

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

June 16, 2011

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 16<sup>th</sup> day of June, 2011, 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.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Michael Keefe of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Chris Burke of Sander Engineering Corporation ("SEC"); Michael Murr of Murr, Inc.; Greg Lentz of First Southwest Company; and Susan Edwards, Alia Vinson, Veronica Sequin, Michelle Bryan, 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 May 12, 2011, special meeting and the May 26, 2011, regular meeting. Upon a motion made by Director Vandewater and seconded by Director Lund, the Board voted unanimously to approve the May 12, 2011, special meeting and the May 26, 2011, regular meeting minutes, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 99.4% of the 2010 taxes had been collected as of the end of May, 2011, and reviewed delinquent accounts. Mr. Keefe also reported regarding the status of values under protest. After discussion, Director Bradley 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.

#### COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2010 taxes. Upon a motion made by Director Bradley and seconded by Director Lund, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection, effective July 1, 2011.

#### ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE AND REIMBURSEMENT OF ELIGIBLE EXPENSES

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") winter conference. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to authorize reimbursement of the expenses submitted by the Board members for the summer conference and authorize attendance by the directors at the AWBD winter conference, with up to three days per diems.

#### 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 draft joint facilities budgets for the fiscal year ending August 31, 2012. Ms. McLennan also discussed investment interest rates. After review and discussion, and upon a motion made by Director Vandewater and seconded by Director Silverman, the Board voted unanimously to (1) approve the bookkeeper's report and the checks presented for payment, with the exception of voided check no. 2518 and including check no. 2519 in the amount of \$1,185.54, payable to Encore; (2) authorize the District bookkeeper to submit the draft joint facilities budgets, as revised, to No. 364 for review and comment; and (3) authorize the District bookkeeper to move additional funds, as discussed, into the District's Compass Bank money market account. A copy of the bookkeeper's report is attached.

#### REPORT FROM FINANCIAL ADVISOR ON REFUNDING BOND ISSUE

Mr. Lentz addressed the Board regarding the possibility of issuing refunding bonds to redeem a portion of the District's outstanding Series 2001 bonds. He 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. After review and discussion, Director Bradley moved to authorize First Southwest and ABHR to move forward with the rating and insurance applications and document preparation, including preparation of the Preliminary Official Statement, to issue refunding bonds. Director Vandewater seconded the motion, which passed unanimously.

#### OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER 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 two fire hydrant repairs and minor repairs at the wastewater treatment plant. Mr. Bare reported regarding the potential effects of the drought on main lines, but said that there have been no waterline breaks in the District as a result of dry conditions so far. Mr. Bare also reported that the District's monthly water accountability was 102%, most likely attributable to the timing of meter reading. Ms. Miller reported two failed attempts to serve the Dry Cleaners with notice of a wastewater violation and said that the District operator will attempt to hand deliver notice at the service address. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the operator's report.

#### TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

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.

#### RENEWAL OF RECYCLING CONTRACT

Ms. Vinson reviewed with the Board a proposed amendment to the District's recycling contract with Residential Recycling of Texas. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve an amendment to the District's recycling contract with Residential Recycling of Texas to extend the contract.

## REPORT REGARDING DEVELOPMENT IN THE DISTRICT

The Board received a report from Greg Coleman, presented by Ms. Vinson, regarding the number of homes sold to date and current sales within the Park at Arbordale.

Ms. Edwards and Mr. Burke updated the Board regarding the status of commercial development and the conveyance of existing private sanitary sewer lines by commercial landowners.

## REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Director Bradley discussed general trail maintenance. Following discussion, Mr. Murr discussed maintenance issues in the common areas and recommended that the Board approve a proposal in the amount of \$1,423 from Silversand Services to install a concrete ramp on the north side of the detention pond next to the nature trail. Upon a motion by Director Lund and a second by Director Silverman, the Board voted unanimously to approve a proposal in the amount of \$1,423 from Silversand Services to install a concrete ramp on the north side of the detention pond next to the nature trail.

Mr. Murr also reported regarding the repair of the irrigation controller for the sports field, tree watering and dead tree removal, and presented a rendering of a proposed splash pad.

## ENGINEERING MATTERS

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.

## REIMBURSEMENT FOR PARK AT ARBORDALE INFRASTRUCTURE

Ms. Edwards reported on the status of the District's surplus funds application to the Texas Commission on Environmental Quality ("TCEQ") requesting the use of surplus funds to reimburse Beazer Homes for construction of water, sewer and drainage facilities to serve The Park at Arbordale, stating that the TCEQ reviewer had called her with questions.

## STORMWATER CHANNEL MAINTENANCE

Mr. Burke said that the May invoice for mowing of the dry detention pond was submitted by Seaback for payment.

## JARVIS ROAD WIDENING

Mr. Burke reported that SEC continues to coordinate with Dannenbaum Engineering on the drainage analysis the firm prepared on behalf of Harris County with regard to the widening of Jarvis Road.

## UTILITY AVAILABILITY REQUESTS

Mr. Burke said that SEC reviewed several swimming pool plans during the month of May. He also updated the Board on the land plan for Saltgrass Steakhouse.

## PUMP LOWERING PROJECT AT WATER WELL NO. 2

Mr. Burke said that final pay estimates for repairs to water well no. 2 will be submitted at the Board's July 2011, meeting. He also reported regarding reduced production in water well no. 3 and recommended rehabilitation similar to the work completed at water well no. 2 for the winter of 2011/2012. The Board discussed available funds to rehabilitate water well no. 3.

## FUTURE WATER SUPPLY, INCLUDING WATER CAPACITY ANALYSIS

Mr. Burke reported regarding future surface water delivery schedules by North Harris County Regional Water Authority.

## WELL RUN TIMES AND DROUGHT CONTINGENCY MEASURES

The Board discussed performance of the water plants and well run times. The Board also discussed the imposition of stage 1 drought restrictions, if necessary. Director Myers requested that SWWC generate a list of District customers with high water usage. The Board concurred to request ABHR to begin preparation of notices to be distributed via the District's opt-in emergency messaging program when stage 1 drought is reached.

## WATER REUSE PROJECT

Mr. Burke reported regarding revisions to the reuse feasibility analysis and Mr. Lentz reviewed a preliminary debt service analysis for bond financing of the costs of the proposed reuse facilities. The Board took no action on this agenda item.

## CORROSION AT WATER PLANT NO. 2

The Board discussed inspecting ground storage tank no. 2 at water plant no. 2 during the fall or winter of 2011 and related costs.

ELEVATED STORAGE TANK WAIVER

Mr. Burke reported that SEC continues to work on the elevated storage tank waiver request to be submitted to the TCEQ later this year.

SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING CYPRESS ROAD

Ms. Edwards reported on the status of the sanitary sewer easement to be conveyed by Coles Crossing Community Association, Inc. ("CCCAI"), to install the sanitary sewer line to serve Entouch, stating that she was told it has been approved, but not yet executed, by CCCAI.

DEEDS, EASEMENTS, AND ENCROACHMENTS

Ms. Edwards reported that a Phase 1 environmental survey by Berg-Oliver Associates for the lift station site at Park at Arbordale is underway.

SECURITY REPORT

There was no discussion on this agenda item.

PUBLIC COMMUNICATIONS

Director Bradley discussed updates to the District's website.

JULY SPECIAL AND JOINT MEETINGS AGENDAS

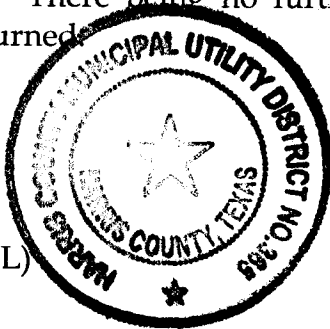
The Board discussed the July special, joint and regular meeting dates and agendas and concurred to schedule the July special meeting for July 7, 2011, at 7:00 p.m., and the July joint meeting for July 13, 2011, at 7:00 p.m.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board determined that no executive session was necessary.

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

(SEAL)



  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

tax assessor/collector's report.....	2
delinquent tax report.....	2
bookkeeper's report.....	2
preliminary summary of refunding effects, including a financial analysis of savings.....	2
operations report.....	3
termination list .....	3
engineer's report .....	4