

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

June 10, 2010

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 10<sup>th</sup> day of June, 2010, 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.

Also present at the meeting were Chris Burke of Sander Engineering Corporation ("SEC"); Michael Murr of Murr, Inc.; Moe Jepsen, Ralph Ellis, and Fred Adams, residents of the District; Doug Goodwin, Jay Hartley, and John DeCell of Vepo, LLC; Paul Tomberlin of PT Sprinklers; and Alia Vinson of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

TRAIL CONTINUATION, PHASE III AND TRAIL MAINTENANCE

Mr. Murr discussed the overall status of construction of the Phase 3 trail continuation (the "Project"), and specific areas of the Project currently under construction. Mr. Murr recommended that the Board approve installation of eight sections of fence on the four corners of Coles Crossing Dr. and the channel, the price for which was included as an alternate bid item by Millis Development and Construction, Inc. ("Millis"). Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the purchase and installation of eight sections of fence by Millis per Mr. Murr's recommendation.

Mr. Murr discussed the future maintenance needs of the trail system. He further reported that the public space irrigation analysis should be completed in July.

PRESENTATION AND PROPOSAL TO PROVIDE RESIDENTIAL IRRIGATION ANALYSIS

The Board heard presentations and received proposals (no written proposals were distributed) for residential irrigation analysis from Vepo, LLC and PT Spinklers. No action was taken by the Board.

POLICY FOR USE OF DETENTION AREAS

The Board discussed establishing a policy for use of the District's detention area. No action was taken by the Board.

SPLASH PAD

There was no discussion on this agenda item.

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

Director Myers reported that he has not received an agreement from Precinct 3 regarding its proposed use of the detention area north of Jarvis Road and the sidewalk to be installed by Precinct 3 along Jarvis Road. Mr. Burke reported that CenterPoint is still assessing whether its poles can be moved in order to provide room for the sidewalk.

WATER REUSE AND CONSERVATION

Mr. Burke said that SEC received no response to its letters to Harris County Municipal Utility District No. 364 ("No. 364"), the Coles Crossing Community Association, the Park at Arbordale's Home Owners Association, and Cypress-Fairbanks Independent School District regarding the proposed water reuse project. He stated that SEC will request a response by a specified deadline.

AMENDMENT TO RATE ORDER

The Board reviewed a blackline of a proposed Rate Order against the current Rate Order and a chart comparing the fees.

Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the amendment to the Rate Order, with an effective date of July 19, 2010. The Board concurred that notice of the new fee structure should be included in the June water bills and individuals identified as particularly high water users should be sent letters regarding the new fee structure. Director Bradley agreed to

draft the notice and letter and coordinate with Southwest Water Company for their distribution.

#### AMENDMENT TO DROUGHT CONTINGENCY PLAN

The Board reviewed a draft version of the proposed Amendment to Drought Contingency Plan, a blackline of the proposed amendment against the current Drought Contingency Plan and an excerpt from No. 364's drought contingency plan that includes surcharges for water used beyond a calculated residential monthly allocation. Ms. Vinson explained that the proposed amendment does not incorporate surcharges. Ms. Vinson noted the proposed revisions suggested by Directors Silverman and Vandewater to the water disconnection penalty imposed on repeat violators, and the variance procedure drafted by ABHR for violators seeking exemption from disconnection. The Board took no action.

#### DISTRICT EMERGENCY PREPAREDNESS

There was no discussion on this agenda item.

#### IRIS ALERT COMMUNITY MESSAGE SYSTEM

The Board discussed the District's expectations of Tech Radium with regard to populating the messaging database with residents' contact information. Ms. Vinson reported that Tech Radium has populated the messaging database with the information provided by Southwest Water Company. Director Bradley said that she and Jane Miller of ABHR will be taking message distribution training on Tuesday, June 15, 2010. Director Bradley reported that a request for contact information will be included in the June water bill, in order to gather more information for the messaging database.

#### POSSIBLE CONSOLIDATION OF DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364

Mr. Jepsen inquired about the effects of a possible consolidation. The Board discussed possible consolidation of the District and No. 364, including its effect on the District's tax rate and debt obligations.

#### RECYCLING SERVICES REPORT

Mr. Jepsen asked about the costs and benefits of the District's recycling program. Director Bradley reported on the program's costs and the level of participation within the District.

SECURITY CONTRACT

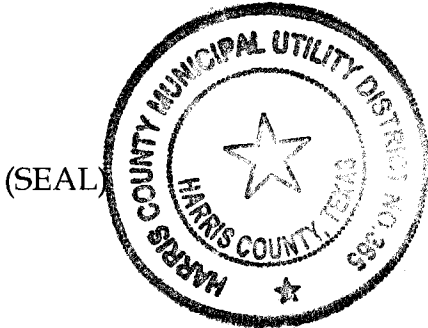
Mr. Adams addressed the Board regarding security matters within Coles Crossing and provided the Board with a handout including the relative costs of using the Harris County Sheriff's Office ("Sheriff's Office") versus constables, crime rates within the District, and his assessment of the quality of work currently being provided by the Sheriff's Office (handout attached ). The Board explained that the District has a contract with the Sheriff's Office for one night-shift deputy, and that the Coles Crossing Community Association contracts for the other deputies.

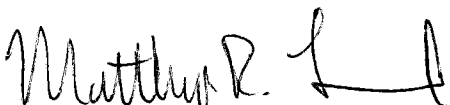
The Board discussed security matters and requested that ABHR notify the Sheriff's Office that a supervisor should attend the Board's meeting to be held on June 24, 2010, in order to provide a full report on security within the District.

NOTICE OF DISTRICT COMMUNITY EVENTS AND DISTRICT MESSAGE BOARD

The Board discussed options for the construction of a District message board at the corner of Barker-Cypress and Jarvis Road. Director Lund reported that he met with Sparkle Sign and requested a proposal for three different sign types. He said that he should have the proposal for review at the June 24, 2010, meeting.

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



  
Secretary, Board of Directors

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