

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 16, 2015

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 July, 2015, 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 Myers, thus constituting a quorum.

Also present at the meeting were Patty Rodriguez of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corp. ("SEC"); and Sean Abbott, Alia Vinson, Katie Carner, Chelsea Wappler and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Bradley 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 McClellan 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.

ADDITIONAL BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR END  
AUGUST 31, 2016

Discussion ensued regarding revisions to joint budgets previously submitted to Harris County Municipal Utility District No. 364 ("No. 364") for review and comment. Following review and discussion, Ms. McLennan said she would send the revised draft joint budgets to No. 364 for review.

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. Upon a motion made by Director Silverman and seconded by Director McClellan, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

Ms. McLennan reported the following handwritten checks, which will be included in next month's bookkeeping report: check no. 3877 to Director Bland in the amount of \$1,080.45 and check no. 3878 to Director McClellan in the amount of \$613.54, both as reimbursement of expenses for the summer AWBD conference.

#### SERIES 2010 BONDS

The Board next considered engaging Omnicap, LLC to perform arbitrage rebate and yield restriction calculations for the District's Series 2010 Unlimited Tax Bond. Following review and discussion, Director Silverman moved to engage Omnicap, LLC to perform arbitrage rebate and yield restriction calculations for the District's Series 2010 Unlimited Tax Bonds. Director Bland seconded the motion which passed unanimously.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rodriguez updated the Board regarding a sales tax identification number for Marvino's Italian Restaurant.

#### RENEWAL OF INSURANCE

The Board discussed the August 31, 2015 expiration of the District's current insurance policies placed through SIG/McDonald & Wessendorff and reviewed a proposal from SIG/McDonald to renew the District's insurance policies. Following discussion, Director Silverman moved to accept the proposal to renew the District's insurance. The motion, which was seconded by Director McClellan, passed unanimously.

#### ADDITIONAL OPERATING MATTERS

Mr. Bare updated the Board regarding customer Burke Ellison's previous appeal for relief from unexpected/unusual high water meter readings and said the meter can be pulled and tested for less than \$100. Following review and discussion, Director

Silverman moved to authorize testing of the meter, as discussed. Director McClellan seconded the motion, which passed unanimously.

#### 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 McClellan seconded the motion, which carried unanimously. A copy of the termination list is attached.

#### AMEND RATE ORDER

The Board next discussed potentially amending the Rate Order to modify the rates for single family residential irrigation meters and other outdoor amenity meters. Discussion ensued regarding options for addressing high outdoor irrigation water usage. Following discussion, the Board concurred to take no action.

#### INTERLOCAL AGREEMENT WITH SUBSIDENCE DISTRICT FOR WATERWISE PROGRAM

The Board deferred the approval of the Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program pending confirmation of the total cost per kit.

#### ADDITIONAL ENGINEERING MATTERS

Mr. Burke reported well volumes, pumpage and run times.

Mr. Burke reported the installation of relocated water and sewer lines to serve the Children's Learning Adventure is complete. Mr. Burke reported the paving contractor broke some of the water line when paving and may submit a change order for the repair, which will be funded by the developer. Mr. Burke said that the new waterline has been pressure tested and put in use and that the old waterline can now be abandoned.

Mr. Burke updated the Board regarding repair of leaks at the wastewater treatment plant and said approximately 80% of the original leakage is stopped. He said the aeration basin will need to be taken offline to stop the remaining leakage. He

recommended coordinating repairs to the aeration basin with the leak repairs, so that the aeration basin will only be taken out of service once. Mr. Burke said he would prepare a proposal and schedule for the repairs and grit removal for next month's meeting.

ATTORNEY REPORT

Ms. Vinson and Ms. Carner reported on the status of an interim water capacity lease agreement (the "Agreement") between the District and Harris County Municipal Utility District No. 364 ("No. 364") (the "parties"). Discussion ensued regarding terms and conditions of the Agreement within the most current draft pending between the parties. Following review and discussion, Director Silverman moved to approve the Agreement, subject to final review by Director Bradley. Director McClellan seconded the motion, which passed unanimously.

AUGUST REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in August: August 13, 2015 regular meeting and August 11, 2015 special meeting.

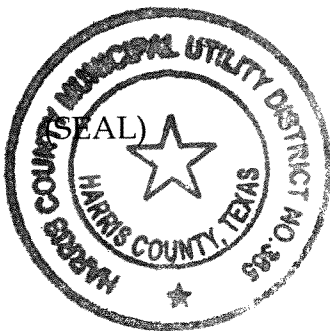
REPORT REGARDING LEGISLATIVE MATTERS

Mr. Abbott provided the Board with an update regarding legislation passed during the 84<sup>th</sup> State of Texas legislative session.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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

There being no additional business to consider, the meeting was adjourned at 1:09 p.m.



  
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Secretary, Board of Directors

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