

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 9, 2009

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in special session, open to the public, on the 9th day of July, 2009, at 16314 Madewood Street, Cypress, Texas 77429, inside 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	Assistant Vice President
Matthew Lund	Secretary
Michael Vandewater	Assistant Secretary

and all of the above were present.

Also present at the meeting were Michael Murr of Murr Incorporated; Chris Burke of Sander Engineering Corporation ("SEC"); Don Richards and Paul Bland of Cole's Crossing Homeowner's Association ("HOA"); and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSTRUCTION OF SPLASH PAD

Director Bradley discussed with HOA members and the Board anticipated costs to construct and perform annual maintenance of a proposed splash pad. Director Lund said he was concerned about funding other projects, such as trails, prior to funding construction and maintenance of a splash pad. Following discussion, Director Bradley moved to request authorization to send a formal letter to the HOA requesting use of HOA property for the splash pad location, proposing a partnership for the location, construction and annual maintenance of a splash pad with the HOA and setting forth the anticipated costs for annual maintenance of the splash pad. Director Silverman seconded the motion which passed unanimously.

TRAIL IMPROVEMENT PROJECTS, INCLUDING PHASE 3

Director Myers reported that he and Director Lund met with Harris County ("the County") Precinct 3 officials to discuss the County's proposed improvements to Jarvis Road and possible use of the Cole's Crossing regional detention facility for drainage. He reported that the County continues to have interest in using the detention facility for drainage and discussion continues regarding the value of the property, modification of the detention area for increased storage, and compensation to the districts. Director Lund commented regarding the County's concern regarding a proposed pedestrian tunnel under Jarvis Road. Following discussion, the Board concurred that Director Myers send a letter to the County, with the assistance of Director Bradley, reiterating

the District's offer to cooperate with the County for the expansion of the regional detention pond to provide capacity for the County project.

Mr. Murr generally discussed the plans for construction of Phase 3 of the trail plan and the proposed "green" parking area along Jarvis, and said that he has received the soils report and that the plans have been submitted to the County for review and comment. Mr. Burke commented regarding improved drainage along Jarvis Road. Director Myers requested that Mr. Murr provide a connectivity map for the benefit of the County with regard to proposed Jarvis Road improvements.

DISTRICT RECYCLING PROJECT

Director Bradley discussed the recycling project and said that glass has been added as a recyclable item. The Board took no action on this item.

TRASH COLLECTION

Mr. Bland said that HOA members would be hesitant to relinquish the contract if the District and Harris County Municipal Utility District No. 364 ("No. 364") proposed to collect in any way other than back or garage door collection. Director Myers reiterated that the District's interest in assuming the waste collection contract is to provide monthly billing in lieu of lump sum payment through HOA fees and to possibly include recycling in the waste pickup fee. No Board action was taken on this agenda item.

WATER REUSE

Mr. Burke discussed the possibility of using the regional detention pond, assuming the County's expansion of the pond along Jarvis Road, for storage and water reuse and suggested that the Board ask the County to install purple piping at the time of construction, at a minimum, that could be used later if the District decided to move forward with a water reuse project. The Board discussed whether the Texas Commission on Environmental Quality ("TCEQ") would consider storage at the detention pond as reclamation and concurred in its request to Messrs. Murr and Burke to research the procedure and cost to make application to the TCEQ for water reuse. The Board also discussed the comparative cost of installation of a water reuse system against rising costs to produce and distribute water, including surface water. Director Myers commented that the intent of proposed water reuse by the District is to reduce overall costs to the community as a whole.

DROUGHT AND WATER CONSERVATION MEASURES

The Board reviewed HOA irrigation meters servicing regional detention property. The Board also discussed the placement of signs throughout the District requesting that residents voluntarily practice water conservation. Upon comment by Mr. Burke, the Board further discussed amending and restating the District's drought

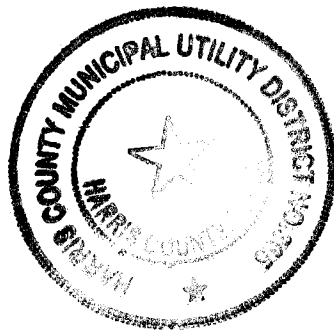
contingency plan to align the District's triggers for enforcement of drought measure with those established by No. 364. Director Vandewater discussed eliminating the voluntary measure within the District's drought contingency plan and instituting mandatory measures at the first trigger. Following discussion, Director Silverman moved to authorize the District operator to transfer the HOA irrigation meters serving regional detention pond property into the name of the District and to authorize an agenda item at the Board's regular July meeting to consider an amended and restated drought contingency plan revising the first drought trigger to be enforced at 3 consecutive days of 54 hours of combined well run time. Director Bradley seconded the motion, which passed unanimously. Director Bradley then moved to authorize placement of signs in the District requesting the practice of voluntary water conservation. The motion was seconded by Director Silverman, which passed by a 4-1 vote, with Director Vandewater opposing.

Director Myers suggested that the Board consider revising the District's rate order to distribute the cost of water production and distribution more efficiently among residential, public space and commercial users and to institute water rates to reward conservative users. The Board concurred to request that John O'Donnell with Water Logic attend the Board's August special meeting to make a presentation.

DISTRICT/COMMUNITY EMERGENCY PREPAREDNESS

Director Silverman discussed and recommended establishing a committee of two directors to meet with neighboring districts to discuss options and cooperation during emergency events. Following discussion, the Board concurred that Directors Lund and Silverman would meet with neighboring districts to discuss options and cooperation during emergency events.

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



(SEAL)


Secretary, Board of Directors