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MINUTES HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

October 31, 2011

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 285 (the "District") met in special session, open to the public, on the 31st day of October, 2011, at the offices of 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:

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

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

Also present at the meeting were Jerry W. Woodward, Consulting Engineer; Bryan Jordan and Tobin Synatschk of Jones & Carter, Inc. ("J&C"); Calvin Browne of Municipal District Services L.L.C. ("MDS"); Susan M. Edwards of Allen Boone Humphries Robinson LLP ("ABHR"); and Susan Prospere, Recording Secretary.

WASTEWATER TREATMENT PLANT ("WWTP") NO. 2 BLOWERS

Mr. Jordan stated that Kenneth Martinec and Dane Plumley of J&C had briefed him on the Board's proposal that J&C advance funds on behalf of the District to replace the Hibon blowers with Roots blowers, to be reimbursed after one year if no problems occur. He stated that prior to responding, he would like to ask the Board if J&C still has the opportunity to regain the Board's confidence or if the damage is irreparable. Director Knowles responded that he has been concerned about a lack of consistent communication by J&C with the Board and by J&C's failure to take charge of the plant blower failures. He indicated, however, that he believes the Board is open to improving the situation. Mr. Jordan apologized to the Board for a lack of improvement in the communication, but he stated that he is grateful for the opportunity to work with the Board toward improvement of communications and resolution of the blower problems.

Mr. Jordan next proposed to the Board that J&C hire a third party expert to review the blower design at J&C's expense. He also proposed that J&C absorb reasonable costs of the replacement blowers and warranted modifications, if the third party expert identifies a design problem causing the blower failures and, conversely, that the District pay for the replacement blowers if no design flaws are identified. He suggested that the third party expert should be mutually agreeable to both the District and J&C.

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Director Allen expressed concern regarding a scenario whereby no design flaws are identified and the replacement blowers still fail at the District's expense. Director Allen asked if a mechanical engineer should examine the blowers. Mr. Jordan stated that the blowers respond to the pressure conditions and that the larger context should be analyzed.

Director Knowles noted that the Board had decided to proceed with the purchase of Roots blowers and suggested that J&C should be willing to advance funds for the purchase if confident of its WWTP No. 2 design. Mr. Jordan replied that J&C prefers not to assume the role of effectively insuring the blowers and being involved in the need to monitor operations because of its investment.

Director Knowles questioned the blower operations in the interim period if the District accepts J&C's offer. Mr. Woodward stated that the plant can be operated with the Hibon blower no. 2 and the NTS rental blowers.

Director Allen expressed his preference for hiring a company that is not local as the third party expert due to his belief that the company would be more objective if outside the community.

Director Khan asked if J&C would cover the cost of all modifications if a design problem is identified. Director Allen addressed the possibility of bifurcating the air piping system and asked why Roots has allegedly changed its position in recommending the bifurcation. Mr. Synatschk answered that Roots had recommended bifurcation in its initial blower proposal; however, he reported that Roots has now clarified that it prefers bifurcation but does not believe that not bifurcating the air piping system will affect the blower performance.

Director Knowles asked about the cost to hire a third party expert to review the blowers. Mr. Jordan estimated that the cost may be in the range of \$5,000.

Mr. Woodward then pointed out that, although his review of the WWTP No. 2 plans and specifications indicates that all design criteria have been met, problems clearly exist in the plant's performance. Mr. Jordan stated that the third party expert should be a company that designs WWTPs and uses positive displacement ("PD") blowers. Mr. Woodward recommended that the selected company should also work with smaller WWTPs similar to the size of WWTP No. 2.

Director Adame then stated that a local company would have the advantage of working with WWTPs with the same environmental conditions present in the District. Mr. Synatschk stated that the District and J&C should agree on hiring a company that designs WWTPs that use PD blowers and that is considered an expert in the field. Director Allen reported that he has contacted a company in the east that troubleshoots blower problems.

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Mr. Jordan pointed out that J&C does not necessarily work with all local engineering firms nor are all relationships positive. He indicated his preference for a firm that has some local presence even if its base office is not local.

Director Allen asked why J&C would not be able to identify a problem in its own design if present. Mr. Synatschk stated that designs are complex and problems, if any, are not necessarily easy to identify.

Director Knowles reminded Mr. Jordan that the Board approved the raise requested by J&C at the beginning of the year in spite of the economic conditions. He stated that he does not feel that J&C has earned the raise during the year.

Ms. Edwards asked how J&C would address any design problems identified by a third party expert that might result in significantly higher costs to correct than just replacing blowers. Mr. Jordan stated that J&C is currently only committing to purchasing the blowers and paying for modifications if a design flaw is discovered to be the cause of the blower failure.

Director Knowles stated that he was not comfortable with the District's proposed purchase of the Roots replacement blowers without more evidence that the Hibon blower model is the problem. Mr. Woodward recommended that he work with J&C to recommend three possible third party experts to the Board for consideration in an interview process.

Director Adame suggested that J&C still advance funds for the Roots blowers even if no design problems are found. Director Knowles suggested that the third party expert not only review the written WWTP No. 2 plans and specifications but should also evaluate the plant's performance history to date. Mr. Woodward also noted that every record related to the blowers should be made available to the independent expert. Mr. Woodward read the portion of a Roots email strongly recommending bifurcation of the air piping system.

Mr. Browne next addressed the email from the Hibon representative on October 28, 2011, suggesting that MDS may have been using the incorrect oil to lubricate the blowers, based on the presence of cans containing another brand of oil in the blower building. He stated that the oil noticed by the Hibon representative was for the on-site generator and that MDS had never deviated from using Hibon oil in the blowers, particularly in light of the sensitivity of the situation. He reminded the Board that the oil was initially changed monthly but was later scheduled on the basis of the operations and maintenance manual recommendations because of the cost of more frequent oil changes and to ensure that the oil replacement schedule was adequate before the warranty expired. He also noted that David Neil of NTS confirmed the accuracy of the information regarding the type of oil used. Additionally, he informed the Board that Hibon was informed of the use of the generator oil during its on-site visit to WWTP No. 2.

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After discussion, Director Knowles moved to accept J&C's proposal that it will work with Mr. Woodward on selecting three candidates for the third party expert review, to be interviewed by the Board, and that J&C will pay the cost of the blower replacement and modifications if a design problem is identified. Discussion then ensued regarding the motion. The Board agreed that MDS should also be closely involved in the process. Mr. Woodward estimated that the selection process could take one to two months. The Board tentatively agreed to meet on November 29, 2011, to interview the candidates selected by Mr. Woodward and J&C. Director Knowles again asked for reassurance that WWTP No. 2 can operate for the interim period as currently set up. Mr. Browne indicated that the Hibon blower no. 2, the rental PD blower, and the back up centrifugal blower should be adequate during the interim period. Director Allen asked if the District will incur any additional sludge hauling costs with the blowers now in operation. Mr. Browne replied that the sludge hauling costs will not increase.

Mr. Jordan stated that J&C will continue discussions with the Board regarding the next step if the third party expert does not identify any problems. He stated that J&C has not ruled out the possibility of advancing funds for the blower replacements. Director Allen stated that the Board had been satisfied with J&C's engineering services prior to the blower issue. He concurred with Director Knowles in his opinion that J&C's request for a raise at the first of the year was inappropriate. After the additional discussion, Director Adame seconded the motion made by Director Knowles, which carried unanimously.

Mr. Jordan expressed his appreciation for the Board's decision to accept J&C's proposal to hire the third party expert. Director Allen stated that Mr. Plumley was "one of a kind" in a positive way. Director Adame expressed appreciation to Mr. Jordan and Mr. Synatschk for their attendance at the meeting. He stated that the money spent by J&C to hire an expert should also be a good investment for the firm. Mr. Jordan stated that, whatever the results of the expert's review, he and Mr. Synatschk will work with the Board to resolution of the WWTP No. 2 malfunctions. Mr. Jordan thanked the Board for the District's business, at which point he and Mr. Synatschk left the meeting.

Mr. Woodward also informed the Board that he has learned of a WWTP in the area that utilizes PD blowers without a bifurcated air piping system. He stated that he will visit the plant to review operations. He stated that J&C has not supported the bifurcation at this time because the payback of the costs will not occur before there is significantly more development in the District and higher flows at WWTP No. 2.

Director Knowles emphasized that the expert should be charged with evaluating the performance of the blowers on-site as well as conducting a review of the written plans and specifications. Mr. Woodward stated that the expert should be familiar with operations and should work closely with MDS during the review as well as being conversant with written design criteria.

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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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