

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

May 16, 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 16<sup>th</sup> day of May, 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, except Director McClellan, thus constituting a quorum.

Also present at the meeting were Kristen Scott of Bob Leared Interests, Inc.; Karla Efigenio of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corporation; Greg Coleman of Beazer Homes Texas LP ("Beazer"); Ricky Nguyen of BC290 Industries Inc.; Karen Sears and Matthew Duvall of Acclaim Energy Advisors; Kerri J. Dorman, Jane Miller and Alisa Vededina of Allen Boone Humphries Robinson LLP ("ABHR").

ADDITIONAL OPERATING MATTERS

Mr. Bare provided the Board with laboratory results for Dry Clean Supercenter ("DCS") wastewater samples taken during May 2013, noting that DCS was out of compliance in May. Ms. Dorman reported that DCS was notified that if samples tested during the month of May show a violation of the District Rate Order, the Board will consider the option of terminating service without further notice to DSC. Mr. Nguyen discussed with the Board his plans to purchase a hydrocarbon dry cleaning machine to eliminate the use of tetrachloroethene and water connection. He discussed the cost of a hydrocarbon dry cleaning machine, proposed financing for same and manufacturing lead time. Following discussion, Director Silverman moved to waive termination of service to DCS, subject to continued monitoring and forward movement by DCS to correct the violation. Director Bradley seconded the motion, which passed unanimously. Mr. Nguyen said he would update the Board at the June meeting and provide a copy of DCS's purchase agreement for a hydrocarbon dry cleaning machine.

The Board also reviewed the Water Smart application and concurred with the water conservation goals outlined by the District engineer.

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.

#### 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

There was no public comment.

#### ACCLAIM ENERGY ADVISORS PRESENTATION REGARDING ELECTRICITY CONTRACTS AND MARKETS

Mr. Duval next discussed Acclaim Energy's 2013 Demand Response Program for District curtailment of energy use at the wastewater treatment plant through the Energy Reliability Council of Texas ("ERCOT"), including discussion regarding facility connections needed for reporting and management, projected lead times prior to curtailment events and income benefit of the program. Mr. Duval presented a lease agreement, joinder agreement and a DLO 365 agreement and confirmed that Acclaim Energy Advisors pays startup costs, including associated equipment, and covers replacement of damaged equipment.

Ms. Sears discussed current energy markets and the District's current energy contract with Mid American Energy which expires in April, 2014.

Following discussion, Director Silverman moved to (1) approve participation in the ERCOT program; and (2) approve signature upon the lease agreement, joinder

agreement and a DLO 365 agreement, subject to attorney review. The motion, which was seconded by Director Bradley, passed by a vote of 3 to 1, with Director Bland voting against the motion.

#### ADDITIONAL BOOKKEEPING MATTERS

The Board reviewed draft joint facilities budgets for the fiscal year ending August 31, 2014, but took no action.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

There were no additional items for discussion under this agenda item.

#### COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2012 taxes. Upon a motion made by Director Bland and seconded by Director Bradley, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection, effective July 1, 2013.

#### DISTRICT RECREATIONAL FACILITIES

The Board took no action on this agenda item.

#### RENEWAL OF DISTRICT'S INSURANCE

The Board discussed expiration of the District's insurance policies through SIG/McDonald & Wessendorff on August 31, 2013 and concurred to request a proposal from SIG/McDonald & Wessendorff only and that the proposal contain boiler machinery deductible options similar to the renewal proposal considered by the Board in 2012.

#### ADDITIONAL ENGINEERING MATTERS

Mr. Burke updated the Board on Alsay, Inc.'s assessment of well production issues, possible wear of the pump at the remote well and possible electrolysis influence due to proximity to a pipeline. Mr. Burke recommended authorizing Alsay, Inc. to pull the existing pump and install a temporary replacement pump for a set up fee of \$2,200 to see if the problem continues with use of a different pump. Mr. Burke added that the impellers are in good shape and the temporary bowl replacement does not include impellers. Mr. Burke said that he will analyze <sup>water</sup> the samples and Alsay, Inc. will televise the well to see if there are issues with the screen or casing. Mr. Burke also reported that

Northwest Harris County Municipal Utility District No. 10 is investigating possible electrolysis and extended an invitation to the District to join in the investigation for \$4,700. Following review and discussion, Director Silverman moved to approve removal of the existing pump at the remote well and installation of a temporary pump for a cost of \$2,200 and televising the well. Director Bradley seconded the motion, which passed unanimously.

Mr. Burke reported Harris County is considering discontinuing maintenance of storm sewers after January 1, 2014. Ms. Dorman said ABHR is actively discussing this issue with Harris County.

ATTORNEY REPORT

Ms. Dorman 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 easements for the proposed acquisition of the line.

JUNE REGULAR AND SPECIAL MEETING DATES AND AGENDAS

The Board concurred to cancel the special meeting in the District in June and hold a regular meeting on June 27, 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

The Board determined it was not necessary to convene in executive session.

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

(SEAL)



  
Secretary, Board of Directors

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