contention that the Stone Park Apartments will not receive the benefits of the security services provided by the Harris County Sheriff's Department to the extent afforded other users because the apartments are gated and equipped with security cameras. He reported that he compared multi-family residential rates for similar developments in

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Harris County Municipal Utility District No. 8 and Harris County Municipal Utility District No. 53 ("District 53") and the District's rates are higher. Mr. Burney suggested that the deputies do not need to provide security services within the apartment complex and requested that the Board consider reducing, not necessarily eliminating, the recent \$5 increase in apartment unit water rates. Director Khan pointed out that the deputy patrolling the District has entered the Stone Park Apartments and has responded to a call for an incident of domestic violence at said location. Director Adame pointed out that water and sewer rates are not adjusted for single-family residential customers with security systems at their homes. The Board advised Mr. Burney that it would take his request under consideration.

## **GARBAGE COLLECTION SERVICES**

The Board discussed the garbage collection services provided in the District with the representatives from Allied Waste. Ms. League stated that Allied Waste has taken steps to correct its service issues by making personnel changes, establishing accurate house counts, hiring additional workers, and adding a new truck to serve the District.

## **BID REVIEW AND SALE OF DISTRICT'S BONDS**

The Board first reviewed the bids for the sale of the District's \$10,150,000 Unlimited Tax Bonds, Series 2007 ("Bonds"). Mr. Rathmann reviewed the bids as follows:

- (1) Morgan Stanley & Co. Incorporated ("Morgan Stanley), with a net effective interest rate of 4.848316%;
- (2) Citigroup Global Markets, Inc., with a net effective interest rate of 4.854017%; and
- (3) RBC Capital Markets, with a net effective interest rate of 4.867452%.

Directors Chick and Khan pointed out that they each have invested funds with Morgan Stanley. Ms. Edwards inquired about the investments and then advised the Board that the stock ownership does not constitute a conflict insofar as far as the bond sale is concerned. The Board then considered award of the sale of the Bonds. Mr. Rathmann stated that the low bid submitted by Morgan Stanley, with a net effective interest rate of 4.848316%, had been reviewed and all numbers checked, and everything was found to be correct and in order. He recommended that the District accept the bid of Morgan Stanley. Director Khan moved that the Board award the sale of the Bonds to Morgan Stanley with a net effective interest rate of 4.848316%. Director Chick seconded the motion, which passed by unanimous vote. Copies of the bids received are attached as exhibits to these minutes.

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## RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S BONDS

The Board next considered adopting a Resolution Authorizing the Issuance of the District's Bonds ("Resolution"). Ms. Edwards reviewed the proposed Resolution with the Board and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding the tax-exempt status of the Bonds. After review and discussion, Director Khan moved that the Board adopt the Resolution. Director Chick seconded the motion, which was approved by unanimous vote. The Resolution, thus adopted, is attached to and shall be considered a part of these minutes.

## PAYING AGENT/REGISTRAR AGREEMENT

The Board next considered execution of the Paying Agent/Registrar Agreement with The Bank of New York Trust Company, N.A. Ms. Edwards stated that the agreement sets forth the provisions by which the paying agent/registrar will handle registration, transfer, and payment of the District's Bonds. Director Khan moved that the Board approve the Paying Agent/Registrar Agreement with The Bank of New York Trust Company, N.A. Director Chick seconded the motion, which carried unanimously. A copy of the Paying Agent/Registrar Agreement is attached as an exhibit to these minutes.

## EXECUTION OF DOCUMENTS RELATED TO DISTRICT'S BONDS

Ms. Edwards next explained that there will be various documents related to delivery of the Bonds requiring execution by the directors prior to closing. She requested that the Board authorize the Board of Directors to execute documents necessary in connection with the transaction and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds to the purchaser. Director Khan moved that the Board authorize execution of documents related to the sale and delivery of the Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds. Director Chick seconded the motion, which was approved by unanimous vote.

## ENGAGEMENT LETTER WITH PRESTON GATES & ELLIS LLP

The Board considered approving an engagement letter with Preston Gates & Ellis LLP for tax counsel services related to the Series 2007 Bonds. After discussion, Director Khan moved that the Board approve the engagement letter as stated. Director Chick seconded the motion, which carried unanimously. A copy of the engagement letter with Preston Gates & Ellis LLP is attached as an exhibit to these minutes.

## AMENDMENT TO INFORMATION FORM

The Board considered approving an Amendment to Information Form, which reflects the District's Bond issuance amount after the sale. After review, Director Khan moved that the Board approve the Amendment to Information Form, to be filed with Harris County Deed Records and the Texas Commission on Environmental Quality ("TCEQ"). Director Chick seconded the motion, which carried unanimously. A copy of the Amendment to Information Form is attached as an exhibit to these minutes.

## BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report and considered payment of the bills. Ms. Stedman also reviewed the District's investments, including the monthly investment report, and a year-to-date budget comparison. After discussion, Director Chick moved that the Board approve the bookkeeper's report, including the checks presented for payment and the monthly investment report. The motion was seconded by Director Allen and carried by unanimous vote. A copy of the bookkeeper's report is attached as an exhibit to these minutes.

## TAX REPORT

Ms. Andel reviewed the monthly tax report, which reflects that 91.57% of the District's 2006 taxes have been collected to date. After review, Director Allen moved that the Board approve the tax report and payment of the checks drawn on the District's tax account. The motion was seconded by Director Adame and carried unanimously. A copy of the tax report is attached as an exhibit to these minutes.

## DELINQUENT TAX REPORT

Ms. Andel presented the delinquent tax report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. A copy of the delinquent tax report is attached as an exhibit to these minutes.

## STATEMENTS AND QUESTIONS FROM THE PUBLIC

The Board noted that no members of the public were present to make statements or ask questions.

## REQUEST FOR WATER AND SEWER CAPACITY

Mr. Lawrence discussed a letter from Bubbles to the District requesting water and sewer capacity for a Bubbles facility at Black Rock Commons. Mr. Maxian informed the Board that the District has sufficient water and sewer capacity to serve the facility. In response to Director Allen's question, Mr. Lawrence stated that the car washing facility is enclosed and will not present noise problems for the neighbors. Mr.

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Maxian pointed out that Mr. Lawrence is investigating the possibility of utilizing reclaimed water for a portion of the car wash operations. Upon a motion made by Director Khan and seconded by Director Chick, the Board voted unanimously to authorize the engineer to issue a utility availability letter for the Bubbles facility. A copy of the Bubbles letter is attached as an exhibit to these minutes.

## OPERATOR'S REPORT

Mr. Browne reviewed the monthly operations report and the discharge monitoring report, reflecting no violations of the waste discharge permit parameters at wastewater treatment plant no. 1 and two violations at wastewater treatment plant no. 2 in April. He informed the Board that KB Home knocked the lid off a sanitary sewer manhole in an area with construction activity allowing a significant amount of landscaping mulch into the District's sanitary sewer system through the manhole, causing the violations. He also reported that it had been necessary to vector the sanitary sewer system to remove as much of the mulch as possible. After discussion, Director Chick moved that the Board authorize the assessment of a \$1,500 penalty against KB Home pursuant to the District's Rate Order, that the Board authorize back charges to KB Home for the District's cost to remove the mulch, and that the Board authorize ABHR to send a letter to KB Home providing notice of the penalty and back charges and the possible assessment of additional penalties and costs that may be incurred by the District due to this incident. Director Khan seconded the motion, which carried unanimously. A copy of the operations report is attached as an exhibit to these minutes.

## HEARING REGARDING TERMINATION OF SERVICE

The Board conducted a hearing regarding water and sewer service terminations. Mr. Browne informed the Board that the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification in accordance with the District's Rate Order prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of non-payment. The Board requested that Mr. Browne check the high bills owed to the District by Erma J. Palmer and D.R. Horton. After discussion, Director Allen moved that, because the residents on the termination list were either not present at the meeting or had not requested to speak regarding their delinquency nor had they presented any written statement on the matter to the Board, utility service for such residents should be terminated in accordance with the District's Rate Order. The motion was seconded by Director Adame and carried by unanimous vote. A copy of the termination list is attached as an exhibit to these minutes.

## ATTORNEY CONTINGENCY FEE CONTRACT

The Board considered approving an Attorney Contingency Fee Contract ("Contract") with M.E. Duff & Associates, L.P., for the collection of District damage receivables. After discussion, Director Khan moved that the Board approve the Contract. Director Adame seconded the motion, which carried unanimously. A copy of the Contract is attached as an exhibit to these minutes.

## OFF-SITE FACILITIES TO SERVE BLACK ROCK COMMONS

Mr. Maxian informed the Board that Statewide Services has proposed to install an additional interconnect with a lockable valve between the District and District 53 in conjunction with the construction of the off-site facilities to serve Black Rock Commons for an estimated cost of \$6,200. The Board discussed the need for an interconnect agreement with District 53 and Harris County Fresh Water Supply District No. 51 ("District 51") to address the additional interconnect. The Board also agreed that the District will pay for the interconnect cost directly to the contractor rather than obtaining an additional developer advance in conjunction with the construction of the Black Rock Commons off-site facilities. After discussion, Director Chick moved that the Board authorize installation of the interconnect and payment of the cost directly to the contractor by the District. Director Adame seconded the motion, which carried unanimously.

## EROSION ON SOUTHWEST SIDE OF CARPENTER'S LANDING DETENTION POND AND ALONG CARPENTER'S BAYOU

Mr. Maxian reported that J&C is preparing drawings for Mr. Browne's use in obtaining proposals for repair of the erosion on the southwest side of Carpenter's Landing detention pond and along Carpenter's Bayou.

## WASTEWATER TREATMENT PLANT NO. 2, PHASE 1

Mr. Maxian reported on the status of the construction of wastewater treatment plant no. 2, Phase 1. He recommended approval of Pay Estimate No. 10 in the amount of \$276,248.51 submitted by R.P. Constructors, Inc., of which the District's share totals \$142,654.76, and preliminary approval of a Change Order for additional supporting beams resulting in a net increase of \$2,500 in the contract amount. After discussion, Director Chick moved that the Board approve Pay Estimate No. 10 and the proposed Change Order as recommended. The motion was seconded by Director Khan and carried by unanimous vote.

## BOND APPLICATION NO. 8

Mr. Maxian stated that J&C continues to work on preparation of bond application no. 8.

## DEEDS AND EASEMENTS

Mr. Maxian reported that there were no deeds and/or easements for the Board's approval and/or acceptance.

## WATER AND SEWER RATES

The Board further discussed Mr. Burney's request for a reduction in the water and sewer rates charged to multi-family residential users. After discussion, the Board agreed not to adjust the rates at this time but to review the rates in conjunction with review of the District's budget for the fiscal year ending March 31, 2009.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

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Secretary, Board of Directors

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