

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

March 13, 2008

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 13th day of March, 2008, 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, except Director Silverman, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc.; Michael Keefe of Bob Leared Interests, Inc.; Caleb Franklin of TBG Partners ("TBG"); Chris Burke of Sander Engineering Corporation ("Sander"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes Texas, L.P.; Merrie Talley-Pope of Talley-Pope and Associates; and Susan Edwards, Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the February 21, 2008, regular meeting. Upon a motion made by Director Pacioni and seconded by Director Gilligan, the Board voted unanimously to approve the minutes of the February 21, 2008, regular meeting.

CONTRACT FOR PROVISION OF ENGINEERING SERVICES

Ms. Edwards reviewed with the Board a letter of termination of services received from Jones & Carter Engineers ("J&C") pursuant to the Professional Services Agreement between the District and J&C dated March 18, 1997. Ms. Edwards said that the letter further advised that work on District projects were discontinued as of the date of the letter and that an invoice for services performed in March would be submitted prior to the Board's April meeting. The Board requested that Ms. Edwards contact J&C regarding the manner in which the GIS information will be transferred to the District.

Upon a motion by Director Bradley and a second by Director Pacioni, the Board voted unanimously to accept the resignation of J&C and to approve the engineering services agreement between the District and Sander subject to review by ABHR.

#### TAX REPORT

Mr. Keefe distributed the District's monthly tax report reflecting that 96.1% of the 2007 taxes had been collected as of the end of February. Mr. Keefe also presented a report concerning the collection of sales tax pursuant to the District's Strategic Partnership Agreement ("SPA") with the City of Houston and specifically discussed storefronts within the District that do not have mailing addresses within the District. After discussion, Director Pacioni moved that the Board approve the tax assessor/collector's report, the checks drawn on the District's tax account, and the SPA report. Director Gilligan seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report, including the SPA report, is attached to these minutes.

#### RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures ("Resolution"), which provides that the Board rejects the procedures permitting the District to refrain from sending tax bills for less than \$15.00, permitting the split payment of taxes, and permitting discounts for the early payment of taxes. Upon a motion made by Director Gilligan and seconded by Director Bradley, the Board voted unanimously to adopt the Resolution.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation ("Resolution"), which provides for the exemption from ad valorem taxation of \$20,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, but rejects a general homestead exemption as well as any exemptions for charitable organizations and travel trailers. Upon a motion made by Director Gilligan and seconded by Director Bradley, the Board voted unanimously to adopt the Resolution as described.

#### 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, including handwritten check no. 2079 from the joint water plant account in the amount of \$1,189.00 to Harris County WCID #113 ("WCID #113") representing the surplus balance of WCID #113's feasibility deposit and check no. 1560 on the general fund in the amount of \$837.45 to Seaback Maintenance. Mr. Bare

requested that Ms. McLennan continue to hold check no. 2070 issued to Epoxy Design pending correction of a leak at the chlorine contact basin. Upon a motion made by Director Pacioni and seconded by Director Gilligan, the Board voted unanimously to approve the bookkeeper's report and the checks presented. A copy of the bookkeeper's report is attached as an exhibit to these minutes.

#### OPERATIONS REPORT

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached to these minutes. He reviewed routine maintenance and repairs. Mr. Bare specifically noted that SWWC pumped down the clarifier to clear some return sludge lines at the wastewater treatment plant and repairs to the water well. Upon inquiry by Director Pacioni, Mr. Bare said that the approved repairs of the manholes at the February meeting would not include any lowering of the manholes. Mr. Bare also presented compliance information for Dry Clean Supercenter regarding wastewater quality. Upon a motion made by Director Gilligan and seconded by Director Pacioni, the Board voted unanimously to approve the operator's report. A copy of the operator's report and wastewater quality testing results for the Dry Clean Supercenter 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 Gilligan 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.

#### ENGINEER'S REPORT

The Board reviewed a written engineer's report submitted by J&C 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

The Board discussed the status of the drainage channel mowing and maintenance and reviewed a proposal for overseeding from Seaback Maintenance. The Board concurred that overseeding is not necessary at this time.

## ACCESS ROAD AT WASTEWATER PLANT

The Board next discussed the status of the construction of the access road at the wastewater treatment plant. The Board reviewed 11 bids and acknowledged the receipt of 2 unopened bids submitted after the deadline. Mr. Burke reviewed the bids and recommended that the Board accept the bid from C.E. Barker, Ltd., in the amount of \$125,300.43. After discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Bradley moved to approve the award of the contract to C.E. Barker, Ltd. Director Pacioni seconded the motion which passed unanimously.

## HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

The Board discussed the status of the widening of Spring Cypress Road by Harris County. Ms. Edwards presented an executed easement from 16155 Spring Cypress, L.P. She said that formal offers remain pending with Gemtone Texas and Abbott Properties, L.L.C. Ms. Edwards also said that pending offers would be turned over to the condemnation attorney, Frederick Junkin of Andrew & Kurth, L.L.P., if no response was received by March 15. Director Myers noted that the report from J&C said that the plans were at Brooks & Sparks pending approval and signature and that J&C, through its report, had agreed to obtain signatures on the plans and then turn the plans over to the District. Upon a motion by Director Pacioni and a second by Director Bradley, the Board voted unanimously to accept conveyance of the waterline easement from 16155 Spring Cypress, L.P.

## WASTEWATER DISCHARGE PERMIT

The Board discussed the status of the pending permit as noted in the J&C report.

## THE PARK AT ARBORDALE

The Board next discussed the construction of facilities to serve The Park at Arbordale and acknowledged receipt of Pay Request No. 7 in the amount of \$51,300 payable to Double Oak Construction for clearing and grubbing. Upon a motion by Director Bradley and seconded by Director Pacioni, the Board voted unanimously to approve Pay Request No. 7 in the amount of \$51,300 payable to Double Oak Construction.

Mr. Coleman reported that the paving is pending inspection and that the silt fencing, as discussed at the February meeting, is complete. Mr. Coleman added that Stormwater Solutions will be inspecting the trash troopers on the drainage outfall channels.

## CANYONLANDS COMMERCIAL PROPERTY AND DEVELOPMENT FINANCING AGREEMENT

Ms. Edwards reviewed the pending conveyance of the existing utility lines within the project.

### UTILITY COMMITMENT REQUESTS

Ms. Edwards said that the Lopez Garcia Group had not submitted a deposit for a feasibility study or indicated the amounts of water and sewer capacity required.

The Board discussed a request from Staybridge Inn/Holiday Inn for 73 service units and concurred that the District engineer could issue a statement of current utility availability, upon receipt of District records from J&C.

### DEEDS AND EASEMENTS

Ms. Edwards next discussed with the Board property deeded to the District by JDC Greenleaf in 2004 which includes several reserves, one of which is 13111 Far Point also referenced as Reserve F. Ms. Edwards said that the property was conveyed to the District without the District's knowledge or acceptance. The Board concurred to defer action on this agenda item until the regular April meeting of the Board.

### DEVELOPER'S REPORT

Mr. Coleman reported on the status of development activities within The Park at Arbordale.

### TBG REPORT

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

### JOGGING TRAIL IMPROVEMENTS

Mr. Franklin reviewed with the Board a completion schedule for the remaining construction items. He reported that the concrete for the walks and water fountains was poured on Tuesday. He also reviewed shop drawings for the trail signage with the Board. The Board concurred that language regarding motorized vehicles should be removed from the signs.

Mr. Franklin reported that the fencing as completed falls approximately 30 feet short at the wooded area which is a shortage of approximately 162 linear feet. Mr. Franklin said that he would present a change order in April.

Director Myers discussed his most recent conversations with Harris County Municipal Utility District No. 364 ("No. 364") representatives regarding joint trail maintenance which would obligate each district to fund one-half the cost of routine maintenance unless such expenditure could not be funded out of a district's current budget.

#### FENCING PROJECT AT THE DETENTION BASIN

Mr. Franklin said that he has a walk through inspection with the contractor scheduled for Friday. He also reported that a Harris County contractor had entered District property and taken down the panels closest to the ditch. He said the District contractor asked for permission to store the remainder of the construction material at the wastewater treatment plant. The Board concurred that TBG needed to quantify the cost to repair the fence and turn the information over to ABHR so that a claim may be filed against the Harris County contractor.

#### HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

Director Myers updated the Board regarding a March 18 meeting he had with Don Richards, Coles Crossing HOA, and Jim Greeson and Randy Schillhave, Harris County, regarding partnering opportunities on Jarvis Road. He said that Harris County wanted a dollar value commitment before the County would commit to any project. The Board discussed the pending park grant application and discussed matching projects with Ms. Talley-Pope. The Board concurred to defer this discussion until the potential matching components within the grant application have been identified.

#### MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Mr. Murr was unavailable. The Board concurred to defer any discussion regarding the trail amenities.

#### TRAIL MAINTENANCE

Mr. Murr was unavailable. The Board concurred to defer any discussion regarding trail maintenance.

#### PARK GRANT APPLICATION, MASTER PLAN AND DETENTION BASIN PARK DESIGN

Ms. Talley-Pope presented a proposal in the amount of \$15,800 to prepare cross-section drawings and overlays for the proposed detention basin improvements. Following discussion, Director Bradley moved to approve the additional drawings for an amount not to exceed \$15,800. Director Pacioni seconded the motion which passed unanimously.

INTERLOCAL AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL

Ms. Edwards discussed with the Board a three year extension to the District's existing drainage channel maintenance agreement with the Harris County Flood Control District. Upon a motion by Director Bradley and a second by Director Pacioni, the Board voted unanimously to approve the extension agreement subject to review by ABHR.

JOINT MEETING AGENDA

The Board discussed and concurred upon joint meeting agenda items for the April meeting with No. 364.

SUCH OTHER MATTERS

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

(SEAL)



  
Secretary, Board of Directors

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