

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 4, 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 4th day of August, 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 except Director Vandewater, thus constituting a quorum.

Also present at the meeting were Paul Bland of Cole's Crossing Homeowner's Association ("HOA"); Tim Brown and William Bruton, residents of the District; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

AMENDMENT OF RATE ORDER

The Board reviewed a water rate analysis prepared by SWWC Services, Inc. ("SWWC") in 2005, a copy of which is attached. The Board also reviewed a current water usage analysis prepared by SWWC providing a 12 month average use for all user types within the District. Ms. Edwards noted that the Board previously chose Option 2 from the 2005 rate analysis which resulted in decreased District water revenue. Director Myers said that the intent of the Board is to now consider rates of user types other than residential and to encourage water conservation.

Upon inquiry by Mr. Bruton regarding the North Harris County Regional Water Authority ("NHCRWA") fee, Director Silverman provided the District's webpage address with a NHCRWA link and the NHCRWA website address and explained that the fee the District charges for the NHCRWA fee is a pass-through fee. Director Silverman continued that the District is preparing a paragraph explanation of the NHCRWA fee for the District's website. Director Bradley said that she had prepared a water conservation article for the community newspaper including information about the NHCRWA website. Directors Myers, Silverman and Lund also discussed types of District revenue that can be used to fund water production, repayment of District debt and funding future rehabilitation of facilities.

Following discussion, Director Silverman requested that SWWC provide residential and commercial usage information for July and December and prepare an analysis of the number of homes/businesses that fall within a 0 to 10,000 gpd usage range and an 11,000 to 20,000 gpd usage range. Director Myers said that he would coordinate with the District operator to provide the requested information.

Mr. Bland discussed the HOA's recent effort to reduce the HOA's water consumption. Directors Silverman and Lund explained that the commercial and public space users pay a flat rate for a certain gpd limit per meter and are only penalized when exceeding the gpd limit. Director Silverman commented regarding inconsistency in use of the previously installed Water Smart devices in HOA irrigation areas and said that some devices appear to be disconnected. Mr. Bland said that he would address the use of the Water Smart devices with the irrigation contractors. Director Silverman noted that the recent 40% reduction in use by the HOA did not negatively affect the appearance of the landscaping.

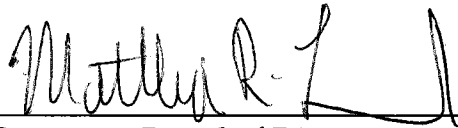
Following discussion, the Board concurred to continue discussion regarding amendment of the District's rate order at the August 13, 2009, special meeting in the District.

ORDER ADOPTING AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

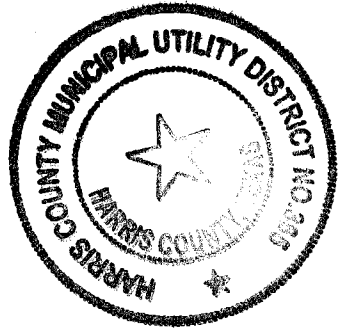
For the benefit of Messrs. Bland, Bruton and Brown, Director Silverman explained the recent electrical failure at the remote well, pumpage increases due to drought conditions and the subsequent placement of voluntary water conservation signs within the District. Director Silverman also explained the differences between the District's and Harris County Municipal Utility District No. 364's ("No. 364") drought contingency plans. Director Silverman said that his primary objection to the current drought contingency plan is mandatory hand watering and reference to odd/even watering instead of designated days for watering. Director Lund added that sufficient pressure for firefighting activities at peak water use times is a Board concern. Following discussion, the Board concurred to continue discussion of amendment of the drought contingency plan at its regular meeting and to request that ABHR prepare a revised drought contingency plan as discussed after Director Silverman consults with Director Vandewater for his input.

Mr. Brown questioned the appropriateness of the Board's proposal to construct a splash pad considering the District's effort to curb water consumption. Director Bradley explained that water needed to operate the splash pad would re-circulate from the pool and that the facility could be turned off during drought periods. Director Bradley said that the anticipated cost to construct the facility is \$150,000 and that the funds would be from the District's operating account. Director Myers advised that the splash pad is to be more fully discussed at the Board's special meeting on August 13, 2009.

Director Myers asked that a public comment section be added to the District's August 13, 2009, special agenda. There being no further business to consider, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

2005 rate analysis by SWWC Services, Inc.1