

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

March 24, 2010

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 24th day of March, 2010, 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.

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"); Judy Osborn of McLennan & Associates; Michael Murr of Murr, Inc.; Anthea Moran of First Southwest Company ("First Southwest"); Greg Coleman of Beazer Homes; and Susan Edwards, Alia Vinson, and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the February 18, 2010, regular meeting and the February 11, 2010, special meeting. Upon a motion made by Director Lund and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the February 18, 2010, regular meeting, and the February 11, 2010, special meeting, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe distributed the District's monthly tax report reflecting that 97.8% of the 2009 taxes had been collected as of the end of February, 2010. After discussion, Director Silverman 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. A copy of the tax assessor/collector's report is attached.

RESOLUTION CONCERNING TAX COLLECTION PROCEDURES AND
RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Tax Collection Procedures ("Resolution"), which provides that the Board rejects the procedures permitting the District to refrain from sending tax bills for less than \$15.00, permitting the split payment of taxes, and permitting discounts for the early payment of taxes. Upon a motion made by Director Vandewater and seconded by Director Lund, the Board voted unanimously to adopt the Resolution.

The Board also considered adopting a Resolution Concerning Exemptions from Taxation ("Resolution"), which provides for the exemption from ad valorem taxation of \$20,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, but rejects a general homestead exemption as well as any exemptions for charitable organizations and travel trailers. Upon a motion made by Director Vandewater and seconded by Director Lund, the Board voted unanimously to adopt the Resolution as described.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Osborn reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment. 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 approve the bookkeeper's report and the checks presented for payment. A copy of the bookkeeper's report is attached.

REPORT FROM FINANCIAL ADVISOR ON REFUNDING BOND ISSUE

Ms. Moran addressed the Board regarding the possibility of issuing refunding bonds to redeem a portion of the District's outstanding debt associated with the Series 1998, 1999, and 2000 bonds. She presented and reviewed a preliminary summary of the refunding issue, including a financial analysis of savings potentially created by the proposed refunding bond issue, a copy of which is attached. She reviewed with the Board the estimated cost of issuance and noted that the underwriter's fee and the financial advisor fee combined would not exceed 2%, noting that First Southwest will not serve as the underwriter. Ms. Moran explained that First Southwest will apply for insurance on the proposed issue and then determine, based on the cost of the insurance, whether insurance is beneficial to the financing. Ms. Moran noted that the District will be responsible for the cost of the insurance application whether the Board proceeds with a refunding bond issue or not, but will not incur any other consultant fees at this time related to the proposed refunding. After review and discussion, Director Silverman moved to authorize First Southwest and ABHR to move forward with the insurance application and document preparation to issue refunding bonds. Director Bradley seconded the motion, which passed unanimously.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES, INCLUDING HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. He reviewed routine maintenance and repairs in the District, including replacement of 24 residential meters, replacement of 5 commercial meters, replacement of a 12 inch mainline valve on Spring Cypress Road and Barker Cypress Road, and replacement of mechanical seals on booster pump no. 4. He also reviewed test results on effluent at the wastewater treatment plant and wastewater from the Dry Clean Supercenter. Mr. Bare reported the District's monthly water accountability at 97.9%.

The Board discussed a request from Harris County for assistance in locating the waterline along Barker Cypress Road, which is necessary for the relocation of power poles so that a sidewalk may be installed. Director Myers suggested that SWWC dig two or three test holes to locate the waterline and provide a plot map to Harris County for Centerpoint Energy's use. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to (1) approve the operator's report; and (2) authorize SWWC to dig two or three holes at a cost not to exceed \$2,000 on the east side of Barker Cypress Road between Jarvis Road and the ditch to locate the District waterline.

The Board also conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the 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.

DROUGHT CONTINGENCY PLAN AND RATE ORDER

The Board agreed to hold a special workshop meeting on April 22, 2010, at 7:00 p.m. in the District regarding the District Drought Contingency Plan and Rate Order. Director Myers requested that SEC and the District bookkeeper provide updated water usage, rate, and revenue information for the meeting.

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.

STORMWATER CHANNEL MAINTENANCE

Mr. Burke presented an invoice from Seaback Maintenance ("Seaback") for February, 2010, for mowing.

SPRING-CYPRESS ROAD WIDENING AND WATERLINE RELOCATION

Mr. Burke discussed the status of Harris County's widening of Spring-Cypress Road and the relocation of the joint waterline. He recommended that the Board approve Pay Estimate No. 5 in the amount of \$28,817.62, of which the District's share is \$16,137.87, payable to C.E. Barker, Ltd. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve Pay Estimate No. 5 in the amount of \$28,817.62, of which the District's share is \$16,137.87, to C.E. Barker, Ltd.

He reported that a walk through was conducted on March 2, 2010, and that the final pay estimate should be presented at the Board's April meeting. Mr. Burke added that SEC will discuss repair of gaps under the fence at the wastewater treatment plant with SWWC.

JARVIS ROAD WIDENING AND AGREEMENT TO PROVIDE DETENTION CAPACITY

Mr. Burke reported that SEC received preliminary drawings for improvements planned for Jarvis Road from Weisser Engineering and Harris County Precinct 3 ("Precinct 3") and said that the drawings show that the centerline of Jarvis Road will remain the same.

UTILITY COMMITMENT REQUESTS

Mr. Burke reported that no utility commitments were received during the month of February. No Board action was taken.

PUMP LOWERING PROJECT AT WATER WELL NOS. 1 AND 2

Mr. Burke discussed the status of lowering pumps at well nos. 1 and 2. He reported that the contractor is awaiting delivery of the pump for well no. 1 and will perform wire brush cleaning of well no. 1 in the next week. He stated that well no. 1 should be back in service by mid-April.

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

There was no additional discussion regarding this project.

CATHODIC PROTECTION AT WATER PLANT NO. 2

Mr. Burke stated that he is still investigating cathodic protection options and will obtain another proposal. No Board action was taken.

WATER REUSE APPLICATION

Mr. Burke reported that the water reuse permit from the Texas Commission on Environmental Quality ("TCEQ") has been revised to reflect the correct address of the wastewater treatment plant.

REQUEST FOR SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING-CYPRESS ROAD

Mr. Burke next discussed two routing options for providing sanitary sewer service to En-Touch Systems, Inc.'s ("En-Touch") facility on Spring-Cypress Road. He explained that the first option is a public 8" sanitary sewer line along Spring-Cypress Road to Axton Falls at Granite Park within the public right-of-way and the second option is a private 6" service line between two lots on Halperin Creek Drive. Following discussion, Mr. Burke recommended and the Board concurred that the first option is preferable. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to: (1) authorize SEC to begin surveying associated with a public 8" sanitary sewer line along Spring-Cypress Road; and (2) authorize SEC to notify En-Touch of the Board's intention to provide sanitary sewer service using this option.

Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve the engineer's report.

DEED, EASEMENTS, AND ENCROACHMENTS, INCLUDING ACQUISITION OF STRIP OF LAND ADJACENT TO DETENTION BASIN AND ACCESS EASEMENT TO HARRIS COUNTY

The Board discussed acquisition of the 50-foot strip of land between the regional detention basin and the Jarvis Road right-of-way. Ms. Vinson reported that the Phase I environmental survey is complete, with no further investigation recommended, but that the title policy underwriter will not issue a title policy without additional documents from JDC/Greenleaf Ltd. Ms. Vinson stated that JDC/Greenleaf Ltd. had indicated it will not provide the requested documents. Ms. Edwards confirmed that the special

warranty deed conveying the tract to the District has been received and explained the exposure without a title commitment if there is a challenge to ownership of the tract in the future. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to accept the deed without the title policy and authorize ABHR to record the special warranty deed.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman reported regarding home sales and development in The Park at Arbordale. Mr. Coleman also reported on silt and stormwater runoff management activities and equipment. Mr. Coleman reported no sales this month. A copy of the report is attached.

Ms. Edwards reported on the status of the conveyance of a private sanitary sewer line and easements from commercial property owners at U.S. Highway 290 and Barker-Cypress to the District.

LANDSCAPE ARCHITECT REPORT

Mr. Murr discussed the Phase III trail continuation project. He recommended that the Board approve Pay Estimate No. 3 in the amount of \$42,476.18, to Millis Development and Construction, Inc. Mr. Murr discussed the status of construction of the north and south trails, the gathering area, and restaking and redesign of the green parking area along Jarvis Road. Mr. Murr also discussed resident correspondence received through the District website regarding a brush pile resulting from Harris County Municipal Utility District No. 364's ("No. 364") trail project. Director Bradley said that she will respond to the resident's inquiry. Mr. Murr then discussed signage, replacement of vegetation, and disposition of remaining project fill.

The Board discussed a request from Girl Scout Troop No. 14164 for permission to install 4 or 5 bluebird houses in the natural area along Jarvis Road, away from vegetation, when construction is completed.

The Board discussed providing irrigation audits and rain sensors to residents. Mr. Murr said that the irrigator providing the public space irrigation analysis will provide a proposal for these services. The Board also agreed to discuss proposed irrigation water conservation measures with No. 364 at the joint meeting in April. Mr. Murr reported that the public space irrigation analysis will be available at the April regular meeting.

Mr. Burke presented a proposal in the amount of \$670 from Windrose Land Services, Inc. to survey and stake 2,800 linear feet of right-of-way along Jarvis Road and a proposal for surveying the damaged trees in the green parking area. Director Myers said that Mr. Murr has already completed a survey of damaged trees.

Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to (1) approve Pay Estimate No. 3 in the amount of \$42,476.18, to Millis Development and Construction, Inc; (2) approve request from Girl Scout Troop No. 14164, provided installation of bluebird houses occurs after trail construction is complete; and (3) approve a proposal in the amount of \$670 from Windrose Land Services, Inc. to survey and stake 2,800 linear feet of right-of-way along Jarvis Road.

UPDATE ON COORDINATION WITH PRECINCT 3 FOR LANDSCAPING AND TRAIL PROJECT

There was no additional discussion on this agenda item.

DISTRICT MESSAGE BOARD/COMMUNITY MESSAGING SYSTEM, INCLUDING REVIEW AND APPROVE LICENSING AGREEMENT WITH TECH RADIUM FOR IRIS ALERT COMMUNITY MESSAGING SYSTEM

Ms. Vinson distributed a Licensing Agreement with Tech Radium for use of the Iris Alert community messaging system and reported that Tech Radium confirmed that the District will own its residents' contact information. Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the Licensing Agreement with Tech Radium.

RECYCLING SERVICES

Director Bradley discussed a request from the contractor to change collection from Tuesdays to Fridays, beginning June 1, 2010. In exchange, she stated that the contractor is offering to notify all residents of the change at no cost to the District and extend the term of the current contract, at current rates, through December 31, 2012. The Board took no action regarding the request.

INTER-DISTRICT EMERGENCY PREPAREDNESS PLAN

No Board action was taken.

CERTIFICATE DECLARING UNOPPOSED STATUS OF CANDIDATES FOR ELECTION TO THE BOARD OF DIRECTORS AND ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE

Ms. Edwards reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors reflecting that as of 5:00 p.m., on March 15, 2010, two candidate applications and no write-in candidate applications were received in connection with the two director positions to be placed on the ballot for the May 8, 2010, directors election. Ms. Edwards then reviewed an Order Declaring Unopposed Candidates Elected to Office with the Board. She stated that the Order reflects that (1)

the Secretary of the Board has certified that the District received only two candidate applications and no write-in applications in connection with the two director positions to be placed on the ballot for the May 8, 2010, directors election; (2) pursuant to Section 2.053 of Subchapter C of the Texas Election Code, the District may declare each unopposed candidate for director elected to office in lieu of holding the May 8, 2010, directors election; and (3) Michael Vandewater and Megan Bradley are hereby elected to office to serve from May 8, 2010 until May 10, 2014. Following review and discussion, Director Vandewater moved that the Board accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and adopt the Order Declaring Unopposed Candidates Elected to Office. Director Lund seconded the motion, which passed by unanimous vote.

ORDER OF CANCELLATION

Ms. Edwards reviewed an Order of Cancellation reflecting that the May 8, 2010, election is cancelled because the Board declared each unopposed candidate for director elected to office in lieu of holding the election. After discussion, Director Vandewater moved that the Board approve the Order of Cancellation and authorize posting of the Order of Cancellation. Director Lund seconded the motion which carried unanimously.

CONTRACT FOR SUPPLEMENTAL SECURITY SERVICES

There was no additional discussion regarding this agenda item.

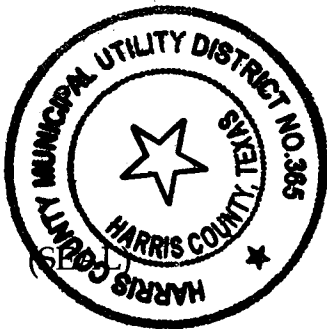
COMMUNITY DISTRICT INFORMATION MEETING

Director Bradley discussed the agenda and set up for the meeting.

APRIL SPECIAL AND JOINT MEETING AGENDAS

The Board discussed agenda items to be discussed at the April special and joint meetings.

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




Secretary, Board of Directors

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