

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 23, 2009

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 23<sup>rd</sup> day of July, 2009, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Joe Myers	President
Megan Bradley	Vice President
Alan Silverman	Assistant Vice President
Matthew Lund	Secretary
Mike Vandewater	Assistant Secretary

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

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Michael Keefe of Bob Leared Interests, Inc.; Chris Burke of Sander Engineering Corporation ("SEC"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes ("Beazer"); Michael Murr of Murr, Inc.; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the June 25, 2009, regular meeting; the July 8, 2009, joint meeting; and the July 9, 2009, special meeting. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the minutes of the June 25, 2009, meeting, as submitted, and the minutes of the July 8 and July 9, 2009, meetings, as amended.

TAX ASSESSMENT AND COLLECTIONS MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

Mr. Keefe distributed the District's monthly tax report reflecting that 98.1% of the 2008 taxes had been collected as of the end of June, 2009. Mr. Keefe reported that the Harris County Appraisal District has removed HEB Pantry Store from the District's tax rolls as discussed in previous meetings. After discussion, Director Bradley moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Lund seconded the motion, which passed unanimously. Copies of the tax assessor/collector's report and the delinquent tax report are attached.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2008 taxes. Upon a motion made by Director Bradley and seconded by Director Lund, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the delinquent tax collection.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS AND REVIEW OF INVESTMENTS

Ms. McLennan reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment. In review of the budget comparison, Ms. McLennan reported that purchased wastewater service water cost was higher than projected and that sidewalk improvement and Hurricane Ike recovery costs were not anticipated in the budget. Ms. McLennan then reviewed a draft District operating budget for the fiscal year ending August 31, 2010, and draft budgets for the fiscal year ending August 31, 2010, for the joint facilities and confirmed that no additional comment had been received from No. 364.

After review of the invoices and corresponding checks, and upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to (1) approve the bookkeeper's report and the checks presented for payment; (2) adopt the budget for the fiscal year ending August 31, 2010; and (3) adopt the joint facilities budgets for the fiscal year ending August 31, 2010. A copy of the bookkeeper's report, including adopted budgets, is attached.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES, BILLINGS, REPAIRS AND MAINTENANCE

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. He reported that SWWC cleaned both lift stations and the chlorine contact basin as part of routine maintenance, added a timer to the remote well, and relocated the waterline along Spring Cypress at water plant no. 1 due to the widening project along Spring Cypress Road. He also requested that the Board authorize painting of the booster pump and head works at water plant no. 1 in an amount not to exceed \$1,200. Upon inquiry by Director Lund, Mr. Bare confirmed that the paintwork at water plant no. 1 is the original paint. Mr. Bare also reported that E.coli testing of the wastewater effluent has been initiated, as previously discussed, but that results have not yet been received.

Ms. Edwards reviewed draft information on the Northwest Harris County Regional Water Authority for the District's website in response to residents' discussion

regarding the pumpage fee on their District bills. The Board asked Director Bradley to review and edit the information for posting.

Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to (1) approve the operator's report; (2) authorize painting of the booster pump and head works at water plant no. 1 in an amount not to exceed \$1,200; and (3) authorize SWWC to file a Water Smart application on behalf of the District.

#### HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

The Board conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the attached termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Silverman moved that, since the customers on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the District's Rate Order. Director Bradley seconded the motion, which carried unanimously. A copy of the termination list is attached.

#### AMENDMENT OF RATE ORDER

The Board considered revising the rate order to more efficiently distribute the cost of water production and distribution among residential, public space and commercial users and to institute water rates to encourage water conservation. The Board commented regarding the use of public space irrigation during a recent rain event in the District. Director Myers said that the Coles Crossing Community Association ("HOA") reported to him that the public space irrigation by the HOA has been reduced from 4 to 3 days per week. The Board discussed rate revision options and requested that Mr. Bare provide usage and revenue information by meter type for the Board's review. Director Silverman commented that the Board needs to notify the HOA of any rate changes in advance to avoid penalizing residents through higher HOA fees if water consumption is not curtailed.

#### ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

The Board discussed possibly amending the District's drought contingency plan to coordinate with the drought contingency plan adopted by Harris County Municipal Utility District No. 364 ("No. 364"). Following discussion, the Board concurred to hold a special meeting on August 4, 2009, at 7:00 p.m. in the District to consider amendment of the District's drought contingency order and rate order.

Mr. Burke commented that the well pumping hours have come down significantly due to rain events, but that a report received from G-M Services indicated that the hydraulic performance of the pumps at water well nos. 1, 2 and 3 has decreased and pump submergence levels are down, which is not unusual for this time of year. Mr. Burke recommended leaving conservation signs up in the District. Director Silverman commented that the District should take steps beyond signs and websites to educate residents about the requirements of the drought contingency order and repercussions for violations of same. The Board discussed the possibility of installing a District message board.

#### DISCUSS INTER-DISTRICT EMERGENCY PREPAREDNESS PLAN

Director Silverman said that no new information is available. Mr. Burke said that Harris County Water Control Improvement District No. 113 ("WCID") has indicated to him an interest in participating in an inter-district cooperative agreement for emergency events.

#### ENGINEER'S REPORT

The Board reviewed a written engineer's report submitted by SEC on the status of various projects in the District as follows in these minutes. A copy of the engineer's report is attached.

#### MAINTENANCE OF STORMWATER CHANNEL FACILITIES AND REPAIR OF STORMWATER DETENTION AND DRAINAGE CHANNEL FACILITIES

Mr. Burke presented invoices from Seaback Maintenance ("Seaback") for June and said that he would get Seaback to cut the wildflower areas.

Mr. Burke reported that he had received bids for the joint ditch and detention repairs and recommended that the Board award the contract to the low bidder, C.E. Barker, Ltd., in the amount of \$101,507.70. Mr. Burke also discussed an additional area downstream to the north that needs cleaning as well and recommended that the Board authorize a change order in an amount not to exceed \$5,000 to clean the additional area, subject to review and approval by Director Myers. After discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Lund moved to approve the award of the contract to C.E. Barker, Ltd. and to authorize a change order in an amount not to exceed \$5,000 to clean the additional northern channel, subject to review and approval by Director Myers. Director Bradley seconded the motion which passed unanimously.

#### SIDEWALK AND DRAINAGE REPAIR AT WASTEWATER TREATMENT PLANT

There was no discussion regarding this project.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD, INCLUDING APPROVAL OF REIMBURSEMENT AGREEMENT, ABANDONMENT OF WATERLINE EASEMENTS WITHIN HARRIS COUNTY RIGHT-OF-WAY, AND DISTRICT'S WATERLINE RELOCATION CONSTRUCTION CONTRACT

Mr. Burke presented previously approved Change Order No. 1 in the amount of \$33,741.39 for Board signature.

JARVIS ROAD IMPROVEMENTS

There was no additional discussion regarding this project.

UTILITY COMMITMENT REQUESTS

Mr. Burke reported several swimming pool approval letters and a request from VP Hospitality and HB Hospitality for 22,995 gallons per day of water and wastewater capacity to serve 222 hotel units on a 2.10 acre tract. Mr. Burke said that he would send a letter of availability to HB Hospitality and VP Hospitality.

WATER PLANT CAPACITY ANALYSIS

Mr. Burke stated that he had received comment from No. 364's engineer on the water capacity analysis prepared by SEC and will incorporate the comments for future Board review.

AUXILIARY POWER FOR WATER PLANT NO. 1, WASTEWATER TREATMENT PLANT, LIFT STATION NO. 2 AND THE PARK AT ARBORDALE LIFT STATION

No Board action was taken on this agenda item.

DEEDS AND EASEMENTS

No deeds or easements were presented.

ELEVATED STORAGE TANK WAIVER

Mr. Burke said that an updated waiver request is prepared and ready to send to the Texas Commission on Environmental Quality ("TCEQ").

REPAIR OF LEAK AT WATER PLANT NO. 2 AND CATHODIC PROTECTION

No Board action was taken on this agenda item.

WATER REUSE

Mr. Burke reported that SEC is investigating TCEQ requirements for water reuse.

## REPAIRS TO EXISTING ASPHALT TRAILS

Upon inquiry by Director Silverman, Mr. Burke said that he would look at the damaged fence on Jarvis Road. Mr. Murr said that he would have the contractor for Phase 3 fix the fence on Jarvis Road when the contractor comes to install the fencing for Phase 3. Director Silverman requested that Mr. Murr identify someone to make on-call fencing repairs on an ongoing basis. Director Myers said that Don Richards with the HOA would send the graffiti removal contractor to address graffiti on the bridge. Director Myers also asked that Mr. Murr have the signs on the existing trails replaced that have been taken down or stolen. Director Lund also reported washout of the Greenwood Manor Drive outfall.

Upon a motion made by Director Bradley and seconded by Director Bradley, the Board voted unanimously to approve the engineer's report and to approve Change Order No. 1 to the Spring Cypress Road contract.

## DEVELOPER'S REPORT

Mr. Coleman reported that Beazer Homes has 10 homes in backlog that should be closed by September, 2009. He reported that home values are holding and have not been discounted for sale. He also said that the storm troopers are being maintained and photographed each time. A copy of Mr. Coleman's written report is attached. Ms. Edwards reported that Canyonlands Corporation continues to work with the affected property owners in the commercial tracts to convey to the District an existing sanitary sewer line for District maintenance and operation.

## LANDSCAPE ARCHITECT REPORT

Mr. Murr reported that he has received Harris County's comments on the plans for the District's phase 3 trail improvements project. Mr. Burke said SEC is addressing Harris County's comments. Director Myers requested that Mr. Burke make No. 364's landscape architect aware of Harris County's Tropical Storm Allison Recovery Project ("TSARP") requirements for this project. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to authorize the district engineer to advertise the District's phase 3 trail improvements project upon receipt of Harris County's approval.

## UPDATE ON COORDINATION WITH HARRIS COUNTY PRECINCT 3 FOR LANDSCAPING AND TRAIL PROJECT

Director Myers distributed a draft letter to Harris County for the Board's review. The Board discussed striking reference to No. 364 in the letter and concurred to submit the draft letter to No. 364 as information only. No action was taken on this agenda item.

## RECYCLING SERVICES

Director Bradley noted that glass is now being accepted for recycling and she will update the residents accordingly.

## CONTRACT FOR RESIDENTIAL TRASH COLLECTION

No Board action was taken on this agenda item.

## RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board discussed expiration of the District's current policies in August, 2009 and concurred to request a renewal proposal from Anco-McDonald Waterworks.

## UPDATE DISTRICT DIRECTORY AND DISTRICT REGISTRATION FORM

Ms. Edwards reported on recent legislation that allows for redaction of directors' personal information from the public record. Following discussion, Directors Myers, Bradley, Lund and Silverman submitted request for confidentiality forms to ABHR. The Board also discussed and concurred to put the name and term of each Director on the District website.

## DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT WINTER CONFERENCE

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance of the Association of Water Board Directors ("AWBD") summer conference. Upon a motion made by Director Lund and seconded by Director Bradley, the Board voted unanimously to authorize reimbursement of the expenses submitted by the Board members for the summer conference and authorized attendance by the directors at the AWBD winter conference with up to 3 per diems per director attending.

## RECEIVE REPORT ON LEGISLATION AFFECTING WATER DISTRICTS

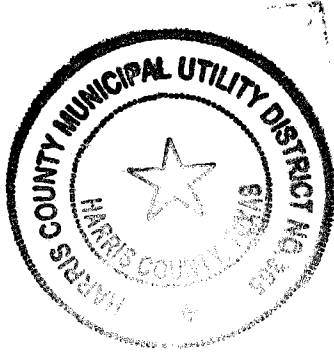
Ms. Edwards next updated the Board regarding legislation passed during the 81st Regular Session of the Texas Legislature and discussed the impact the legislation will have on the District and the development industry. As part of a Board discussion regarding disaster preparedness, Director Silverman discussed purchasing or subscribing to a service to contact residents in mass via email or phone in the event of a significant District event. Following discussion, the Board concurred that Director Bradley research available programs.

DISCUSS AND APPROVE JOINT AND SPECIAL MEETING AGENDAS FOR JULY

The Board discussed potential agenda items for special meetings in the District on August 4 and 13, 2009.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)



  
Secretary, Board of Directors



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