

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

October 14, 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 14th day of October, 2009, at the Information Center, 13050 Barker Cypress Road, Cypress, Texas, 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 Silverman, thus constituting a quorum.

Also present at the meeting were Alan Beard, Vince DeAnglis, Ross Crawford, David Brunnert and Dale Trevino, directors of Harris County Municipal Utility District No. 364 ("No. 364"); Jon Polley of Johnson, Radcliffe, Petrov & Bobbitt PLLC; Chris Burke of Sander Engineering Corporation ("SEC"); Gary Struzik with Klotz & Associates, Inc. ("Klotz"); Michael Murr of Murr Incorporated; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP.

JOINT FACILITIES OPERATIONS AND FINANCES

Mr. Burke reviewed the progress of the relocation of the Spring Cypress Road waterline, noting that the remote well is currently offline while the waterline under the pavement is completed. He said that the waterline should be back in service early next week. Mr. Burke said substantial completion of the entire project should occur within 30 days. The Board concurred that water conservation signs in the District could be removed.

Mr. Burke reported that when the remote well is returned to service, Gemini Contracting Services will return to coat the floor of ground storage tank no. 2 at water plant no. 2 for an estimated cost of \$2,000 to \$3,000 in addition to the previously approved amount to clean the tank floor. The Board and No. 364 discussed with Mr. Burke the alternative costs of replacing the floor or coating the entire tank. Upon further discussion, the Board concurred that the contractor should not take the tank out of service until Mr. Burke has a definitive plan regarding the recoating procedure. Mr. Burke said that when repair is complete to tank no. 2, he will address repairs to tank no.

1. Mr. Burke said that he had received a quote for \$40,000 to add cathodic protection to each tank.

MAINTENANCE AND REPAIR OF STORMWATER CHANNEL FACILITIES

Mr. Burke reported that the joint ditch and detention repairs are basically complete and that C.E. Barker, Ltd., is working on punchlist items. He continued that the contractor also cleaned 300 feet north of the east channel intersection as requested by Mr. DeAnglis. Upon inquiry by Mr. DeAnglis, Mr. Burke confirmed that all material on top of the articulated blocks 3,000 feet north into the rip rap transition was removed. Mr. DeAnglis said that there was still additional material to be removed and asked to meet with Mr. Burke to inspect the area. Mr. Burke explained that the water was higher earlier in the year and that some sandbars were previously submerged. He said that the least amount of work to get the ditches to drain was done and that it was not the intent to clean all material from the channels. Mr. Burke said that he would have the final pay estimate next month and that the contractor will repair the sidewalks and fencing that they broke during construction.

REPORT ON WATER SUPPLY CAPACITY ANALYSIS

Mr. Burke said that the reduced water quantity requested by No. 364 had been included in the most current draft of the water supply capacity analysis. He said that although the reduced quantity eliminated the need to construct a new hydro-pneumatic tank, a new well and ground storage tank would still be needed to serve No. 364's ultimate needs. Mr. Burke continued that no capacity issue has arisen to date because the apartments within No. 364 are not fully occupied and The Park at Arbordale is not fully built.

LOWERING OF WATER WELLS NOS. 1 AND 2

Mr. Burke reviewed with the Board and No. 364 substantial declines in the static and pumping water levels at all 3 water wells and stated it is critical to lower the pumps in well nos. 1 and 2 this winter at an estimated cost of \$150,000 each. Mr. Burke continued that well no. 3 may be addressed at a later date. Mr. Burke said lowering the pumps will extend the life of the wells but the districts may have to consider replacement wells and/or taking surface water earlier than planned. Mr. Burke noted that the lowered groundwater levels are an area concern not peculiar to Cole's Crossing. After further discussion and upon a motion by Director Lund and second by Director Bradley, the Board voted unanimously to authorize Mr. Burke to prepare plans and specifications to lower well nos. 1 and 2 with alternates to address increasing capacity for No. 364 within the current well components or by upsizing certain components. A copy of the written information distributed by Mr. Burke is attached.

The Board, No. 364 and consultants then discussed the anticipated schedule for receiving surface water from the North Harris County Regional Water Authority ("NHCRWA") and concurred to notify the NHCRWA that the districts may wish to take surface water sooner than planned.

WATER REUSE

Mr. Burke reported that the District has authorized a preliminary feasibility analysis for a wastewater reuse program within Cole's Crossing. Director Myers said that treated effluent would be used for irrigation of common areas, subject to coordination with the HOA.

DROUGHT AND WATER CONSERVATION MEASURES

Director Myers said that the District will address drought contingency and water conservation measures and water rates in February, 2010. Mr. DeAnglis noted that No. 364 plans to meet with the HOA to coordinate conservation of irrigation water and would include the District in the meeting.

TRAIL IMPROVEMENT/CONTINUATION REPORTS

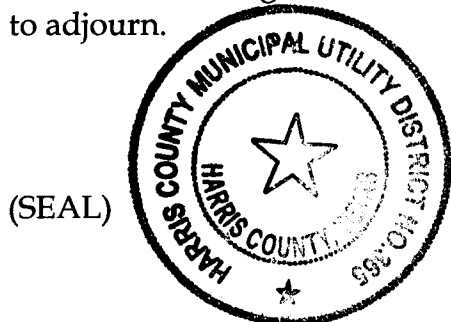
Mr. Murr reported that the District awarded a contract for the continuation of the trails, Phase 3. He reviewed the Phase 3 trail plans for the benefit of No. 364.

Director Bradley reported that the District and No. 364 will most likely be approached by Cy Fair Independent School District ("CFISD") with a request to expand the sidewalks around Sampson Elementary to alleviate pedestrian and bike congestion during high use hours. Director Vandewater suggested an asphalt bike trail adjacent to some of the trails. Director Myers also discussed how to better police traffic in the school area and along the trails. Director Bradley said that she would be interested in adding additional patrol during school hours to the District's current security program.

TRASH COLLECTION CONTRACT

Director Bradley said that the District was waiting for direction from the HOA and No. 364, but intended to continue the District's recycling program even if the HOA and No. 364 do not participate.

There being no further business to come before the Board, the Board concurred to adjourn.



Matthew D. L...
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

written information distributed by Mr. Burke 2