

MINUTES OF REGULAR MEETING  
OF  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 19, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 19th day of July, 2007, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board, to-wit:

- |                  |                          |
|------------------|--------------------------|
| Joe Myers        | President                |
| Alan Silverman   | Vice President           |
| Claudine Pacioni | Assistant Vice President |
| Kevin Gilligan   | Secretary                |
| Megan Bradley    | Assistant Secretary      |

and all of the above were present.

Also present at the meeting were Brian Bare of ECO Resources, Inc.; Daniel Maxian and Kenneth Martinec of Jones & Carter, Inc. ("J&C"); Shirley McLennan of McLennan & Associates; Rusty Leared of Bob Leared Interests, Inc.; Bill Odle of TBG Partners ("TBG"); Paul Bland of Cole's Crossing Homeowners' Association; Dale Trevino of Harris County Municipal Utility District No. 364 ("No. 364"); Floyd Mechler of AquaSurance, LLC; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

**APPROVE MINUTES**

The Board considered approving the minutes of the June 28, 2007, meeting. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the June 28, 2007, meeting minutes as amended with revisions submitted by Director Myers and Mr. Maxian.

**TAX REPORT**

Mr. Leared distributed the District's monthly tax report, reflecting that 99% of the 2006 taxes had been collected as of the end of June. Mr. Leared also requested that the Board authorize that any debt service fund transfer over \$5,000 be handled by wire transfer. After discussion, Director Bradley moved that the Board approve the tax assessor/collector's report and the checks drawn on the District's tax account, and authorize all debt service fund transfers over \$5,000 to be handled by wire transfer. Director Silverman seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached to these minutes.

**AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE COLLECTION OF DELINQUENT TAXES**

After discussion, Director Bradley moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director Silverman seconded the motion, which passed by unanimous vote.

**BOOKKEEPER'S REPORT**

Ms. McLennan presented the bookkeeper's report, reviewed the investment report and budget-to-actual comparison, and submitted the bills and checks drawn on the District's accounts for the Board's review. She reviewed checks written since the report was prepared and also presented handwritten check no. 1381 to Seaback Maintenance in the amount of \$676.25 and check no. 1382 to the City of Houston in the amount of \$425.00 for submission of a petition for consent to annex property. Ms. McLennan reported to the Board that an invoice had been forwarded to DunnCo Properties, Ltd. ("DunnCo"), for the balance owed to the District for services and expenses associated with DunnCo's previous request for annexation.

Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment. A copy of the bookkeeper's report is attached as an exhibit to these minutes.

**BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2008**

Ms. McLennan reviewed a draft budget for the fiscal year ending August 31, 2008. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to adopt the budget for the fiscal year ending August 31, 2008. A copy of the budget is attached as an exhibit to these minutes.

**OPERATIONS REPORT**

Mr. Bare reviewed the written operations report with the Board.

Mr. Bare reported that a fire hydrant on Greenwood Manor had been damaged and replaced for \$3,000.

Mr. Bare reported that the air conditioning unit at the wastewater treatment plant failed and was replaced.

Mr. Bare next reported that the Dry Clean Super Center located at 12384 Barker-Cypress was in compliance with regard to maximum contaminant levels for the month of June, 2007.

Upon a motion made by Director Bradley and seconded by Director Pacioni, the Board voted unanimously to approve the operator's report. A copy of the operator's report is attached to these minutes.

### **HEARING ON TERMINATION OF WATER SERVICE**

The Board conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the attached 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 Bradley moved that, since the customers on the attached 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 Rate Order. Director Pacioni seconded the motion, which carried unanimously. A copy of the termination list is attached to these minutes.

### **UPDATE ON REQUEST FROM HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113**

Ms. Edwards said J&C is conducting the feasibility study regarding a request from Harris County Water Control and Improvement District No. 113 ("No. 113") for long term water supply from the District and No. 364 in the event of failure of one of No. 113's wells.

### **ENGINEER'S REPORT**

Mr. Maxian reviewed a written engineer's report and updated the Board on the status of various projects in the District as follows in these minutes. A copy of the engineer's report is attached to these minutes.

### **STORMWATER CHANNEL FACILITIES**

Mr. Maxian reported on the status of the drainage channel mowing and maintenance. Mr. Maxian presented an invoice in the amount of \$1,185 for mowing and handwork of the drainage channels and the Dry Creek detention. He further stated that \$676.25 represents the District's share of the work. Upon a motion by Director Gilligan and seconded by Director Bradley, the District moved to approve payment to Seaback Maintenance in the amount of \$676.25.

### **SEWAGE TREATMENT PLANT DRIVEWAY**

Mr. Maxian reported that preliminary design of the access road is complete, that the proposed location of the Jarvis Road expansion has been incorporated in the plans, and that plans will be submitted to Harris County for review this week.

## **HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD**

Mr. Maxian presented three bids to the Board for relocation of water lines along Spring Cypress Road. Mr. Maxian said that based upon the low bid, the total project cost is \$230,000 of which \$32,833 is the District's share. Ms. Edwards advised the Board that the construction contract cannot be awarded until the necessary easements for relocation of the water lines have been procured. Ms. Edwards reported that limited title work has been completed on the three tracts identified for easement and requested authorization from the Board to engage an appraiser on behalf of the District to assess a value on the easements. Ms. Edwards also requested that the Board authorize ABHR to contact the affected property owners and make a good faith offer on behalf of the District. She explained that Harris County is not required to procure the necessary easements for the District, but is required to reimburse the District for costs associated with obtaining such easements. Mr. Maxian said that the bid from Deep South Construction, Inc., is good for 60 days. The Board concurred that ABHR should obtain appraisals of the value of the easements and make good faith offers to the owners.

## **DETENTION BASIN EROSION REPAIR**

Mr. Maxian reported that J&C has contacted the detention basin contractor and instructed the contractor to repair the washed out areas and apply a permanent sodding method.

## **WASTEWATER DISCHARGE PERMIT**

Mr. Maxian presented to the Board for review and execution a wastewater discharge permit renewal application. Upon a motion made by Director Gilligan and seconded by Director Bradley, the Board voted unanimously to authorize execution of the wastewater discharge permit.

## **PILOT CHANNEL DE-SILTING**

Mr. Maxian reported that the contractor has been unable to mobilize because of the rain. He said that the project should take about two weeks depending upon the weather after started.

## **THE PARK AT ARBORDALE**

Mr. Maxian reported that the clearing and grubbing contractor has mobilized and J&C requests authorization to advertise for bids for water, sewer, and drainage to serve The Park at Arbordale. Mr. Maxian also reported that J&C is working on the maps, property descriptions and consent application needed to complete the annexation of the 46 acre tract which is The Park at Arbordale. The Board concurred to defer authorization to advertise until its August meeting.

## GREENSTONE INVESTMENTS, LTD. COMMERCIAL TRACT

Ms. Edwards reported to the Board that the developer was working with J&C to identify construction costs for the tract to be incorporated into a development financing agreement.

### TBG REPORT

Mr. Odle updated the Board on the status of various projects in the District as follows in these minutes.

### JOGGING TRAIL IMPROVEMENTS

Mr. Odle said that the bridge was on order and that he was still planning for a September installation. Mr. Odle also reported that No. 364 had not yet considered J&C's proposal for inspection and construction management for Phase 2. The Board concurred to defer action on the J&C inspection and construction management proposal for Phase 2 pending action by No. 364.

### FENCING PROJECT AT DETENTION BASIN

Mr. Odle reported to the Board that the fencing construction material had been shipped and delivered to the contractor, but that the contractor had been unable to mobilize due to inclement weather. He said that the contractor plans to install fence posts next week. Mr. Maxian said that he had contacted contractors who were using District property to park and store material and asked that they clear the area so that construction can commence. Mr. Odle said that he will have the fencing contractor survey and stake the area and identify an installation starting point pending removal of vehicles and materials in other construction areas.

### HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

Director Myers said that he is still in the process of drafting the letter and asked that the Board defer action on this item until a later agenda.

### ONE YEAR WARRANTY ON PHASE I TRAIL IMPROVEMENTS

Mr. Odle presented an email from John Wallace of TBG regarding the one year warranty walk through. Mr. Odle stated that the only deficiency noted by the reviewers, Director Bradley, John Wallace of TBG and Bennie Meleski of Four Seasons, was four dead trees out of a total of 275 planted. Mr. Odle said that it was his opinion that trees were outside the irrigation area and that he did not think this was a deficiency under the warranty. Mr. Odle also reminded the Board that it did not accept the extension on the contract for hand watering. Director Myers said that he would contact someone to remove the dead trees. Upon a motion by Director Gilligan and seconded

the Director Bradley, the Board moved unanimously to accept the Phase I trail improvements as final and release Four Seasons from its warranty.

**MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES**

No report was given.

**ADDITIONAL SECURITY OFFICER WITHIN THE DISTRICT**

Director Myers said that he had talked to Sergeant Ann Ortiz of the Harris County Sheriff's Department to identify peak times when an additional officer shift would be beneficial.

**RENEW DISTRICT INSURANCE POLICIES**

The Board reviewed insurance proposals from AquaSurance, LLC and The Essential Group, copies of which are attached. After discussion and a presentation by Mr. Mechler of AquaSurance, LLC, Director Myers requested that ABHR request a proposal from Anco-McDonald Waterworks Insurance Services, L.L.C., for consideration at the Board's August, 2007, meeting.

**APPROVE REIMBURSEMENT OF EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE AND AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE INCLUDING REIMBURSEMENT OF ELIGIBLE EXPENSES**

The Board considered expenses submitted by Board members who attended the winter conference and considered authorizing attendance of the Association of Water Board Directors ("AWBD") summer conference. Upon a motion made by Director Pacioni and seconded by Director Bradley, the Board unanimously authorized reimbursement of the expenses submitted by the Board members for the summer conference and authorized attendance by the directors at the AWBD summer conference with up to 3 per diems per director attending.

**LEGISLATIVE UPDATE**

Ms. Edwards presented and reviewed with the Board a legislative update summarizing bills passed during the 2007 legislative session. She reviewed House Bill 1656, allowing municipalities to regulate irrigation system installation. Ms. Edwards discussed Senate Bill 657 regarding an increase in the competitive billing threshold for districts. Next, she reviewed Senate Bill 1306, clarifying the definition of an open meeting. She also discussed House Bill 12, providing for parks funding from the Texas Recreation and Parks account. Finally, Ms. Edwards reviewed Senate Bill 3, which will require districts to submit a water conservation plan meeting new requirements. A copy of the legislative update is attached.

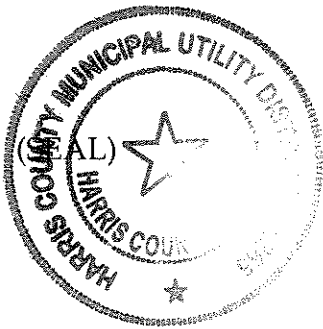
**JOINT FACILITIES ADVISORY COUNCIL CONTRACT**

The Board discussed the provisions in the Joint Facilities Agreement for the Joint Facilities Advisory Council (the "Council"). Director Myers commented that the most recent joint meetings lacked focus from the original intent of the Council. After review and discussion, Director Pacioni recommended that future joint agendas include joint facilities issues only and that the agendas for the District and No. 364 be identical. The Board concurred to address potential agenda items for a possible joint meeting in October at its regular September meeting.

**EXECUTIVE SESSION REGARDING PURCHASE OF REAL PROPERTY**

The Board determined that it was unnecessary at this time to convene in Executive Session pursuant to Chapter 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

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



*Megan C Brady*  
Secretary, Board of Directors

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