

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

June 21, 2012

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 21<sup>st</sup> day of June, 2012, 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	Secretary
Mike Vandewater	Assistant Secretary
Paul Bland	Assistant Vice President

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

Also present at the meeting were Kristen Scott of Bob Leared Interests, Inc.; Greg Coleman of Beazer Homes of Texas; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corporation ("SEC"); Michael Murr of Murr, Inc.; and 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 May 10, 2012, special meeting and the May 17, 2012, regular meeting. Upon a motion made by Director Vandewater and seconded by Director Bland, the Board voted unanimously to approve the minutes of the May 10, 2012, special meeting and the May 17, 2012, regular meeting, all as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott reviewed the District's monthly tax report, noting that 99.318% of the 2011 taxes had been collected as of the end of May, 2012. Ms. Scott also reported regarding current taxable values and the delinquent tax accounts, including suits filed and pending. Ms. Scott also discussed charges from Texas State Bank and requested to open an account with Comerica Bank. After discussion, Director Silverman moved to (1) approve the tax assessor/collector's report, and the checks drawn on the District's

tax account; (2) and authorize the District tax assessor collector to open an account with Comerica Bank. Director Vandewater seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report and delinquent tax report are attached.

#### COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2011 taxes. Upon a motion made by Director Silverman and seconded by Director Vandewater, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection, effective July 1, 2012.

#### TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Vandewater moved to authorize a maximum of 4 per diems, and up to 2 meals per day for all directors who attend the AWBD summer conference, noting that meal reimbursements must meet the requirements of the Travel Reimbursement Guidelines. The motion was seconded by Director Silverman, and passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan reported that SWWC has not yet reconciled the District's recent cash summary reports. Ms. McLennan then reviewed with the Board the bookkeeper's report, investment report, and the bills and checks presented for payment, including check nos. 2867 through 2871 as additional payment to election officials. Ms. McLennan reported on current interest rates. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to: (1) approve the bookkeeper's report; and (2) approve payment of the bills, including check nos. 2867 through 2871 to election officials for the 2012 Directors election with the condition that check no. 2853 will be released only with the approval of Michael Murr.

#### SUBMITTAL OF JOINT FACILITIES BUDGET TO HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364 ("NO. 364") FOR REVIEW

The Board reviewed draft joint facilities budgets for the fiscal year ending August 31, 2012. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to authorize the District bookkeeper to submit the draft joint facilities budgets, as revised, to No. 364 for review and comment.

AGREED UPON PROCEDURES REPORT REGARDING CUSTOMER BILLING AND FUNDS ACCOUNTING BY SWWC, INC.

Ms. Vinson stated that the report will be prepared once all financial report are received from SWWC.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES AND TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

Mr. Bare reviewed the written operations report submitted by SWWC, Inc. with the Board, a copy of which is attached. Mr. Bare discussed maintenance and repairs completed during the month of May, 2012 and discussed at length billing issues discovered after transitioning from SWWC, Inc. to SI. Mr. Bare said that SI would work with any customers affected by billing issues as a result of transitioning from SWWC, Inc. to SI and consider installment payments, as requested. Mr. Bare said that he would also make arrangements to pick up from SWWC, Inc. the vault and meter removed during the relocation of a waterline on Spring Cypress Road for possible salvage at a later date.

Ms. Vinson reported that discussions with Northwest Harris County Municipal Utility District No. 10's ("No. 10") attorney were ongoing regarding water delivered through the emergency interconnects.

No accounts were presented or recommended for termination.

Following review and discussion, Director Silverman made, and Director Bland seconded, a motion to (1) accept the District operator's report; and (2) authorize SI to pick up the vault and meter stored at SWWC, Inc. The motion carried by unanimous vote.

INTERLOCAL AGREEMENT WITH SUBSIDENCE DISTRICT FOR WATERWISE PROGRAM

Ms. Vinson presented an Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program, where the District sponsors water conservation educational kits for half of the fifth grade enrollment at Sampson Elementary at a cost of \$34.50 per student. The Board discussed groundwater pumpage credits earned by the District in past years for the purchase of water conservation educational kits. Upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to approve the Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program and to authorize ABHR to discuss with the North Harris County Regional Water Authority the possible purchase of the District's credits.

## EMERGENCY PREPAREDNESS, INCLUDING UPDATE OF EMERGENCY PREPAREDNESS PLAN

The Board also discussed updating the District's Emergency Preparedness Plan to update District engineer and operator information and revise any facility capacity information. Upon a motion by Director Silverman and a second by Director Bland, the Board voted unanimously to authorize SEC to update and file an updated Emergency Preparedness Plan, with revisions regarding priority providers and operator information, as discussed.

## REPORT REGARDING DEVELOPMENT IN THE DISTRICT

The Board received a report from Mr. Coleman regarding the number of homes sold to date, current sales and development within The Park at Arbordale. Mr. Coleman also discussed with the Board a trail piece connecting the cul de sacs in Phase 2 to the No. 364 trail.

He also reported that he received 4 proposals for paving, including upper stage inlets, to serve the Park at Arbordale, Phase 2 and requested the Board's approval of the utility portion of the contract awarded independently by Beazer Homes of Texas to Clearpave, LLC in the amount of \$319,835.25, of which \$37,395 is for District items. He also presented Change Order No. 1 in the amount of \$3,110 for additional silt fencing along the trail and costs to cover the vertical adjustment of the existing trash trouper and Pay Application No. 1 in the amount of \$31,349.03, payable to Clearpave, LLC. Ms. Vinson stated that ABHR has not received or reviewed the construction contract since it is the developer's contract instead of a District contract.

Following review and discussion, Director Silverman moved to (1) approve the developer's award of the contract to Clearpave, LLC in the amount of \$319,835.25 for paving, including upper stage inlets, to serve the Park at Arbordale, Phase 2; (2) approve Change Order No. 1 in the amount of \$3,110 for additional silt fencing along the trail and costs to cover the vertical adjustment of the existing trash trouper; and (3) approve Pay Application No. 1 in the amount of \$31,349.03, payable to Clearpave, LLC, subject to an opportunity for ABHR to review and concur with the Board's approval. The motion was seconded by Director Vandewater and passed unanimously.

## PROPOSED PRIVATE SANITARY SEWER LINE CONVEYANCE TO THE DISTRICT

Ms. Vinson discussed the status of conveyance of a private sanitary sewer line within Coles Crossing South.

## REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Mr. Murr reported regarding removing the sleeve of a missing bollard. He also reported that a fence on Jarvis Road was broken by Silversand Services in the course of removing a tree.

Director Silverman moved to replace the missing bollard for an amount not to exceed \$350 and to authorize Mr. Murr to negotiate with Silversand Services regarding the broken fence on Jarvis Road. Director Bland seconded the motion which passed unanimously.

## DISCUSS JULY REGULAR, JOINT AND SPECIAL MEETING AGENDAS

The Board discussed the July regular and joint meeting dates and agendas and concurred to cancel the special meeting for July, 2012.

## 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.

## STORMWATER CHANNEL MAINTENANCE

Mr. Burke said that Seaback Maintenance mowed in May, 2012, and included seeding and fertilization.

## WASTEWATER TREATMENT PLANT TANK CONDITION

Mr. Burke reported Restoration Services has sealed all leaks and will submit an invoice.

## UTILITY AVAILABILITY REQUESTS

Mr. Burke reported regarding the status of service to Saltgrass Steakhouse and reported regarding swimming pool permits.

## CORROSION AT WATER PLANT NOS. 1 AND 2

Mr. Burke reported that repairs to ground storage tank no. 1 at water plant no. 2 are complete and that the tank was placed back in service before Memorial Day weekend. He said that there were three minor leaks discovered when placing ground storage tank no. 1 back in service that were addressed by Neil Technical Services at the request of SI.

He reported that Gemini Services is re-welding the weld patches in ground storage tank no. 2 at water plant no. 2. He said that Gemini Services will begin painting after they finish grinding the weld patches and that he anticipates project completion in a couple of weeks. Mr. Burke noted that the contractor is past the original contract extension date.

Mr. Burke recommended that Gemini Services wait until the fall to take down the hydro-pneumatic tanks at water plant no. 1.

#### REHABILITATION OF WATER WELL NO. 3

Mr. Burke then updated the Board on the rehabilitation of water well no. 3 and said that he is still holding retainage in the project pending receipt of performance testing from the contractor. Mr. Burke also recommended that the Board approve Pay Estimate No. 2 to the contractor in the amount of \$75,674.70.

#### WATER, SEWER AND DRAINAGE FACILITIES TO SERVE THE PARK AT ARBORDALE, PHASE 2

There was no additional discussion on this agenda item.

#### WASTEWATER TREATMENT PLANT PERMIT

Mr. Burke reported that SEC is preparing a renewal application to be submitted to the Texas Commission on Environmental Quality by August 1, 2012.

#### VALVE SURVEY AND REPAIRS

Mr. Burke said that he would get a proposal from SI to make the recommended valve repairs.

#### DEEDS, EASEMENTS, AND ENCROACHMENTS

There was no discussion on this agenda item.

#### STOP SIGN ON MONTEIGNE

Mr. Burke said that he has left messages for Harris County Precinct 3 regarding the Harris County traffic study on Montaigne.

## U.S. HIGHWAY 290 IMPROVEMENTS

Mr. Burke reported on pending improvements to U.S. Highway 290 and said that it does not appear at this time that the District will have to make any facility adjustments to accommodate the Texas Department of Transportation's improvements.

Upon a motion by Director Silverman and a second by Director Bland, the Board voted unanimously to (1) accept the District engineer's report; (2) postpone repair of the hydro-pneumatic tanks at water plant no. 1 until the fall when water demand drops; and (3) approve Pay Estimate No. 2 in the amount of \$75,674.70 for rehabilitation of water well no. 3.

## REQUIRED DOCUMENTATION OF EMINENT DOMAIN AUTHORITY IN TEXAS

Ms. Vinson updated the Board on the District's Required Documentation of Eminent Domain Authority in Texas.

## SECURITY REPORT

The Board discussed ongoing patrol issues within the District.

## PUBLIC COMMUNICATIONS

The Board discussed a recent message delivered through the District's mass messaging system.

## POSSIBLE CONSOLIDATION OF DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364

Ms. Vinson reported that the consolidation committee will next meet on August 2, 2012, reported the status of each District's due diligence document review and provided the Board with a summary of No. 364's submitted real estate documents.

## COLLECTION OF DAMAGES FROM CONTRACTOR FOR BARKER-CYPRESS ROAD WATERLINE BREAKS

Ms. Vinson updated the Board regarding the District's claim for damages against Traffic Control Devices, Inc. for Barker-Cypress Road waterline breaks stating that the claim is still pending.

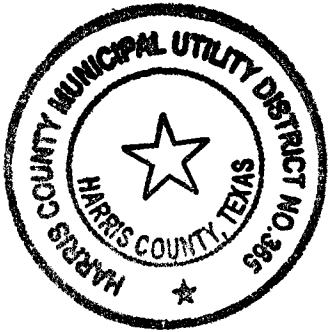
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board determined that no executive session was necessary.

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

  
Secretary, Board of Directors

(SEAL)





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