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

July 10, 2007

The Board of Directors of Harris County Municipal Utility District No. 285 met in regular session, open to the public, on the 10th day of July, 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"); Mary Jarmon of Myrtle Cruz, Inc.; Daniel Maxian of Jones & Carter, Inc. ("J&C"); Rene Anandel of Wheeler & Associates, Inc. ("Wheeler"); Debbie Gibson of McCall, Gibson & Company, PLLC; Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR"); and Susan Prospere, Recording Secretary.

MINUTES

The Board considered approving the minutes of the June 5, 2007, meeting. After discussion, Director Chick moved that the Board approve the minutes as presented. The motion was seconded by Director Khan and carried by unanimous vote.

STATEMENTS AND QUESTIONS FROM THE PUBLIC

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

BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report and considered payment of the bills, including disbursement of the proceeds of the District's \$10,150,000 Unlimited Tax Bonds, Series 2007 ("Bonds"). Ms. Edwards reported that the sale of the District's Bonds had closed. Ms. Gibson presented a revised development reimbursement report reflecting corrected amounts due for reimbursement to the District's developers. Ms. Jarmon also reviewed the District's investments, including the monthly investment

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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 (which include the Bond disbursements, with reimbursement to the developers subject to the District's receipt of the Texas Commission on Environmental Quality pre-purchase inspection letter), and the monthly investment report. The motion was seconded by Director Allen and carried by unanimous vote. A copy of the bookkeeper's report and updated reimbursement report are attached as exhibits to these minutes.

The Board next considered authorizing the attendance of Director Knowles at the Public Funds Investment Act training seminar in Lubbock, Texas, on July 26 and 27, 2007. Upon a notice made by Director Chick and seconded by Director Allen, the Board voted unanimously to authorize Director Knowles' attendance at the investment training seminar as stated.

AUDIT REPORT

The Board considered approving the District's audit report for the fiscal year ending March 31, 2007. Ms. Gibson reviewed information on the new assessment of internal controls required by Statement of Accounting Standards No. 112 ("SAS 112"), a copy of which is attached as an exhibit to these minutes. She reported that SAS 112 requires the auditor to issue a management letter to identify control deficiencies in financial reporting. Ms. Gibson reported that the District does not have an employee qualified to perform certain tasks, and engagement of another auditor, in addition to McCall Gibson, to review and adjust the financial statements would be required to eliminate the conditions that cause the need for a management letter. She further reported that McCall Gibson is not recommending any changes to the District's current practice at this time. After discussion, Director Allen moved that the Board approve the audit report subject to final review. The motion was seconded by Director Chick and carried by unanimous vote.

TAX REPORT

Ms. Anadel reviewed the monthly tax report, which reflects that 94.48% 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 Chick and carried unanimously. A copy of the tax report is attached as an exhibit to these minutes.

DELINQUENT TAX REPORT

Ms. Anadel 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.

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 plants nos. 1 and 2 in May. He informed the Board that KB Homes paid the costs for clean-up of the illegal discharge into the District's sanitary sewer system and the \$1,500 penalty assessed by the Board. 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. 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 Chick and carried by unanimous vote. A copy of the termination list is attached as an exhibit to these minutes.

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 permanent wastewater treatment plant no. 2, Phase 1. He stated that J&C recommends approval of Pay Estimate No. 11 in the amount of \$222,562.51 submitted by R.P. Constructors, Inc., of which the District's share totals \$114,931.28. After discussion, Director Chick moved that the Board approve Pay Estimate No. 11 as recommended. The motion was seconded by Director Knowles and carried by unanimous vote.

Mr. Maxian then informed the Board that the commencement of the operation of the District's wastewater treatment plant no. 2 will be delayed because of vandalism that included the theft of the lift station control box. He stated that the District can either continue leasing the interim wastewater treatment plant until the control box has

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been replaced or can temporarily bypass the lift station at a cost of approximately \$10,000. Ms. Prospere pointed out that the lease termination provision may provide a notice period that will result in lease payments for a period that will extend until the control box has been replaced. The Board requested that Mr. Maxian review the lease provisions and the costs for the options to provide service for review at its special meeting. The Board also requested that Mr. Maxian investigate the cost for the District to purchase the interim wastewater treatment plant.

DEEDS AND EASEMENTS

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

BOND APPLICATION NO. 8

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

FIRST SUPPLEMENTAL JOINT WATER SUPPLY CONTRACT

The Board deferred approval of the First Supplemental Joint Water Supply Contract with Harris County Fresh Water Supply District No. 51 ("District 51") until its next meeting.

INTERCONNECT AGREEMENT

The Board deferred discussion of an interconnect agreement with District 51 and Harris County Municipal Utility District No. 53 until its next meeting.

2007 LEGISLATIVE UPDATE

The Board deferred discussion of the 2007 Legislative Update prepared by ABHR until its next meeting.

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

Secretary, Board of Directors

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