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

September 24, 2007

The Board of Directors of Harris County Municipal Utility District No. 285 met in special session, open to the public, on the 24th day of September, 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/Investment Officer

and all of said persons were present.

Also present were Kenneth Martinec and Daniel Maxian of Jones & Carter, Inc. ("J&C"); Michael Wilson of Ley Wilson Development, LLC; Calvin Browne of Aqua Services, LP ("Aqua"); Arthur Marshall, Board member of the North Channel Water Authority ("North Channel"); Neil Atkinson of R.M. Atkinson, Jr., Engineers, Inc. ("Atkinson"); Chris Eriksen, resident of the District and member of the Liberty Lake Homeowners Association; Chad Ferguson of BPI Realty Services; Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR"); and Susan Prospere, Recording Secretary.

### MINUTES

The Board considered approving the minutes of the August 27, 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.

### DEVELOPERS' REPORTS

Mr. Wilson informed the Board of problems with the commencement of the construction of the water, sewer, and drainage facilities to serve New Forest West, Section 3. He reported that C.E. Barker, Ltd., is objecting to the site conditions after the clearing and grubbing was completed. He stated that he, Mr. Atkinson, and a J&C representative will meet onsite with the contractor to discuss the condition of the site and the possibility that the clearing and grubbing contractor may be required to perform remedial work before the project commences.

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Mr. Ferguson reported that the sale of a portion of the property owned by FVNA Properties, Ltd. ("FVNA"), to Wood Partners will close when the wastewater treatment plant no. 2 certificate of substantial completion is issued by J&C and the water and wastewater capacity reservation letter for the FVNA property is approved by the Board.

## WAIVERS OF SPECIAL APPRAISAL FOR THE BENEFIT OF THE DISTRICT ("WAIVERS") AND FINANCING AND REIMBURSEMENT AGREEMENTS FOR WATER, SEWER, AND DRAINAGE FACILITIES FOR 5.40 AND 14.32-ACRE TRACTS OF LAND ("FINANCING AGREEMENTS")

The Board considered accepting the Waivers and Financing Agreements for the properties annexed to the District by Black Rock Land Company, LLC, and Ley-Lane Partnership No. 8, Ltd. Upon a motion made by Director Chick and seconded by Director Khan, the Board voted unanimously to accept the Waivers and approve the Financing Agreements. Copies of the Waivers and Financing Agreements are attached as exhibits to these minutes.

## NORTH CHANNEL REPORT

Mr. Marshall reported on the status of the North Channel surface water supply activities, including the construction projects underway. He stated that Billy C. Allen Jr., has reported water accountability for the month of 109.15% and that 81.54% of the water usage was surface water. Ms. Prospere distributed copies of the draft minutes of the August 13, 2007, North Channel Board meeting.

## OPERATOR'S REPORT

Mr. Browne reviewed the monthly operations report. He reported on routine maintenance and repairs in the District. He stated that there were no violations of the permitted parameters at the wastewater treatment plants during the month of July. A copy of the operations report is attached as an exhibit to these minutes.

Mr. Browne reported that the Texas Commission on Environmental Quality ("TCEQ") sent a letter to the District indicating that the alleged violations noted during its June 14, 2007, wastewater treatment plant no. 1 inspection have been either corrected or withdrawn and no further action is required. A copy of the TCEQ letter regarding the District's response to alleged wastewater treatment plant no. 1 violations 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

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bills and to show why utility service should not be terminated for reason of non-payment. After discussion, Director Khan 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.

## WATER SMART PROGRAM

Mr. Browne reported that Aqua is completing an application on behalf of the District for its inclusion in the Association of Water Board Directors Water Smart Program.

## ACKNOWLEDGMENT AND CONSENT TO ASSIGNMENT OF SERVICE AGREEMENT

The Board considered authorizing execution of the District's Acknowledgment and Consent to the assignment of the Service Agreement with Aqua to SWCC Services, Inc. Upon a motion made by Director Khan and seconded by Director Adame, the Board voted unanimously to authorize execution of the Acknowledgment and Consent of the assignment of the Service Agreement as stated. A copy of the Acknowledgment and Consent to the Assignment of the Service Agreement is attached as an exhibit to these minutes.

## WASTE DISCHARGE REPORTING FORMS

Mr. Browne presented signature authorization forms for the TCEQ discharge monitoring report forms. After discussion, Director Chick moved that the Board authorize execution of the form authorizing certain Aqua employees to execute the forms. Director Adame seconded the motion, which carried unanimously.

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

Mr. Browne reported that the repair of erosion on the southwest side of Carpenter's Landing detention pond and along Carpenter's Bayou has been delayed by rainfall.

## SECURITY SERVICES

Director Allen distributed copies of the August security services report, a copy of which is attached as an exhibit to these minutes. Mr. Eriksen reported that crime and graffiti are increasing in Liberty Lakes. Mr. Allen requested that Mr. Eriksen inform him of the graffiti locations in order that the information can be provided to the Harris

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County Sheriff's Department. Mr. Maxian noted that he responded to a number of Mr. Eriksen's email questions requesting information, a copy of which is attached as an exhibit to these minutes.

The Board discussed the installation of signs at the District entrances indicating that the District is patrolled by Harris County Sheriff's Department contract deputies. After discussion, Director Khan moved that the Board authorize Director Allen and ABHR to pursue installation of the signs as discussed. Director Knowles seconded the motion, which carried by unanimous vote.

## **WATER AND WASTEWATER CAPACITY RESERVATION**

The Board reviewed the letter of reservation of water and wastewater plant capacity (the "Reservation") for approximately 120 acres owned by FVNA pursuant to the Water and Wastewater Capacity Cost-Sharing Agreement by and among the District, FVNA, and other parties (the "Agreement"). Ms. Edwards informed the Board that the Reservation will be contingent upon receipt of a letter of credit from FVNA securing its obligations for a pro rata share of the water plant construction costs under the Agreement. Ms. Edwards also reviewed an assignment of water and wastewater capacity from FVNA to Alta Crossing, LLC (the "Assignment"), which requires the District's consent to be effective. After discussion, Director Chick moved that the Board approve the Reservation, subject to receipt of the letter of credit as discussed, and approve the District's consent to the Assignment. Director Khan seconded the motion, which carried unanimously. Copies of the Reservation and the Assignment are attached as exhibits to these minutes.

## **ENGINEER'S REPORT**

Mr. Maxian presented a written report regarding engineering activities performed in the District, including the projects specifically addressed as follows in these minutes. A copy of the engineer's report is attached as an exhibit to these minutes.

## **WASTEWATER TREATMENT PLANT NO. 2, PHASE 1**

Mr. Martinec reported on the status of the construction of wastewater treatment plant no. 2, Phase 1. He stated that no Pay Estimates or Change Orders were submitted by R.P. Constructors, Inc., for the Board's approval. He reported that the contractor is addressing the punch list items. He informed the Board that one of the concrete ground storage tank walls is bowing because the design is based on the ultimate configuration of the plant and is not adequate for the first phase. He stated that J&C is working on the design of tension braces to be installed in the tank interior. He reported that J&C will not charge the District for the engineering fees related to correction of the problem. He also stated that no significant damage has occurred because of the inadequate support.

## WATER PLANT, PHASE 1

The Board deferred approval of the plans and specifications for the District's water plant, Phase 1, and deferred authorizing advertisement for bids for the project pending approval of the plans and specifications.

## ELEVATED WATER STORAGE TANK WAIVER

Mr. Maxian informed the Board that J&C is finalizing the application to the TCEQ for a waiver from the elevated water storage tank requirement.

## WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE LIBERTY LAKES, SECTION 2

Mr. Maxian reported on the status of the construction of the water, sewer, and drainage facilities to serve Liberty Lakes, Section 2. He stated that there was no update regarding completion of the project.

## WATER, SEWER, AND DRAINAGE FACILITIES AND OFF-SITE WATER LINE TO SERVE LIBERTY LAKES, SECTION 9

Mr. Maxian reported on the status of the construction of the water, sewer and drainage facilities and off-site water line to serve Liberty Lakes, Section 9. He stated that no Pay Estimates or Change Orders were submitted by Cravens Partners, Ltd. ("Cravens"), for the Board's approval.

## WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE LIBERTY LAKES, SECTION 10

Mr. Maxian reported on the status of the water, sewer, and drainage facilities to serve Liberty Lakes, Section 10. He stated that no Pay Estimates or Change Orders were submitted by Crostex Construction, Inc., for the Board's approval.

## WATER, SEWER, AND DRAINAGE AND DETENTION FACILITIES TO SERVE NEW FOREST WEST, SECTION 4

The Board reviewed a bid tabulation for the water, sewer, and drainage facilities to serve New Forest West, Section 4. Mr. Martinec recommended that the Board accept the low bid in the amount of \$2,907,034.30 submitted by Kenneth Lamb Construction. The Board concurred that award of a contract to Kenneth Lamb Construction will be most advantageous to the District and will result in the best and most economical completion of the District's facilities. Mr. Martinec informed the Board that the contractor's bid bond at submittal was 2% instead of 5% but added that the contractor subsequently submitted a corrected bid bond. Ms. Edwards stated that the Board may waive the irregularity of the incorrect bond amount if it so chooses. After discussion, Director Chick moved that the Board accept the low bid in the amount of \$2,907,034.30

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submitted by Kenneth Lamb Construction for the water, sewer, and drainage facilities to serve New Forest West, Section 4, and that the Board award a contract to said contractor, subject to review of the payment and performance bonds by ABHR. Director Adame seconded the motion, which carried by unanimous vote.

## NEW FOREST WEST, SECTION 4, LIFT STATION

Mr. Maxian reported that preparation of the plans and specifications for the New Forest West, Section 4, lift station is underway. He stated that J&C has received the revised construction drawings from Atkinson and is finalizing the plans accordingly.

## WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE NEW FOREST WEST, SECTION 3

Mr. Maxian reported further on the status of the construction of the water, sewer, and drainage facilities to serve New Forest West, Section 3. He stated that the Notice to Proceed will be issued to C.E. Barker, Ltd., when the debris has been removed from the site.

## NEW FOREST LIFT STATION AND FORCE MAIN UPGRADE

The Board deferred the review of bids and award of a contract for the New Forest lift station and force main upgrade pending the receipt of bids.

## WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE CARPENTER'S LANDING, SECTION 2

Mr. Maxian reported on the status of the construction of the water, sewer, and drainage facilities to serve Carpenter's Landing, Section 2. He stated that no Pay Estimates or Change Orders were submitted by Cravens for the Board's approval.

## WATER, SEWER, AND DRAINAGE FACILITIES TO SERVE CARPENTER'S LANDING, SECTION 3

The Board deferred approval of the plans and specifications for the water, sewer, and drainage facilities to serve Carpenter's Landing, Section 3, pending receipt, and deferred authorizing advertisement for bids for the project pending approval of the plans and specifications.

## WATER AND SEWER TRUNK LINES TO SERVE FVNA AND LEY TRACTS

Mr. Maxian reported on the status of the construction of the water and sewer trunk lines to serve the FVNA and Ley tracts. He stated that no Pay Estimates or Change Orders were submitted by Cravens for the Board's approval.

## OFF-SITE FACILITIES TO SERVE BLACK ROCK COMMONS

Mr. Maxian reported on the status of the construction of the off-site facilities to serve Black Rock Commons. He recommended approval of Pay Estimate No. 3 in the amount of \$42,255.34 submitted by Statewide Services. After discussion, Director Chick moved that the Board approve Pay Estimate No. 3 as recommended. The motion was seconded by Director Adame and carried by unanimous vote.

## BOND APPLICATION NO. 8

Mr. Maxian reported that J&C is working with the District's financial advisor to complete bond application no. 8.

## DETENTION POND MAINTENANCE

Mr. Wilson reported that the New Forest West, Section 1, detention pond requires maintenance and mowing. Mr. Browne stated that Aqua will investigate the matter further.

## LICENSE

The Board concurred accepting a License from Kinder Morgan Texas Pipeline, L.P. for allowing the District's water line to be constructed within its property. Upon a motion made by Director Allen and seconded by Director Adame, the Board voted unanimously to accept the License. A copy of the License is attached as an exhibit to these minutes.

## PHASE ONE ENVIRONMENTAL SITE ASSESSMENTS ("ASSESSMENTS")

Ms. Edwards reported that the District has received the Assessments for the New Forest West, Section 1, and New Forest, Sections 1 and 2, detention ponds from Phase One Technologies, LLC.

## STRATEGIC PARTNERSHIP AGREEMENT

Ms. Edwards reported that the revised commercial areas of the District proposed for inclusion in an Strategic Partnership Agreement with the City of Houston ("City") have been submitted the City for limited purpose annexation. She explained that the FVNA property has been removed as requested by FVNA. After discussion, Director Knowles moved that the Board approve submission of the revised commercial areas in the District to the City for limited purpose annexation. Director Allen seconded the motion, which carried unanimously.

## RESIGNATION OF ENGINEERING REPRESENTATIVE

Mr. Maxian reported that he has resigned from J&C to pursue other options. The Board expressed its regret and its appreciation to Mr. Maxian for his work on the District.

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

(SEAL)

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