

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

November 12, 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 12th day of November, 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 Silverman, thus constituting a quorum.

Also present at the meeting were Michael Murr of Murr Incorporated; Brian Bare of SWWC Services, Inc. ("SWWC"); Jeremy Eves of EnerNOC, Inc. ("EnerNOC"); and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

DISCUSS PARTICIPATION IN ELECTRICAL DEMAND RESPONSE PROGRAM

The Board discussed Mr. Eves' previous presentation of an energy demand response program where the District would switch to generator power at its plant facilities when electricity demand was overloading the grid. Mr. Eves explained that EnerNOC is an electrical supply aggregator that schedules power on the grid through aggregated participant contracts that are offered for bid through the Electric Reliability Council Of Texas, Inc. ("ERCOT").

Mr. Eves discussed two demand response programs: the EILS program and the Energy Share program. Mr. Eves said that the deadline to submit contracts to participate in the programs is December 17, 2009, for the February through May, 2010, reporting period. Mr. Eves requested that the contracts be submitted to EnerNOC by Friday, November 20, 2009, to give EnerNOC adequate time to order and receive historical District plant usage information from Centerpoint. Mr. Eves stated that the EILS and Energy Share programs may be combined for an estimated total benefit due to the District annually in the amount of \$24,000, with \$14,000 payable from EnerNOC in June, 2010, and \$10,000 payable from Centerpoint in August, 2010.

The Board and Mr. Bare discussed concerns regarding EnerNOC's proposal to operate the District's facilities remotely. Mr. Eves described the telephone call procedure prior to an event and stated the District could disable the automated process by contacting the control center if for any reason the District was unable to participate at the time the event is called. Mr. Bare discussed possible scenarios wherein SWWC might receive the automated event notification call but be unable to transmit the information to the operator on site. Upon inquiry by Director Myers, Mr. Eves said that there are no other municipal utility districts participating in these programs through EnerNOC. Upon inquiry by Director Vandewater, Mr. Eves also said that the EnerNOC remote will detect whether or not the generator at the District plants trips at the onset of an event. Upon inquiry by Director Silverman, Mr. Eves said that EnerNOC would release the applied tracking system if the generator fails to start.

Following discussion, Director Silverman moved to (1) authorize participation in the combined EILS and Energy Share programs through EnerNOC, subject to review of the proposed contracts by ABHR and approval by the Board and the submission by EnerNOC of an event contact list that is acceptable to the Board; and (2) authorize Director Myers to execute a letter of authorization allowing Centerpoint to release the District's historical usage information to EnerNOC. Director Vandewater seconded the motion, which passed by a vote of 3 to 2, with Directors Lund and Bradley opposing. Director Myers requested that Mr. Eves bring the executable contracts to the November 19, 2009, Board meeting. The Board concurred to discuss participation in the demand response program with Harris County Municipal Utility District No. 364 ("No. 364") at the next joint meeting of the Boards.

LOWERING OF WATER WELLS NOS. 1 AND 2, INCLUDING REVIEW OF BIDS AND AWARD OF CONTRACT

Mr. Murr said the District engineer advised that bids would be received on December 4, 2009, and that the project could be awarded at the December special meeting.

REQUESTS FOR TREE PLANTINGS

Directors Myers and Bradley discussed requests from community service groups to plant trees in public spaces. The Board specifically discussed six tree plantings on the western bank at Cole's Crossing Drive and requested that Director Bradley ask the group that installed the trees to stake the trees and put down mulch to identify and protect the trees during mowing. Director Myers discussed additional tree planting requests received and recommended that the Board consider adopting a procedure for requesting and planting in the public spaces, compiling a list of types of trees acceptable for planting, and posting the planting request and installation protocol on the District website. Director Lund also requested that Mr. Murr contact Seaback Maintenance to remove some undesirable, smaller trees from the Dry Creek detention area. Following

discussion, the Board concurred to request that Mr. Murr prepare the planting protocol and submit same to Director Bradley for posting to the District's website.

DISCUSSION REGARDING SPLASH PAD

There was no discussion on this agenda item.

TRAIL CONTINUATION, PHASE 3

Mr. Murr reported that the construction contracts for Phase 3 will be ready next week for signature and that he will schedule a pre-construction meeting with the contractor. Mr. Murr distributed pictures of proposed signage types for use in Phase 3 and as replacement types for damaged signage in Phase 2. The Board also reviewed and discussed sign language for Phase 3. Director Silverman requested that cleaning up after pets be included on all rules signage. The Board also discussed and instructed that restrictions against the use of bicycles and skates be removed from the directional signage at Cole's Crossing Drive that directs traffic to the cross walk area. Director Myers said that he is discussing additional security hours needed to monitor trail and other District traffic with Officer Anna Ortiz.

COORDINATION WITH HARRIS COUNTY PRECINCT 3 FOR LANDSCAPING, SIDEWALK AND TRAIL PROJECT

Director Myers discussed a meeting he attended with Paul Hawkins and Randy Schilhab of Harris County Precinct 3 (the "County"). He said that the County representatives expressed willingness to participate in the construction of a sidewalk on Barker Cypress from the south side of Jarvis Road to the Cole's Crossing commercial center. Director Myers said that the County is requesting that the District submit a letter documenting this proposal. Following discussion, the Board concurred that Director Myers prepare a letter for submittal to the County. Director Bradley said that she would discuss cost sharing in the proposed project with Cy Fair Independent School District ("CFISD").

DISTRICT RECYCLING PROJECT

The Board discussed the Coles Crossing Homeowner Association's ("HOA") current position regarding recycling, trash collection and HOA fees for 2010. No Board action was taken on this agenda item.

WATER REUSE

Mr. Murr said that the water reuse application to the Texas Commission on Environmental Quality ("TCEQ") has been completed and that he and the District engineer are attempting to reach Louis Herrin with the TCEQ to schedule a meeting to

discuss the application. Mr. Murr added that the current proposed reuse plan does not address commercial irrigation and that he has a draft letter requesting participation from the HOA, The Park at Arbordale Homeowner Association, and No. 364. The Board also discussed possible participation from CFISD.

DISTRICT/COMMUNITY EMERGENCY PREPAREDNESS

Director Lund said that he received and reviewed the HOA's draft community emergency preparedness plan and that the issues addressed therein are not the areas of focus that he expected the plan to address. He recommended that the Board offer to include the HOA in the District's emergency preparedness plan by providing the contacts for the district operator and engineer for information and/or access to District facilities. The Board also discussed liability associated with access to District facilities. Director Silverman said that he would continue his attempt to contact neighboring districts regarding participation in an inter-district emergency preparedness plan.

COMMUNITY MESSAGE BOARD AND/OR MESSAGING SYSTEM

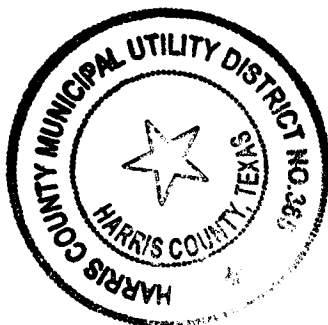
There was no discussion on this agenda item.

DISCUSS HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD, INCLUDING WATER RELOCATION AND APPROVE CHANGE ORDER

Director Myers explained that the construction drawings for the Spring Cypress water line relocation prepared by Jones & Carter ("J&C") show an 8" waterline on Barker Cypress Road at the tie-in point for the District's new water line. He said that the contractor installed the new water line but when the contractor uncovered the line on Barker Cypress Road to tie the new line in the contractor found a 12" water line. He recommended that the District approve a change order to re-excavate the line, tee and valve, remove the 8" water line and replace it with a 12" water line. Director Myers said he suggests that the District require reimbursement of the change order and related costs from J&C because the water line information in the J&C plans is incorrect. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the change order and authorize ABHR to prepare a letter requesting that J&C pay the costs of the change order and related fees and expenses.

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

(SEAL)




Secretary, Board of Directors