

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

April 15, 2010

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 15th day of April, 2010, 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 Lentz and Anthea Moran of First Southwest Company ("First Southwest"); Greg Coleman of Beazer Homes; and Susan Edwards, Alia Vinson, and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the March 24, 2010, regular meeting and the March 11 and March 27, 2010, special meetings. Upon a motion made by Director Lund and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the March 24, 2010, regular meeting, and the March 8 and March 27, 2010, special meetings, as amended.

PRELIMINARY OFFICIAL STATEMENT FOR DISTRICT'S REFUNDING BONDS, SERIES 2010

Mr. Lentz reviewed the Preliminary Official Statement for the District's Series 2010 Refunding Bonds. Ms. Moran reviewed a financial analysis of savings potentially created by the proposed refunding bond issuance, discussed current bond market conditions, issuance costs of the refunding bonds, and scheduling a closing date. Ms.

Moran also discussed the City of Houston's requirements applicable to the District's refunding bonds. Following review and discussion, Director Bradley moved to approve the Preliminary Official Statement, subject to comment by ABHR. Director Silverman seconded the motion, which passed unanimously.

DESIGNATE UNDERWRITER

The Board considered selecting an underwriter to purchase the Series 2010 Refunding Bonds. Ms. Moran recommended Morgan Keegan & Company, Inc. Following review and discussion, Director Bradley moved to designate Morgan Keegan & Company, Inc., as underwriter of the Series 2010 Refunding Bonds. Director Silverman seconded the motion, which passed unanimously.

APPOINT PAYING AGENT/REGISTRAR AND ESCROW AGENT

The Board considered appointing a paying agent/registrar and escrow agent for the Series 2010 Refunding Bonds. Following review and discussion, Director Bradley moved to appoint The Bank of New York Mellon Trust Company, N.A. as paying agent/registrar and escrow agent for the Series 2010 Refunding Bonds. Director Silverman seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2010 AND AUTHORIZE THE BOARD OF DIRECTORS TO SIGN ALL DOCUMENTS RELATING TO THE SALE OF THE BONDS

Ms. Edwards presented and reviewed with the directors a Resolution Authorizing the Issuance of the District's Series 2010 Refunding Bonds. After review and discussion, Director Bradley moved to (i) adopt the Resolution Authorizing the Issuance of the District's Series 2010 Refunding Bonds, and (ii) authorize Director Myers to act as the District's authorized representative to approve the sale of the refunding bonds subject to a minimum net present value savings of 4% and to select the specific maturities or series of the District's outstanding bonds to be refunded and perform any actions needed to effect the sale of the Refunding Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents. Director Silverman seconded the motion, which passed unanimously.

AUTHORIZE THE DISTRICT'S ATTORNEY AND THE UNDERWRITER TO TAKE ALL NECESSARY ACTION IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2010

Ms. Edwards discussed the necessary action to be taken by the District's attorney and the underwriter in connection with the issuance of the Series 2010 Refunding Bond. After review and discussion, Director Vandewater moved to authorize the District's attorney and financial advisor to take all necessary action in connection with the

issuance of the District's Series 2010 Refunding Bonds. Director Bradley seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe distributed the District's monthly tax report reflecting that 98.9% of the 2009 taxes had been collected as of the end of March, 2010. He also discussed property values and values currently under dispute with the Harris County Appraisal District. After discussion, Director Vandewater moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Silverman seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Osburn reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment. After review of the invoices and corresponding checks, and upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment. A copy of the bookkeeper's report is attached.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES

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 17 meters, minor adjustments to 12 fire hydrants and preventative maintenance to the generator at the wastewater treatment plant. He also reviewed test results on effluent at the wastewater treatment plant and wastewater from the Dry Clean Supercenter. Mr. Bare reported the District's monthly water accountability at 96%. He also requested that the Board authorize SWWC to purchase for the District's use 75 water conservation signs and frames for \$3,000. 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) authorize SWWC to purchase for the District's use 75 water conservation signs and frames for \$3,000.

Mr. Bare reviewed a draft Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water. He said the CCR must be filed with the Texas Commission on Environmental Quality ("Commission") and mailed to District residents by July 1, 2010. Following review and discussion, Director Bradley moved that the Board approve the CCR and authorize the operator to file the CCR with the Commission and mail it to District customers. Director Silverman seconded the motion and it passed unanimously.

Mr. Bare distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing Identity Theft risk. He noted that SWWC is required to prepare an annual report as Program Administrator. Mr. Bare stated that the annual report indicates no significant incidents of Identity Theft detection and recommends no changes to the Program at this time.

The Board then conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Silverman moved that, since the customers on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the District's Rate Order. Director Bradley seconded the motion, which carried unanimously. A copy of the termination list is attached.

DROUGHT CONTINGENCY PLAN AND RATE ORDER

The Board agreed to hold a special workshop meeting on April 22, 2010, at 7:00 p.m. in the District to discuss the District's Drought Contingency Plan and Rate Order. Director Myers requested that SEC, SWWC, and the District bookkeeper attend the workshop meeting and provide updated water usage, rate, and revenue information for the meeting.

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.

STORMWATER CHANNEL MAINTENANCE

Mr. Burke reported that Seaback Maintenance ("Seaback") suspended mowing in April to allow wildflowers to grow. He also discussed overseeding and fertilizing in some areas where grass is not growing. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to authorize Seaback to fertilize and overseed the northeast corner of the pedestrian bridge only.

SPRING-CYPRESS ROAD WIDENING AND WATERLINE RELOCATION

Mr. Burke discussed the status of Harris County's widening of Spring-Cypress Road and the relocation of the joint waterline. He recommended that the Board approve Pay Estimate No. 6 and Final in the amount of \$15,237.38, of which the

District's share is \$8,544.13, payable to C.E. Barker, Ltd. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve Pay Estimate No. 6 and Final in the amount of \$15,237.38, of which the District's share is \$8,544.13, to C.E. Barker, Ltd. Ms. Edwards noted that the District should now submit its application to Harris County for reimbursement of the costs to relocate the District's waterline and easements.

JARVIS ROAD WIDENING AND AGREEMENT TO PROVIDE DETENTION CAPACITY

Mr. Burke discussed the placement of power poles on the preliminary drawings for improvements planned for Jarvis Road received from Weisser Engineering and Harris County Precinct 3 ("Precinct 3").

UTILITY COMMITMENT REQUESTS

Mr. Burke reported that no utility commitment requests were received during the month of March. No Board action was taken.

PUMP LOWERING PROJECT AT WATER WELL NOS. 1 AND 2

Mr. Burke discussed the status of lowering pumps at well nos. 1 and 2. He discussed the availability of an additional 100 gallons per minute of capacity by upgrading the well motor and pump, at a cost of \$34,566. Mr. Burke also presented a draft letter to the North Harris County Regional Water Authority ("NHCRWA"). Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously (1) to authorize a joint expense of \$34,566 for a new motor and larger pump at water plant no. 2; and (2) authorize SEC to send the letter to NHCRWA, subject to ABHR's review.

CATHODIC PROTECTION AT WATER PLANT NO. 2

Mr. Burke discussed and testing the water supply at water plant no. 2 for iron fixing bacteria. Mr. Burke said that after the tests are complete, he will be able to assess whether cathodic protection will address the corrosion problem.

WATER REUSE APPLICATION

Mr. Burke reported that a letter discussing the project and inviting participation in the District's reuse program has been sent to Cypress Fairbanks Independent School District ("CFISD"), No. 364, the Coles Crossing Homeowners' Association ("HOA") and The Park at Arbordale Homeowners' Association ("PAHOA").

SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING- CYPRESS ROAD

Mr. Burke reported that SEC is preparing the survey and design for the sanitary sewer line. There was no additional discussion regarding this project.

DEED, EASEMENTS, AND ENCROACHMENTS

Mr. Burke discussed a request received from the Skinner Road Tea Room requesting water service and swimming pool permit applications received during the month of March.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman reported regarding home sales and development in The Park at Arbordale. Mr. Coleman also reported on silt and stormwater runoff management activities and equipment. Mr. Coleman reported one sale this month. A copy of the report is attached. Mr. Coleman said that he would discuss with Mr. Murr the possibility of using excess fill from the Phase III trail project to rebuild the construction truck entrance road.

Ms. Edwards reported on the status of the conveyance of a private sanitary sewer line and easements from commercial property owners at U.S. Highway 290 and Barker-Cypress to the District.

LANDSCAPE ARCHITECT REPORT

Mr. Murr discussed the Phase III trail continuation project and status of pouring asphalt. He also discussed repair of the gate at the west end of the trail and said that he would get a quote to replace the gate.

The Board next reviewed a proposal from Association Repairs for general maintenance issues identified within the District. Upon a motion by Director Lund and a second by Director Silverman, the Board voted unanimously to (1) authorize all repairs submitted for approval; and (2) authorize Director Bradley to coordinate and approve any repairs less than \$1,000, without Board review and approval.

UPDATE ON COORDINATION WITH PRECINCT 3 FOR LANDSCAPING AND TRAIL PROJECT

There was no additional discussion on this agenda item.

RECYCLING SERVICES

Director Bradley reported that the recycling contractor has stickers available for residents wishing to identify containers as additional recycling bins.

INTER-DISTRICT EMERGENCY PREPAREDNESS PLAN

No Board action was taken.

UK SOCCER CAMP REQUEST TO USE FIELDS FOR SUMMER CAMP PROGRAM

The Board discussed establishing a policy for use of the District's detention area and requested that ABHR prepare a policy for the Board's review.

CONTRACT FOR SUPPLEMENTAL SECURITY SERVICES

There was no additional discussion regarding this agenda item.

MAY SPECIAL AGENDA

The Board discussed agenda items to be discussed at the May special meeting.

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




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
tax assessor/collector's report.....	3
delinquent tax report.....	3
bookkeeper's report.....	3
operations report.....	3
Consumer Confidence Report.....	3
termination list	4
engineer's report	4