

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

April 18, 2013

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 18<sup>th</sup> day of April, 2013, 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
Jeff McClellan	Assistant Secretary
Paul Bland	Assistant Vice President

and all of the above were present.

Also present at the meeting were Kristen Scott of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corporation; Greg Coleman of Beazer Homes Texas LP ("Beazer"); Michael Murr of Murr Incorporated; and Kerri J. Dorman and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Myers offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. Director Silverman then moved to approve all items on the consent agenda. Director Bradley seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

PUBLIC COMMENT

Mr. Murr: reported on Board on bench replacement, asphalt repairs, tree plantings and removals and preparation of plans for improvements to the recreational fields on Jarvis Road; reported on his meeting with Rick Gonzalez regarding proposed improvements to the soccer fields, including game schedules, access to fields and aeration of soil on the fields; presented a proposal in the amount of \$1,287 to stain the pergola at the trail gathering area for consideration at a future meeting; and discussed surveying the soccer fields, for consideration at a future meeting. No action was taken.

ACCLAIM ENERGY ADVISORS PRESENTATION REGARDING ELECTRICITY CONTRACTS AND MARKETS

Ms. Dorman said the District's electricity contract expires April 1, 2014, and that Acclaim Energy Advisors will attend the District's May meeting to discuss new pricing.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan confirmed receipt of an additional deposit from Canyonlands Corporation for payment of expenses associated with possible conveyance of a private sanitary commercial sewer line to the District.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

There was no additional discussion of this agenda item.

ADDITIONAL OPERATING MATTERS

Mr. Bare discussed Dry Clean Supercenter ("DCS") wastewater samples taken during March 2013, noting that DCS was out of compliance for the month. Ms. Dorman reported that DCS signed and returned a letter to the District accepting the fine assessed against DCS by the Board at the March 21, 2013, meeting as well as the installment plan offered by the District. Following discussion, the Board directed that ABHR send a letter to DCS stating that if the next month's samples show a violation of the District Rate Order, at its May 16, 2013, meeting the Board will consider the option of terminating service without further notice to DSC.

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.

ANNUAL REVIEW AND REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM

Mr. Bare distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in

addressing Identity Theft risk. He noted that SI is required to prepare an annual report as Program Administrator, and stated that because the annual report indicates no significant incidents of Identity Theft detection, SI does not recommend any changes to the Program at this time.

#### ANNUAL REVIEW OF DROUGHT CONTINGENCY PLAN

The Board reviewed its Drought Contingency Plan adopted June 10, 2010, and determined that no changes were necessary. Mr. Burke said he will begin tracking water usage volumes for upcoming peak months.

#### HURRICANE PREPAREDNESS

The Board discussed boil water notice signs and other available methods of notification in the event of emergency, including mass messaging and the District website.

#### ADDITIONAL ENGINEERING MATTERS

Mr. Burke discussed well production issues and possible wear of the pump at the remote well and said Alsay, Inc. is pulling the pump this week. He explained that a neighboring district is having a similar problem, which could be due to proximity to a pipeline. He noted that both ground storage tanks are in service and that permanent repairs will be undertaken in the fall or winter months.

The Board discussed overseeding and fertilizing of District facilities and concurred that mowing for the months of April and May be postponed. Mr. Murr reviewed a proposal from Silversand Services in the amount of \$675 to replenish crushed concrete at the southeast corner of the detention pond on Jarvis Road. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the proposal from Silversand Services.

The Board discussed a request from Beazer for reimbursement from surplus funds for development of the Park at Arbordale, Phase 2. Discussion ensued regarding the amount of developer interest and the projects to be included in the application to the Texas Commission on Environmental Quality ("TCEQ"). Following discussion, Director Silverman moved to approve submission of a surplus funds application to the TCEQ for reimbursement to Beazer of up to \$490,000, including developer interest of more than 2 years, but not more than 4 years. Director Bradley seconded the motion, which passed unanimously.

Mr. Burke reported regarding a proposed shopping center development within Northwest Harris County Municipal Utility District No. 10 ("NW 10") and said NW 10

would like a driveway on the west side of Jarvis Road, but Harris County requires the consent of the District because it will involve moving a median crossing. After discussion, the Board decided to defer action to a future meeting and asked Mr. Burke to report any additional discussions with NW 10 regarding the matter.

#### ATTORNEY REPORT

The Board discussed consolidation possible consolidation with Harris County Municipal Utility District No. 364 ("No. 364") and reviewed related correspondence. The directors requested that ABHR notify No. 364's attorney that the Board does not wish to proceed further with consolidation at this time.

Ms. Miller and Mr. Burke updated the Board regarding the private sanitary sewer line running through the commercial section of Coles Crossing and status of the District's acquisition of the sanitary sewer line and easements.

Ms. Dorman advised that, pursuant to authority previously vested in him by the Board, Director Myer could approve a proposal from Houston Landscape Services in the amount of \$825 to rebuild the trail retaining wall on Jarvis Road, as discussed at a previous meeting.

#### MAY REGULAR AND SPECIAL MEETING AGENDAS

The Board concurred to hold a special meeting in the District on May 14, 2013, at 7:00 p.m. and a regular meeting on May 16, 2013, at noon in the offices of ABHR.

#### EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.076, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER, AND TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

At 1:45 p.m., Director Myers announced that the Board would convene in executive session to conduct a private consultation with the District's attorney to discuss pending or contemplated litigation, or a settlement offer, and to deliberate the deployment, or specific occasions for implementation, of security personnel or devices.

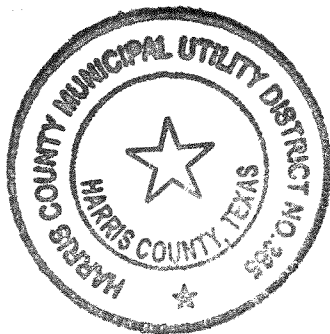
#### RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

Director Myers announced the Board would reconvene in open session at 1:53 p.m. Following discussion in executive session, the Board instructed ABHR to proceed as discussed in executive session regarding its claim against SWWC, Inc.

There being no additional business to consider, the meeting was adjourned by agreement.

(SEAL)

  
\_\_\_\_\_  
Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
engineer's report.....	1
operator's report.....	1
tax assessor/collector report .....	1
termination list .....	2