

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

May 15, 2008

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 15th day of May, 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 Pacioni, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc.; Brenda McLaughlin of Bob Leared Interests, Inc.; Caleb Franklin of TBG Partners ("TBG"); Chris Burke of Sander Engineering Corporation ("SEC"); Diane Fingleman of McLennan & Associates; Greg Coleman of Beazer Homes Texas, L.P.; Matthew Lund, director elect; Michael Murr of Murr Incorporated; 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 April 10, 2008, regular meeting and the April 17, 2008, special meeting. Revisions were submitted by Directors Bradley and Silverman. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to approve the minutes of the April 10, 2008, regular meeting as amended and the April 17, 2008, special meeting as amended.

ORDER CANVASSING RETURNS AND DECLARING RESULTS OF DIRECTORS ELECTION

The Board next canvassed the returns of the May 10, 2008, Directors Election and noted that Alan Silverman received 60 votes, Joe Myers received 45 votes, Karen K. Babineaux received 33 votes, Kevin Corken received 19 votes and Matthew R. Lund received 52 votes. After review and discussion, Director Bradley moved that the Board adopt the Order Canvassing Returns and Declaring Results of Directors Election. Director Gilligan seconded the motion, which carried unanimously.

## CERTIFICATE OF ELECTION

Director Bradley moved that the Board approve the Certificate of Election and the distribution of same to each of the newly elected directors. Director Gilligan seconded the motion, which carried unanimously.

## SWORN STATEMENTS, OATHS OF OFFICE, AND OFFICIAL BONDS

Ms. Edwards reviewed the Sworn Statements, Oaths of Office, and Official Bonds for Directors Myers, Silverman, and Lund. After review and discussion, Director Bradley moved that the Board approve the Sworn Statements, Oaths of Office, and Official Bonds for the newly elected directors. Director Gilligan seconded the motion, which passed unanimously.

Director Myers expressed the Board's appreciation to Kevin Gilligan for his service on the Board of Directors. He presented a plaque to Mr. Gilligan acknowledging his 8 years of service as a director.

## REORGANIZATION OF THE BOARD

Upon a motion made by Director Silverman and seconded by Director Bradley, the Board unanimously voted that Director Lund serve as Secretary, Director Bradley serve as Vice President, Director Silverman serve as Assistant Vice President, Director Pacioni serve as Assistant Secretary, and Director Myers continue to serve as President.

## AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

Ms. Edwards explained that the District was required to update the District Registration Form and file it with the Texas Commission on Environmental Quality ("TCEQ"). She explained that the Registration Form would be updated to reflect the newly elected directors' terms of office. After discussion, Director Silverman moved that the Board authorize execution and submission of the District Registration Form. Director Bradley seconded the motion, which carried unanimously.

## DISCUSS TEXAS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Edwards distributed and reviewed a memorandum from ABHR regarding the Texas Open Meetings Act Requirements, a copy of which is attached hereto. She stated that each elected public official must complete a course of training regarding responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551. Ms. Edwards stated that training must be completed within 90 days of taking the Oath of Office.

## TAX REPORT

Ms. McLaughlin distributed the District's monthly tax report reflecting that 98.2% of the 2007 taxes had been collected as of the end of April. Ms. McLaughlin also presented the delinquent tax collection report from Perdue Brandon and reported an Appraisal District correction was being processed for Heath Clips. Ms. McLaughlin also brought to the Board's attention an account for a lift station site that is not currently in the District's name. 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. Director Lund seconded the motion, which passed unanimously. Copies of the tax assessor/collector and delinquent tax collection reports are attached to these minutes.

## BOOKKEEPER'S REPORT

Ms. Fingleman 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. Director Silverman asked why the actual detention basin fencing project costs are so far under the budgeted amount. Mr. Franklin said that the fencing at the detention basin had not yet been paid. 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. 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. Upon a motion made by Director Bradley and seconded by Director Lund, 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 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 Lund 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 SEC 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. Mr. Burke said that he had not yet received all the necessary information from Jones & Carter ("J&C") to identify ownership of each of the channels and establish the percentage of District maintenance responsibility for each channel. Mr. Burke also presented invoices from Seaback Maintenance that were submitted and authorized for payment as part of the bookkeeper's report. The Board discussed the fuel surcharges included in the invoices.

### ACCESS ROAD AT WASTEWATER PLANT

The Board next discussed the status of the construction of the access road at the wastewater treatment plant. Mr. Burke said that SEC had received approved construction drawings from Jones & Carter and that the contracts were being prepared and would be available for signature at the next meeting.

### HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

The Board discussed the status of the widening of Spring Cypress Road by Harris County. Mr. Burke reported that electrical service at water plant no. 1 has been relocated. He said that SWWC is removing the interconnect vault, valves, meter and piping, but said that the vault could not be removed in one piece and would not be reusable. He said that the Board should anticipate an additional cost to replace the vault at a later date.

Ms. Edwards said that of the two remaining easements necessary for relocation of the water line, she had received acceptance of an offer to purchase from Gemtone for \$20,000. She said that the costs to purchase the land are reimbursable to the District by Harris County. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the purchase of the easement from Gemtone at \$20,000 and authorize payment.

### WASTEWATER DISCHARGE PERMIT

The Board discussed the status of the pending permit.

### THE PARK AT ARBORDALE

The Board next discussed the construction of facilities to serve The Park at Arbordale. Mr. Sander said that as-built drawings are anticipated from J&C next week. Ms. Edwards reported that Harris County Municipal Utility District No. 364 ("No. 364") contacted Mr. Coleman regarding the second drainage outfall that lies within No. 364. Mr. Coleman said that he responded to No. 364, stating that Beazer will maintain the outfall until the District takes ownership of the facilities. Mr. Coleman said that No. 364 has asked that the District provide confirmation that the District will take ownership of the facility when the construction contract is completed and approved. Upon a motion by Director Silverman and seconded by Director Bradley, the Board voted unanimously to authorize ABHR to send a letter advising No. 364 that upon completion of the facilities to serve The Park at Arbordale in accordance with the approved plans, the District would maintain the outfall.

### CANYONLANDS COMMERCIAL PROPERTY

The Board next discussed the status of the water, sewer, and drainage facilities to serve the Canyonlands commercial property. Ms. Edwards presented to the Board a special warranty deed from Canyonlands Corporation to the District to convey utility easements necessary to serve the Canyonlands tract. Director Silverman moved to accept the special warranty deed from Canyonlands Corporation to the District to convey utility easements necessary to serve the Canyonlands tract. Director Bradley seconded the motion which passed unanimously.

### ONE-YEAR WARRANTY FOR WATER WELL NO. 1 MOTOR AND LIFT STATION NO. 1 GENERATOR

Mr. Burke said that SEC will schedule the inspections.

### DEEDS AND EASEMENTS

Ms. Edwards reviewed with the Board a drawing of the proposed recreational easement area over the trail within the District requested by No. 364, a copy of which is attached. She said that No. 364 has requested assurance that the District will convey the easement.

Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to authorize ABHR to prepare and send a letter on behalf of the District expressing the intent of the District to convey the easement to No. 364 for recreational purposes.

## DEVELOPER'S REPORT

Mr. Coleman reported on the status of development activities within The Park at Arbordale. Mr. Coleman said that retainage remaining on the clearing and grubbing contract is about \$20,000 and that Beazer has asked by letter that the Cole's Crossing Homeowners' Association advise the contractor of the amount of the claim for the unauthorized tree removal. Mr. Coleman also asked that the District advise security that The Park at Arbordale needs to be included in the District patrol.

## TBG REPORT

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

## PHASE 2 TRAIL IMPROVEMENTS

Mr. Franklin reviewed with the Board and recommended approval of a change order in the amount of \$4,167.50, a copy of which is attached to these minutes, to provide additional trees, add concrete rail fence and bollards and relocate sign posts to the edge of the trail. He also presented and recommended payment of Pay Application No. 6 in the amount of \$15,261.30 and Pay Application No. 7 in the amount of \$37,135.98, both payable to D.L. Meacham. Director Myers asked about contractor damage to the sod and irrigation system. Mr. Franklin said that the contractor was responsible for repairing the damage. Director Myers also requested a proposal for sodding a three foot strip on both sides rather than hydro seeding as proposed. Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the change order subject to the change order invoice being paid solely by No. 364 and to approve Pay Application Nos. 6 and 7.

## FENCING PROJECT AT THE DETENTION BASIN

Ms. Edwards said that a written claim had been sent to the Harris County contractor for damage to the fence at Jarvis and Barker Cypress, but no response has been received.

## DETENTION BASIN NATURE TRAIL MAINTENANCE

Mr. Murr reported that he had prepared a revised trail maintenance proposal reducing the frequency of maintenance. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the revised proposal. A copy of the proposal is attached.

Ms. Edwards discussed the ongoing negotiations with No. 364 regarding the trail maintenance agreement. Ms. Edwards reviewed with the Board the revisions proposed by No. 364. The Board discussed Phases 3 and 4 of the trails in the master plan. The

Board concurred that the exhibit to the trail maintenance agreement should show 4 phases as contained in the master plan. Upon a motion by Director Bradley and seconded by Director Lund, the Board voted 3 to 0 to approve the agreement as revised and to revise the exhibit to include 4 trail phases with Director Silverman abstaining from the vote.

PARK GRANT APPLICATION AND DETENTION BASIN PARK DESIGN

The Board discussed the components of proposals submitted by Talley-Pope & Associates and Murr Incorporated. Following discussion, Director Lund moved to approve up to \$25,000 of the revised proposal for a conceptual plan in lieu of previously approved proposals. Director Bradley seconded the motion which passed unanimously. A copy of the proposal is attached.

NOTICE FROM NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("THE AUTHORITY") OF FINANCING OPTION

Ms. Edwards reported that the Authority plans another bond issue and has offered the District the option to make a capital contribution to the Authority instead of having its share of the capital costs included in the pumpage fee. Ms. Edwards noted that the District's financial advisor has advised against the capital contribution in the past. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to decline to make a capital contribution to the Authority.

OTHER MATTERS

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



Matthew R. Lund  
Secretary, Board of Directors

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