

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 15, 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 15<sup>th</sup> day of July, 2010, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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                |
| Michael Vandewater | Assistant Secretary      |

and all of the above were present, except Director Lund, 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"); Greg Coleman of Beazer Homes Texas LP; Sergeant David Morrison ("Sgt. Morrison") of Harris County Sheriff's Office ("HCSO"); Michal Murr of Murr Incorporated; Shirley McLennan of McLennan & Associates; 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 June 24, 2010, regular meeting. Upon a motion made by Director Bradley and seconded by Director Vandewater, the Board voted unanimously to approve the minutes of the June 24, 2010, regular meeting, as submitted.

SECURITY REPORT, INCLUDING REVIEW AND APPROVE CONTRACT FOR SUPPLEMENTAL SECURITY SERVICES

Sgt. Morrison reported security services provided to the District by the HCSO, pursuant to the District's contract with the HCSO, and responded to inquiries from the Board. No Board action was taken.

## REORGANIZE BOARD AND ELECT OFFICERS

Upon a motion by Director Bradley, seconded by Director Silverman, the Board voted unanimously that the organization and officers of the Board remain the same.

## DISTRICT REGISTRATION FORM

Ms. Edwards explained that the District is required to update the District Registration Form and file it with the Texas Commission on Environmental Quality ("TCEQ"). She explained that the Registration Form would be updated to reflect the newly elected directors' terms of office. After discussion, Director Bradley moved that the Board authorize execution and submission of the District Registration Form. Director Silverman seconded the motion, which carried unanimously.

## TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 99.4% of the 2009 taxes had been collected as of the end of June, 2010. He also reported that the business listings for the District's Strategic Partnership Agreement with the City of Houston (the "City") have been verified and submitted to the City. After discussion, Director Silverman moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Vandewater seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment. The Board also reviewed a draft budget for the fiscal year ending August 31, 2011 and drafts of the joint facilities budgets for the fiscal year ending August 31, 2011. Ms. McLennan said that no comments regarding the joint facilities budgets were received from Harris County Municipal Utility District No. 364 ("No. 364"). After review and discussion, and upon a motion made by Director Bradley and seconded by Director Vandewater, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment, including handwritten check no. 2187 to Director Silverman for reimbursement of Association of Water Board Directors ("AWBD") conference expenses. A copy of the bookkeeper's report is attached.

## OPERATION OF DISTRICT FACILITIES

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 repairs to fire hydrants and replacement of fire hydrant reflectors, repairs to the pump controller at the lift station on Barker Cypress and an air line leak under the driveway at water plant no. 1. 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 95.5%. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the operator's report.

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

The Board then 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.

#### CITY OF HOUSTON LEAK ADJUSTMENT POLICY

The Board reviewed the City of Houston policy regarding adjustment of customer utility bills as a result of certain types of water leaks. Following discussion, the Board requested that ABHR draft a leak adjustment policy for the Board's review.

#### AMENDMENT TO DISTRICT RATE ORDER

The Board discussed amending the District's Rate Order to pass through charges incurred by the District for correspondence to delinquent customers and door hangers notifying residents of impending water service termination. After discussion, the Board requested that ABHR prepare an amended Rate Order incorporating these fees.

#### 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

No mowing invoices from Seaback Maintenance were submitted.

## SPRING CYPRESS ROAD PROJECT REIMBURSEMENT

Mr. Burke reported that Harris County has completed widening of Spring-Cypress Road and the relocation of the joint waterline and that SEC is preparing an application to Harris County for reimbursement of the eligible costs.

## JARVIS ROAD WIDENING, AGREEMENT TO PROVIDE DETENTION CAPACITY, LANDSCAPING AND SIDEWALK PROJECT AND ACCESS EASEMENT WITH HARRIS COUNTY (THE "COUNTY")

Mr. Burke reported on improvements planned by the County for Jarvis Road, including proposed modifications to the District's regional detention pond and the outlet structure. He said that SEC is waiting for a revised analysis of the proposed detention excavation from the County. Ms. Vinson discussed notification requirements contained in the District's Joint Facilities Agreement with No. 364. Upon a motion by Director Vandewater and a second by Director Bradley, the Board voted unanimously to authorize ABHR to provide notice to No. 364 of the County's proposed expansion of the regional detention facility.

Director Myers presented correspondence from the County requesting authorization to construct the sidewalk along Jarvis Road partially over the District's waterline located along the Barker Cypress right-of-way line. The Board concurred that ABHR should send a response letter agreeing to the County's request.

## UTILITY COMMITMENT REQUESTS

Mr. Burke reported that SEC received a utility inquiry for a restaurant on U.S. Highway 290. 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 and current water production rates and times and said that well no. 1 has been returned to service, but that lowering of well no. 2 will be deferred until the fall of 2010. He recommended payment of Pay Estimate No. 2 in the amount of \$1,755.00 to Alsay, Inc.

## FUTURE WATER SUPPLY AND COORDINATION WITH NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")

Mr. Burke said that SEC is investigating feasible sites within the District for the future construction of water well no. 4, if needed. He discussed lead times to obtain a permit for a new well and recent discussions with the North Harris County Regional Water Authority regarding surface water delivery dates and options for an earlier delivery date for surface water.

CORROSION AT WATER PLANT NO. 2

There was no additional discussion on this agenda item.

WATER REUSE APPLICATION

There was no additional discussion on this agenda item.

ELEVATED STORAGE TANK WAIVER

There was no additional discussion on this agenda item.

SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING-CYPRESS ROAD

Mr. Burke discussed plans for a sanitary sewer line to serve Entouch and discussed an easement from Coles Crossing Community Association that would be necessary for the construction of the line.

DEED, EASEMENTS, AND ENCROACHMENTS

There was no additional discussion on this agenda item.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman reported on development at the Park at Arbordale. He reported that 7 new homes are under construction.

LANDSCAPE ARCHITECT REPORT

The Board reviewed a Phase III trail continuation status report received from Michael Murr, in which Mr. Murr recommended payment of Pay Estimate No. 7 in the amount of \$75,954.82, payable to Millis Development and Construction, Inc. and approval of Change Order No. 4 for additional chain link fencing. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to (1) authorize payment of Pay Estimate No. 7 in the amount of \$75,954.82, payable to Millis Development and Construction, Inc.; and (2) approve Change Order No. 4 for additional chain link fencing.

Mr. Murr also discussed a verbal proposal from Silversand Services, LLC ("Silversand") in the amount of \$12,500 annually for Phase III trail maintenance. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to accept Silversand's proposal for annual trail maintenance services in the amount of \$12,500, subject to execution of an acceptable written agreement.

The Board next discussed residential irrigation analysis proposals received from Vepo, LLC and PT Sprinklers. Upon a motion by Director Bradley and a second by Director Silverman, the Board voted unanimously to (1) engage Vepo, LLC to provide

residential irrigation analysis services to 200 District homes, subject to execution of an acceptable agreement; (2) approve District funding of \$75 per home of the cost of the irrigation analysis; and (3) authorize the District operator to distribute a letter to 10% of residents based on highest water usage notifying them of the availability of the irrigation analysis program, to be followed by a general notice to all residents.

There was no discussion regarding a public space irrigation analysis and Ms. Miller said that no recommended repairs to District trails were submitted by Association Repairs, Inc. for the month of July.

NOTICE OF DISTRICT COMMUNITY EVENTS, INCLUDING IRIS ALERT COMMUNITY MESSAGE SYSTEM, AND DISTRICT MESSAGE BOARD

Ms. Vinson discussed a recent meeting with representatives of TechRadium, Inc. and the status of data entry for the District's alert community messaging system. Upon a motion by Director Bradley and a second by Director Silverman, the Board voted unanimously to authorize the District operator to include in the next utility billing cycle a letter to residents inviting participation in the messaging system and requesting contact data.

There was no discussion regarding a District message board.

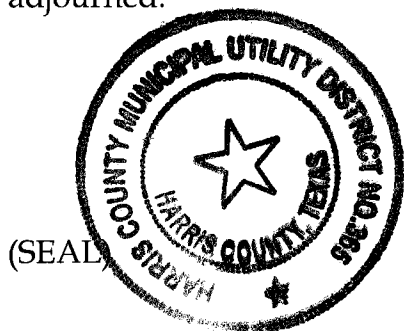
RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Edwards said that the District's current insurance policies expire at the end of August and reviewed the renewal proposal. Upon a motion by Director Vandewater, seconded by Director Bradley, the Board voted unanimously to approve renewal of the District's insurance policies through Anco-McDonald Waterworks Insurance Services, L.L.C.

AUGUST SPECIAL MEETING AGENDA

The Board discussed agenda items to be discussed at the August special meeting.

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



  
Secretary, Board of Directors

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