

# DRAFT

## MINUTES HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

February 10, 2009

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 285 (the "District") met in regular session, open to the public, on the 10th day of February, 2009, at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Jerry L. Allen	President
Roy Adame, Jr.	Vice President
Chand Khan	Secretary/Investment Officer
Walter A. Knowles, Jr.	Assistant Vice President/Investment Officer
Ephraim Q. Connerly, III	Assistant Secretary/Investment Officer

and all of the above were present except Director Knowles, thus constituting a quorum.

Also present at the meeting were Mary Jarmon of Myrtle Cruz, Inc.; Kenneth Martinec and Dane Plumley of Jones & Carter, Inc. ("J&C"); Rene Anandel of Wheeler & Associates, Inc. ("Wheeler"); Calvin Browne of SWWC Services, Inc. ("SWWC"); Debbie Gibson of McCall, Gibson & Company, PLLC ("McCall"); Karen Sears of Legacy Energy Solutions ("Legacy"); Susan Edwards of Allen Boone Humphries Robinson LLP ("ABHR"); and Susan Prospere, Recording Secretary. Director Knowles listened to the meeting by speaker phone.

### MINUTES

The Board considered approving the minutes of the January 13, 2009, meeting. After discussion, Director Khan moved to approve the minutes as presented. The motion was seconded by Director Connerly 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.

### UPDATE ON TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") AUTHORIZATION TO ADVERTISE THE SALE OF THE DISTRICT'S SERIES 2009 BONDS

Ms. Edwards updated the Board on delays caused by the TCEQ in its consideration of the District's request for authorization to advertise for the sale of the proposed Series 2009 Bonds.

## ELECTRICAL SERVICES

Ms. Sears presented price quotes from several electrical companies, a copy of which is attached. She recommended that the Board consider entering into a contract with the service provider with the lowest rate, to be effective when the current contract expires in October. Upon a motion made by Director Connerly and seconded by Director Khan, the Board voted unanimously to authorize Directors Khan and Connerly to execute a new electrical services contract based on the most favorable rate when contacted by Ms. Sears.

Ms. Sears presented a Legacy proposal for the District's critical load registration with CenterPoint to receive priority status for power restoration, a copy of which is attached. The Board took no action on the Legacy proposal.

## BOOKKEEPER'S REPORT

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

## BUDGET

The Board reviewed a proposed budget for the District's fiscal year ending March 31, 2010. The Board requested that Ms. Jarmon investigate the sales tax revenues to be paid to the District pursuant to its Strategic Partnership Agreement with the City of Houston for inclusion in the proposed budget. The Board also requested that Ms. Jarmon estimate the District's annual cost savings if the Board met only once a month. The Board reviewed the low reserve in the operating fund balance. A copy of the draft budget is attached.

## ENGAGEMENT OF AUDITOR

The Board considered retaining an auditor for preparation of the District's audit report for the fiscal year ending March 31, 2009. Ms. Gibson presented a proposal from McCall with estimated hourly fees totaling \$17,000 to \$18,000. The Board deferred engaging an auditor until a future meeting.

## OMNICAP GROUP LLC ARBITRAGE REBATE CALCULATION REPORT ("REPORT")

The Board deferred review of the Report related to the District's Series 2004 Refunding Bonds pending receipt.

## TAX REPORT

Ms. Anadel reviewed the monthly tax report, which reflects that 84.43% of the District's 2008 taxes have been collected to date. After review, Director Khan moved to 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.

## DELINQUENT TAX REPORT AND HEARING REGARDING TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT TAX ACCOUNTS

Ms. Anadel presented and reviewed the delinquent tax report prepared by Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue, Brandon"), a copy of which is attached.

## OPERATIONS REPORT

Mr. Browne distributed the monthly operations report, including the effluent reporting forms indicating that there were no violations of the permitted parameters at wastewater treatment plants nos. 1 and 2 during the month of December. A copy of the operations report is attached.

Mr. Browne presented a letter from the Texas Commission on Environmental Quality ("TCEQ") noting areas of concern during its inspection of the District's wastewater treatment plant no. 1, a copy of which is attached. He pointed out that SWWC submitted documentation to the TCEQ indicating that an updated secondary standards kit is now being used to check the chlorine meter.

## HEARING REGARDING TERMINATION OF SERVICE

The Board conducted a hearing regarding water and sewer service terminations. Mr. Browne reported 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 Adame 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 Connerly and carried by unanimous vote.

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## WATER SMART PROGRAM APPLICATION

Mr. Browne reported that an application on behalf of the District for participation in the Water Smart Program will be submitted by SWWC to the Association of Water Board Directors by the April, 2009, deadline.

## ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") WINTER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT SUMMER CONFERENCE

The Board considered approving reimbursement to the directors for expenses incurred in attending the AWBD winter conference. After discussion, Director Connerly moved to approve reimbursement of the AWBD winter conference expenses and to authorize attendance of the Board members at the AWBD summer conference. The motion was seconded by Director Adame and carried by unanimous vote.

## BOND APPLICATION

The Board requested that Mr. Martinec report at its next meeting on certain miscellaneous costs included in the District's bond application no. 9.

## SECURITY SERVICES REPORT

The Board discussed the security services in the District. Director Allen reported that he notified Galena Park Independent School District that it should be more responsible for student activity problems instead of relying on the District's contract deputies. The Board also discussed holding a special meeting in the District to discuss funding for security services if necessary after further review of the proposed budget.

## PROPOSALS FOR AUDITOR

The Board agreed to solicit proposals for auditing services for 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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