

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

November 19, 2009

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 19th day of November, 2009, 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:

Joe Myers	President
Megan Bradley	Vice President
Alan Silverman	Assistant Vice President
Matthew Lund	Secretary
Mike Vandewater	Assistant Secretary

and all of the above were present.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Michael Keefe of Bob Leared Interests, Inc.; Chris Burke of Sander Engineering Corporation ("SEC"); Judy Osborn of McLennan & Associates; Michael Murr of Murr, Inc.; Greg Coleman of Beazer Homes Texas, LP ("Beazer"); 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 October 22, 2009, regular meeting; the October 8, 2009, special meeting; and the October 14, 2009, joint meeting. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the minutes of the October 22, 2009, regular meeting; the October 8, 2009, special meeting; and the October 14, 2009, joint meeting, as submitted.

PUBLIC COMMENT

There was no public comment.

AGREEMENT TO PARTICIPATE IN DEMAND RESPONSE PROGRAM

The Board next reviewed a proposed Electric Reliability Council of Texas ("ERCOT") Demand Response Sales and Services Agreement between EnerNOC, Inc. ("EnerNOC") and the District. Ms. Vinson said that the agreement addresses the EILS program only, that Jeremy Eves of EnerNOC says that the District does not qualify after all for the Centerpoint Energy Share program ("Energy Share"), that only two of three District facilities qualify for the EILS program, and that the overall revenue to the

District for participating in the EILS program is estimated at \$10,000. Ms. Vinson reviewed the contract with the Board. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to decline an offer from EnerNOC to participate in the EILS program.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

Mr. Keefe distributed the District's monthly tax report reflecting that 99.991% of the 2008 taxes and \$6,590.03 of the 2009 taxes had been collected as of the end of October, 2009. Mr. Keefe also provided and reviewed a delinquent tax report from the District's delinquent tax attorney. Mr. Keefe stated that the delinquent tax attorney is holding collection efforts for the lift station properties conveyed to the District by JDC Greenleaf in 2006. Mr. Burke said that he would verify that the metes and bounds descriptions of these properties are correct. After discussion, Director Silverman moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Vandewater seconded the motion, which passed unanimously. Copies of the tax assessor/collector's report and the delinquent tax report are attached.

ADOPT RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board considered adopting a Resolution Voting for Director in the Board of Directors Election for Harris County Appraisal District. Ms. Edwards advised the Board that the District may cast a vote for a person to fill the position of director on the Board of Directors of the Harris County Appraisal District ("Appraisal District"). She explained that the director will serve as a representative of the conservation and reclamation districts within the Appraisal District's jurisdiction. After discussion, Director Bradley moved to adopt a Resolution casting the District's ballot for Glenn E. Peters. Director Lund seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS AND REVIEW OF INVESTMENTS

Ms. Osborn reviewed with the Board the bookkeeper's report, investment report, budget comparisons for both District and joint facilities, and the bills and checks presented for payment. After review of the invoices and corresponding checks, and upon a motion made by Director Vandewater and seconded by Director Bradley, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment.

AUTHORIZE PREPARATION OF ANNUAL REPORT IN ACCORDANCE WITH DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

The Board considered authorizing the consultants to prepare the Annual Report in accordance with the District's Continuing Disclosure of Information Agreement. Upon a motion made by Director Silverman and seconded by Director Lund, the Board unanimously authorized the consultants to prepare the Annual Report.

REVIEW ARBITRAGE REBATE STUDY FOR SERIES 1999 BONDS

No action was taken by the Board pending receipt of the study.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES, BILLINGS, REPAIRS AND MAINTENANCE, INCLUDING HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. He reviewed routine maintenance and repairs in the District, including replacement of 25 water meters that have logged over 1 million gallons in usage and the replacement of bearings at water well no. 1. Upon inquiry by Director Myers regarding the E.coli testing of the wastewater effluent, Mr. Bare said that the reading was high the first time the effluent was tested, but has been within range for all subsequent tests.

Mr. Bare also reviewed with the Board a proposed addendum to SWWC's contract for implementation of the previously approved identity theft program and explained the different levels of administration and charges for same.

Mr. Bare next suggested the Board consider amending the Rate Order to increase the customer transfer fee, in order to recoup certain costs of implementing the identity theft program.

Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to: (1) approve the operator's report; and (2) approve SWWC's contract addendum. The Board deferred any action on the Rate Order until the spring.

DISCUSS INTER-DISTRICT EMERGENCY PREPAREDNESS PLAN

Directors Silverman and Lund said that no new information is available.

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.

MAINTENANCE AND REPAIR OF STORMWATER CHANNEL FACILITIES

Mr. Burke presented invoices from Seaback Maintenance ("Seaback") for October, which include mowing for Dry Creek only, all of which is the District's expense. Upon inquiry by Director Silverman regarding fuel adjustments, Mr. Burke said that the fuel charges have been reduced.

Mr. Burke reported on joint ditch and detention repairs and said that Vince DeAnglis of Harris County Municipal Utility District No. 364 ("No. 364") continues to voice concerns about an exposed sandbar north of the bridge. He said that he met Mr. DeAnglis and Ross Crawford of No. 364 to discuss these concerns, explaining that the sand bar is unavoidable and is not blocking stormwater flow. Mr. Burke noted that the project is complete and he expects to present the final pay estimate next month.

SIDEWALK AND DRAINAGE REPAIR AT WASTEWATER TREATMENT PLANT

There was no discussion regarding this project.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD, INCLUDING WATERLINE RELOCATION

Mr. Burke reported that the contractor is finishing the waterline connections and staking the driveway at water plant no. 1 tomorrow or Monday. He recommended payment of Pay Estimate No. 3 in the amount of \$62,806.90 payable to C.E. Barker, Ltd., of which the District's share is \$35,171.86. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve the pay estimate.

JARVIS ROAD IMPROVEMENTS

There was no additional discussion regarding this project.

UTILITY COMMITMENT REQUESTS

There were no utility commitment requests.

WATER PLANT CAPACITY ANALYSIS

There was no additional discussion regarding this project.

PUMP LOWERING PROJECT AT WATER WELL NOS. 1 AND 2

Mr. Burke reported that SEC will receive bids to lower the pumps in water well nos. 1 and 2 on December 4, 2009. He also said that SEC is drafting for ABHR review a letter to Jimmie Schindewolf of North Harris County Regional Water Authority ("NHCRWA") to explain the District's water capacity issues and request expedited delivery of surface water ahead of the current 2030 schedule.

AUXILIARY POWER FOR WATER PLANT NO. 1, WASTEWATER TREATMENT PLANT, LIFT STATION NO. 2 AND THE PARK AT ARBORDALE LIFT STATION

There was no additional discussion regarding this project.

DEEDS AND EASEMENTS

The Board discussed acquisition of the 50' strip of land between the regional detention basin and the Jarvis Road right-of-way (the "Property"). Director Myers stated he believes JDC/Greenleaf owns the Property. The Board asked Mr. Keefe to check the tax roll ownership of the Property and directed ABHR to contact the owner of the Property to propose its conveyance to the District for ownership.

ELEVATED STORAGE TANK WAIVER

Mr. Burke said that the Texas Commission on Environmental Quality ("TCEQ") has requested additional system modeling information. Mr. Burke said that he will prepare pricing for the additional system modeling and submit it to the Board for approval.

REPAIR OF LEAK AT WATER PLANT NO. 2 AND CATHODIC PROTECTION

Mr. Burke said that the tank is no longer leaking and that SEC will continue to monitor the tank. He recommended deferring repair of the other tank pending continued monitoring of the first tank.

WATER REUSE

Mr. Burke reported on the feasibility study for a water reuse system for Coles Crossing. He said that Louis Herrin of the TCEQ told Mr. Murr that the proposed system generally meets with TCEQ criteria and the District should proceed to submit the application and a water reuse contract form. Mr. Murr added that the potential users of the proposed reuse system have not been contacted yet. He also said that Mr. Herrin recommended that the District get approval now from the TCEQ for private users to connect to the water reuse system in the future. The Board also discussed Cy Fair Independent School District ("CFISD") as a potential user of the reuse system at a location in Northwest Harris County Municipal Utility District No. 10 ("No. 10"). Ms.

Edwards said that in order for CFISD to participate, No. 10 would have to give consent for the District to serve land within No. 10.

EMERGENCY PREPAREDNESS PLAN PURSUANT TO S.B. 361

Mr. Burke reviewed the requirement for an emergency preparedness plan as outlined by the Texas Commission on Environmental Quality. The Board took no action.

Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve the engineer's report.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman submitted a written report and updated the Board regarding home sales in The Park at Arbordale. A copy of the report is attached. Mr. Coleman said that Beazer is applying to renew permits for the storm troopers in The Park at Arbordale.

LANDSCAPE ARCHITECT REPORT

Mr. Murr discussed the trail continuation, phase III project and said that he will submit the payment and performance bonds to ABHR for review and circulate contracts for signature. The Board discussed its desire to complete all concrete work over CFISD Christmas break, with the area nearest the school having top priority.

Mr. Murr next reported his progress on preparation of a public space irrigation analysis proposal and said that the proposal overlaps with the reuse issue and, as a result, remains pending. Director Myers said that the intent of the analysis proposal is to provide better instruction to the HOA on how to best conserve water in the interim. Mr. Murr agreed to move forward with his proposal.

Mr. Murr said that he has not yet coordinated trimming of the trees at the wastewater treatment plant.

UPDATE ON COORDINATION WITH HARRIS COUNTY PRECINCT 3 ("PRECINCT 3") FOR LANDSCAPING AND TRAIL PROJECT

There was no additional discussion regarding this agenda item. Director Myers said that he would submit a draft of the proposed letter to Harris County to ABHR for review.

INSTALLATION OF DISTRICT MESSAGE BOARD

There was no additional discussion for this agenda item.

RECYCLING SERVICES

There was no additional discussion for this agenda item.

DISCUSS PATROL AGREEMENT WITH HARRIS COUNTY FOR 2010

Discussion ensued regarding additional security needed before and after school hours. Director Myers said that he would contact Officer Ortiz regarding an extra patrol hour before school starts and after school is released. The Board concurred to defer approval of the interlocal agreement.

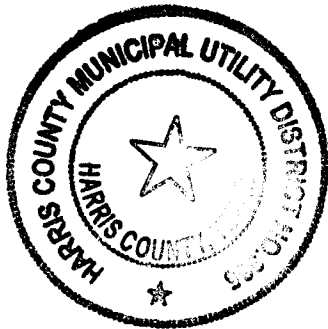
DISCUSS SPECIAL MEETING AGENDA FOR DECEMBER

The Board concurred to discuss consolidation of the District and No. 364 at the District's December special meeting.

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


Secretary, Board of Directors

(SEAL)



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