

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 15, 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 15<sup>th</sup> day of August, 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"); Greg Coleman and Vanessa Perez of Beazer Homes Texas LP ("Beazer"); Karen Sears of Acclaim Energy Advisors; Claudine Pacioni, District resident; Alia Vinson, Jane Miller and Traci Brownlee 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 Bland seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

PUBLIC COMMENT

Ms. Sears reported on the term of the District's current electricity contract and future energy market pricing.

AUDIT FOR FISCAL YEAR END AUGUST 31, 2013

Ms. Greenwood reviewed a proposal for auditing services from BKD. Ms. Greenwood stated the estimated fees are \$16,500 plus an estimated \$2,000 to audit each joint facility account. After discussion, Director Silverman moved to approve the audit

proposals from BKD, LLP. The motion was seconded by Director Bradley, and passed unanimously.

#### DEVELOPER REIMBURSEMENT REPORT

Ms. Vinson reported that the TCEQ approved the District's application requesting approval to use surplus funds to reimburse Beazer Homes of Texas ("Beazer") for construction of water, sewer and drainage facilities to serve The Park at Arbordale. Mr. Burke confirmed inspection of those facilities to be reimbursed by the TCEQ. Ms. Greenwood reviewed a developer reimbursement report authorizing reimbursement to Beazer from surplus funds, a copy of which has been filed in the District's records. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the developer reimbursement report and authorize reimbursement to Beazer, less \$9,605 for certain trees planted at The Park at Arbordale, subject to the execution of a receipt by Beazer.

#### ADDITIONAL BOOKKEEPING MATTERS

The Board considered expenses submitted by Board members who attended the Association of Water Board Directors ("AWBD") summer conference and considered authorizing attendance of the AWBD winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines.

The Board reviewed a draft operating budget for the fiscal year ending August 31, 2014.

After review and discussion, and upon a motion made by Director Silverman and seconded by Director McClellan, the Board voted unanimously to (1) authorize reimbursement of the expenses submitted for the summer conference and authorize attendance by all interested directors at the AWBD winter conference; and (2) approve the operating budget for the fiscal year ending August 31, 2014.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott reviewed with the Board a memorandum regarding revision to Texas Tax Code Section 33.02 regarding installment payment plans for delinquent taxes. No action was taken on this agenda item.

#### RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

No action was taken on this agenda item.

SECURITY REPORT

No action was taken on this agenda item.

RECYCLING SERVICES

No action was taken on this agenda item.

ADDITIONAL OPERATING MATTERS AND TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

Mr. Bare reported that tetrachloroethene levels at the Dry Clean Supercenter have been within acceptable limits for the past three months. Mr. Bare also said SI will continue to sample and test for two or three months after the new hydrocarbon dry cleaning machine is installed on the 17<sup>th</sup> to confirm that there is no tetrachloroethene residual and, assuming an absence of positive results, will sample and test annually thereafter.

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.

Ms. Vinson discussed proposed revisions to the District's Drought Contingency Plan to comply with the North Harris County Regional Water Authority's ("NHCRWA") Drought Contingency Plan.

Director Myers requested that the District operator bring a proposal for annual valve exercising to the next meeting and that an item to discuss amending the District's Rate Order to address residential irrigation connections be placed on the February 2014 agenda.

ADDITIONAL ENGINEERING

A written report was provided to the Board for review. No action was taken.

ATTORNEY REPORT

The Board took no action on this agenda item.

INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR PARTICIPATION IN WATER WISE PROGRAM

The Board concurred to defer discussion for this agenda item.

AMENDED AND RESTATED SERVICES AGREEMENT WITH ASSOCIATION REPAIRS K/N/A VISTA LANDSCAPE SERVICES, LLC.

The Board considered amending and restating its agreement with Association Repairs to its new name Vista Landscape Services, LLC. Upon a motion by Director Bradley and a second by Director Silverman, the Board voted unanimously to approve an Amended and Restated Services Agreement with Vista Landscape Services, LLC.

SEPTEMBER REGULAR AND SPECIAL MEETING DATES AND AGENDAS

The Board concurred to meet in special session on September 12, 2013 in the District and in regular session on September 19, 2013 at ABHR. The Board also discussed possibly changing quarterly joint meeting dates.

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, INCLUDING REGARDING SWWC SERVICES, INC., AND ANY DAMAGE INCURRED BY THE DISTRICT, AND TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

At 1:04 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, including regarding SWWC Services, Inc., and any damage incurred by the District, and to deliberate the deployment, or specific occasions for implementation, of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

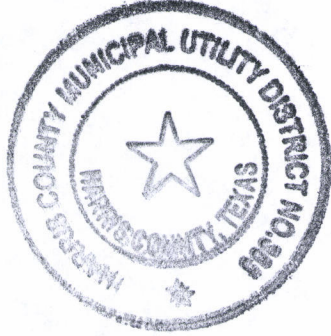
Director Myers announced the Board would reconvene in open session at 1:08 p.m. Following discussion in executive session, Director Silverman moved to authorize ABHR to proceed as discussed in executive session. Director Bland seconded the motion, which passed unanimously.

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



Secretary, Board of Directors

(SEAL)



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